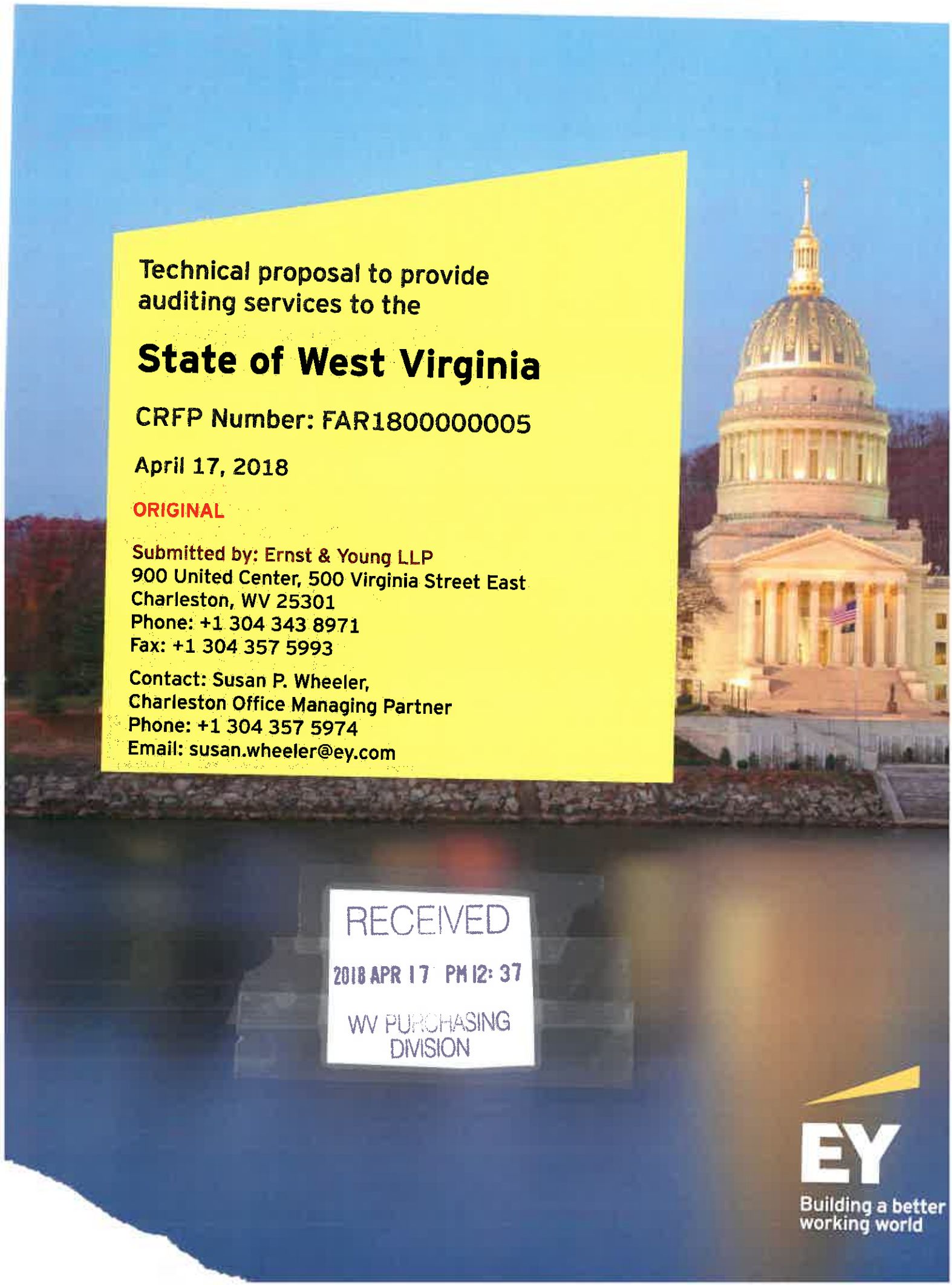


Technical proposal to provide auditing services to the

State of West Virginia

CRFP Number: FAR1800000005

April 17, 2018

ORIGINAL

Submitted by: Ernst & Young LLP
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Title page

RFP subject:	An audit of the Single Audit of the State of West Virginia and the State's Comprehensive Annual Financial Report (CAFR)
RFQ number:	FAR1800000005
Vendor's name:	Ernst & Young LLP
Business address:	900 United Center, 500 Virginia Street East, Charleston, WV 25301
Telephone number:	+1 304 357 5974
Fax number:	+1 304 357 5993
Name of contact person:	Susan P. Wheeler
E-mail address:	susan.wheeler@ey.com
Vendor signature:	Ernst & Young LLP by Susan Wheeler
Date:	April 17, 2018

DESIGNATED CONTACT: Vendor appoints the individual identified in this Section as the Contract Administrator and the initial point of contact for matters relating to this Contract.

Susan P. Wheeler, Charleston Office Managing Partner
(Name, Title)
Susan Wheeler, Partner
(Printed Name and Title)
900 United Center, 500 Virginia Street East, Charleston, WV 25301
(Address)
+1 304 343 8971 / +1 304 357 5993
(Phone Number) / (Fax Number)
susan.wheeler@ey.com
(email address)

CERTIFICATION AND SIGNATURE: By signing below, or submitting documentation through wvOASIS, I certify that I have reviewed this Solicitation in its entirety; that I understand the requirements, terms and conditions, and other information contained herein; that this bid, offer or proposal constitutes an offer to the State that cannot be unilaterally withdrawn; that the product or service proposed meets the mandatory requirements contained in the Solicitation for that product or service, unless otherwise stated herein; that the Vendor accepts the terms and conditions contained in the Solicitation, unless otherwise stated herein; that I am submitting this bid, offer or proposal for review and consideration; that I am authorized by the vendor to execute and submit this bid, offer, or proposal, or any documents related thereto on vendor's behalf; that I am authorized to bind the vendor in a contractual relationship; and that to the best of my knowledge, the vendor has properly registered with any State agency that may require registration.

Ernst & Young LLP
(Company)
Susan Wheeler, Partner
(Authorized Signature) (Representative Name, Title)

Susan P. Wheeler, Charleston Office Managing Partner
(Printed Name and Title of Authorized Representative)

April 17, 2018
(Date)

+1 304 343 8971 / +1 304 357 5993
(Phone Number) (Fax Number)

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Charleston, WV 25301

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Building a better working world

Department of Administration
Purchasing Division
2019 Washington Street, East
Charleston, West Virginia 25305-0130

April 17, 2018

Ladies and Gentlemen of the Evaluation Committee:

Thank you for the opportunity to renew our commitment to the State of West Virginia (the State). As your current auditors, Ernst & Young LLP (EY or the firm) has a proven track record of delivering timely, high-quality services, providing you with nationally recognized public sector industry resources, and most importantly a team that understands and can address the risks associated with your industry.

We understand what is required to complete your audit of the State of West Virginia's Comprehensive Annual Financial Report (CAFR) and the State's Single Audit performed in accordance with the Uniform Guidance for the fiscal year ending June 30, 2018 better than any other outside auditing firm, based on our **extensive experience serving the State.** No other firm has the in-depth knowledge of the interworking relationships among the various agencies, the Financial Accounting and Reporting Section (FARS) and your ERP system, wvOASIS. The State has always received the attention of our most senior industry professionals, and we are eager to continue our commitment to providing your organization with high-quality audit services.

We remain the best firm to serve the State as its auditor for the following reasons:

- **Extensive investment in providing value beyond the audit** – The core of our relationship may be focused on the audit, but the value EY delivers extends well beyond. You should expect your auditor to be more than an auditor – you should expect an advisor and team that works hard every day to earn the right to be your trusted business advisor. This aligns with our client service model of delivering the "whole of the firm" to our clients. In addition to delivering an effective and efficient quality audit, we are focused on proactively providing industry insights around emerging challenges and opportunities impacting your organization and the Government and Public Sector (GPS). We have demonstrated that this is our approach by providing you meaningful insight in a number of areas that are impacting West Virginia as you look to move the State to the future state of a more efficient and effective government. We have brought several subject-matter resources to lead brainstorming sessions in a variety of areas including improving the financial statement close process, best practices in the government's talent recruiting efforts, and best practices related to shared services. We will continue to bring you a broader perspective and best practices on a regular basis.
- **A local team that knows you and knows your processes** – We are a locally based team that knows you and knows your processes, operations, objectives and timelines better than any firm or combination of firms that may propose to serve you. Collaboratively, we worked with you through the adoption of the pension standards and your conversion to the ERP system. We are poised to continue that relationship and continually challenge our approach. This means that your personnel will not waste time training new auditors on understanding your organization's protocols, the critical success factors in achieving your deadlines, and most importantly on how the State operates its business. Rather than focusing on "getting up to speed," we are focused on taking our audit approach to the next level by leveraging your ERP system and providing you meaningful insight.
- **A team that can meet your deadlines** – Your team and EY have demonstrated that the timelines and deadlines can be met for the financial statement and Uniform Guidance audits. We worked hand in hand on the audit timeline. When you have delays outside your control, you know that EY has the bench strength to deliver the professional resources to manage these timelines and meet your deadline. You have experienced our ability to deliver quality professional resources in the critical peak times. We have also worked together on accelerating the timeline to limit the strain on your resources and are excited to continue that momentum. With EY continuing to serve as your auditor, the pace of change will not be slowed, as would be the case with another service provider learning your systems and processes. As such, we are in the best position to continue delivering seamless service with little or no disruption to you. This is important as your team can focus on what is important to you – the State's operations.
- **We will leverage transformational, cutting-edge technology to provide an enhanced and efficient audit** – Our audit transformation is about making the EY audit business more quality-conscious, agile, efficient and relevant so we can deliver against our primary aim – to provide the highest-quality audits in the profession. Our transformation was built on three key initiatives: EY Helix (analytics suite), EY Atlas (research tool) and EY

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Canvas (global audit and collaboration platform). Through the significant investments we are making in our people, processes and technology – combined with our advancement in analytics – we will continue to increase our value beyond the traditional audit. With greater ability to identify audit risks, obtain audit evidence and generate superior insights, we enhance confidence in our audits, which, in turns enhances confidence in our clients' financial reporting. This will enable you to minimize the administrative burdens of an audit process and maximize the capabilities of your ERP system to support the audit.

- **We are one integrated and cohesive team** – EY and our proposed subcontractors will continue to work together as one cohesive team, freely sharing knowledge and resources, including EY's technology and computers. Our firm is integrated operationally and technologically, to the point that people and resources from any of our offices can be quickly mobilized and joined in collaboration to serve wherever they are needed most. Our team will continue to be connected, responsive and insightful as we work together. Our team's public sector experience, our understanding of the State's objectives and local access to our firm's national technical resources give us a strong, local advantage to serve you.
- **We are best positioned to use the State's wvOASIS ERP system to the fullest extent** – Because of our experience with you and your processes, we will be focused on taking you to the next level, including leveraging your wvOASIS ERP system to its maximum capabilities by using data analytics in our audit procedures. This is important because it saves your team valuable time and provides you with valuable insights. Your team is innovative and looking for ways to improve our audit approach. Your team can focus on the most important matter – managing the State of West Virginia.
- **We understand your accounting issues** – We understand that you believe one of your biggest challenges is adopting GASB Statement 75, Other Postemployment Benefits. We are uniquely qualified to work with you through this accounting standard adoption. As part of the adoption of GASB 74 in the prior year, we have already audited the actuarial assumptions that will be used for GASB 75. By engaging EY, you won't have to revisit the actuarial assumptions related to the adoption of GASB 75. Further, we have audited the West Virginia Retiree Health Benefit Trust (RHBT) and understand the people and processes. We are best positioned to work closely with FARS and RHBT in adopting this standard. This is another area in which historical knowledge and a local team will be critical in working through the standards and nuances specific to West Virginia in a timely manner. In addition, we recently worked with you through the State's adoption of the pension standards, GASB 67 and 68, so you understand our focus on bringing the right subject-matter resources when needed. We recognize the importance of getting to the right answer quickly.
- **Dedication to serving the Global Government and Public Sector (GPS)** – We provide services to GPS clients at the national, regional and municipal levels across the world. Our global footprint will enable us to more effectively bring you insight from around the world, sharing leading practices and addressing your needs wherever they occur. Nationally, we work with more than 2,000 public sector and not-for-profit entities. Our professionals have many years of experience with the systems, programs and issues that are unique to your sector. Your team consists of GPS assurance leaders for the Central Region and professionals that work in our national GPS practice who provide guidance to teams and develop forms and templates for our GPS practice. No other national firm has that level of GPS resource commitment locally.

The combination of factors listed above validates that we are highly qualified, experienced and committed to remain as your trusted advisor, and we look forward to continuing to serve you in this capacity. As an extremely important client to our Charleston office, you will continue to be treated as a key account, and we will continue to provide you with the best our firm has to offer.

As you review our proposal, we hope that you will agree that EY is still the most qualified firm to perform the Single Audit for the State. We are very proud of our relationship with the State, and we commit to building upon our past successes in the years to come. If you have any questions, or require additional information, please feel free to call me directly at +1 304 357 5974.

Sincerely,

Susan P. Wheeler
Coordinating Partner

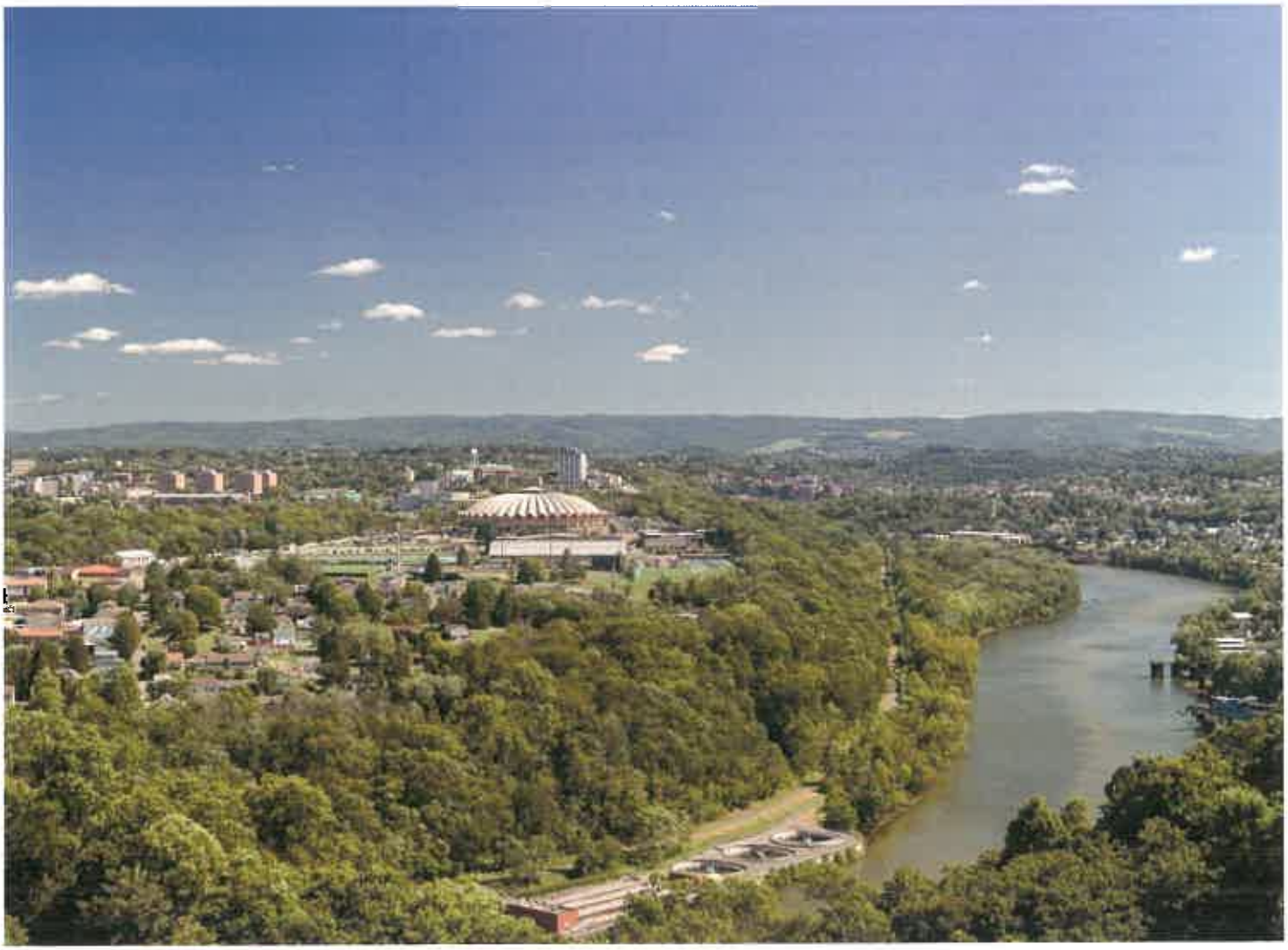
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Information in these materials relating to our approach, methodologies or pricing is proprietary to Ernst & Young LLP and/or EY. Ernst & Young LLP (EY US or the Firm) is submitting this proposal. EY US is part of the global organization of member firms (collectively, EY) of Ernst & Young Global Limited, separate legal entities that perform professional services under the EY name worldwide.

Our response to your CRFP

Ernst & Young LLP has adhered to the instructions the State of West Virginia (the State) provided on preparing and submitting this response to your CRFP. The following requirements are met by Ernst & Young LLP (EY) as the primary contractor, and by Suttle & Stalnaker, PLLC (S&S) and Dearien & Company, A.C. (Dearien & Company) as the subcontractors (S&S and Dearien & Company are collectively referred to as "proposed subcontractor firms" throughout the document).



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Attachment A: Vendor response sheet

Provide a response regarding the following: firm and staff qualifications and experience in completing similar projects; references; copies of any staff certifications or degrees applicable to this project; proposed staffing plan; descriptions of past projects completed entailing the location of the project, project manager name and contact information, type of project, and what the project goals and objectives were and how they were met.

Firm qualifications

EY is a global leader in assurance, tax, transaction and advisory services, with 250,000 professionals in more than 150 countries. We are recognized as a market leader in consultancy and global service excellence by analysts and industry professionals. We provide focused teams dedicated to meeting our clients' needs through seamless combinations of skills relevant for each assignment. Our global organization structure enables our clients to take full advantage of these resources and helps us to serve our clients with a level of quality and consistency that is superior to that of our competitors. Our size allows us to invest in local, regional and national resources to provide high levels of service in the locations we serve. Simply put, what this means to the State of West Virginia is we are where you are, today and tomorrow.

At EY, we have one strong global leadership team that sets one single global strategy and agenda. To attain efficiency and effectiveness, we have organized our legal entities into similarly sized business units in terms of both people and revenues. Our 250,000 people around the globe demonstrate the highest levels of integrity, quality and professionalism to provide clients with a broad array of services relating to audit, tax, transactions and advisory. All of EY's people and services are organized under one strategy, one code of conduct, one set of values and one motivating principle: *Building a better working world*.

Key to our commitment to providing you with team continuity is the retention of our people, which is supported by our firm's people-first culture. People first is founded on a simple premise: when our people achieve their full potential, our clients benefit and our business prospers. We are proud of our culture, and we have committed significant resources to creating a fulfilling workplace that encourages people to grow. In addition, we have a number of flexible work arrangements and diversity outreach programs that are proven to increase our recruiting and retention effectiveness. Our people culture, combined with a dedication to community engagement, has helped us achieve notable recognition as a leading organization and top US employer, and substantiates the positive results of people first. Our recent awards include:

- ***Fortune* magazine's 100 Best Companies to Work For (2018)** - For the 20th consecutive year, EY appears on *Fortune* magazine's "100 Best Companies to Work For" list.
- **2017 DiversityInc Top 50 Companies for Diversity** - In 2017, *DiversityInc* ranked EY as number 1 on its list of Top 50 Companies for Diversity, earning our place in the top 10 for the ninth consecutive year and in the top 50 for the 14th time, further validating our strong and sustained commitment to diversity and inclusiveness.
- **Working Mother magazine's 100 Best Companies for Working Mothers (2017)** - EY is ranked in the top 10 of *Working Mother* magazine's annual 100 Best Companies for Working Mothers list, marking the firm's 12th year in a row in the top 10 and its 21st appearance on the list. This list recognizes employers whose workplace initiatives – including benefits programs, network groups and employee resources – are leading the US movement to build and maintain supportive work environments for working parents.
- **Universum's World's Most Attractive Employer (2017)** - For the ninth consecutive year, college students ranked EY as number 1 in accounting on the Universum US Talent Survey and is the most desirable employer of students in the top accounting programs across the US.
- **Human Rights Campaign (HRC) Foundation's Corporate Equality Index (2017)** - Each year since 2005, EY has earned the HRC Corporate Equality Index 100% rating. Our 100% score reflects our active support of an inclusive workplace for lesbian, gay, bisexual and transgender people.
- **National Association for Female Executives (NAFE) Top Companies for Executive Women (2017)** – For the fourth consecutive year, EY has been named one of the 2017 "NAFE Top Companies for Executive Women" by the National Association for Female Executives, which honors American corporations that identify and promote successful women.

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Our Central Region

The Central Region represents an impressive geographic footprint with more than 9,000 people across all business units, 17 office locations and more than $2 billion in total engagement revenue. Our talented teams and diverse roster of market-leading companies and high-growth businesses strengthen our ability to drive continued success.



To provide our clients with the breadth and depth of industry experience and knowledge they require, our Government & Public Sector practice across the Central Region is managed as one team. This approach enables our engagement teams to leverage the knowledge and experience of peers in other physical locations. Our technical competencies include traditional assurance and tax compliance and planning, along with a wide range of advisory, risk, growth, operational, finance and transaction-based services. Susan Wheeler, your coordinating partner, leads the Central Region GPS Assurance Practice. This confirms that you will have access to the right resources at the right time. Our primary goal is to provide each client with professionals who have the training, knowledge and experience to deliver excellent client service, all managed from a consistent, local core team. Other firms can promise you this capability, but you know and expect this level of service with EY because you have experienced it.

Charleston, West Virginia office

We are committed to West Virginia, the place we call home. EY has demonstrated our commitment to the State by being part of the State's business community for over 65 years. Both of our subcontractor firms also have demonstrated the same commitment. Suttle & Stalnaker, PLLC and Dearien & Company, A.C. have been doing business in West Virginia for 40 years and 35 years, respectively. The majority of our professional staff, as well as the professional staff of our subcontractor firms, are graduates of West Virginia colleges and universities. By having a local presence, you know that we are committed to your success. Our Charleston office provides services to state government, banking, mining, energy, distribution and manufacturing entities across the State. Your local team has the experience to manage large multifaceted engagements like the State. You know from experience that your coordinating partner, Susan, is committed to serving the State. You will continue to see her at meetings and at your client site reviewing workpapers. You know that you can call her and schedule a meeting the same day. As in the past, she is also committed to having the engagement quality review partner, Lou Roberts, on site to work with your personnel and our engagement team to verify that our review process is timely and meaningful and the work product is the highest quality. She understands the "fresh perspective" that Lou brings to the engagement team because of his experiences in GPS. You need a well-rounded team with experience and new ideas. You know this is our commitment because you have experienced it from working with us. We live here, we work here, we pay taxes here, and we invest our time and talents to make our state a better place.

Making a difference for our capitol city and West Virginia

We are committed to helping build a stronger Charleston. Our corporate responsibility efforts focus on three areas: education, entrepreneurs and equity in the workforce. For example, we invest our time and talents in numerous nonprofit organizations in the local area, including YMCA, United Way of Central West Virginia, Daymark Inc., Boys and Girls Clubs, Junior League and YWCA. Our people also volunteered nearly 70 hours of service at Roark-Sullivan Lifeway Center and Union Mission during the 2017 EY Connect Day. Our professional staff serve on multiple nonprofit boards in Charleston, and we are among the leading corporate givers to the United Way of Central West Virginia.

Our Assurance practice in the US

We are committed to serving the public interest by performing quality audits that promote trust and confidence in financial reporting. We are also committed to enhancing transparency into how we execute quality audits at the engagement level and our system of quality control. Our system of quality control is fundamental to our ability to consistently perform high-quality audits. It underpins everything we do, and we continually look for ways to make it more robust.

We have more than 22,000 people throughout the US who provide audit and accounting services to our clients. Our people are the key to performing high-quality audits, and we are committed to building high-performing teams. That is why we focus

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on attracting and inspiring great people and on promoting an inclusive culture that values each individual. Our professionals work to align our clients' accounts to comply with the requisite audit standards and regulations and to provide a robust and clear perspective to management and critical information to investors and other stakeholders. We provide a consistent audit by assembling the right multidisciplinary team to address your most complex issues, using a proven global methodology and deploying the latest, high-quality auditing tools. And we work to give you the benefit of our broad sector experience, our deep subject matter knowledge and the latest insights from our work worldwide.

We continue to have the leading market share in auditing Fortune 500 companies (29%), Fortune 1000 companies (30%) and Russell 3000 companies (26%). In 2017, we also continued to audit five of the top 10 companies on Fortune's list of most admired companies.

Our commitment to a high-quality and efficient audit

Connected	Responsive	Insightful
Understand the State of West Virginia and its unique strategies	Proactive communication protocols co-developed with State of West Virginia leadership	Deliver technical excellence
Provide the right team of diverse individuals focused on the factors most important to your objectives	Discuss your strategies and timelines and their impact on your financial statements in real time	Provide relevant industry knowledge and innovation
Connect the State of West Virginia to our industry networks and thought leaders	Bring a local team that can deliver the power of our global organization	Anticipate and identify current and emerging issues faced by governments
		Deliver sustainable and measurable results

EY's breadth of Assurance Services

Accounting compliance and reporting	Climate change and Sustainability services	Financial accounting advisory services	Financial statement audit	Fraud investigation and dispute services
▹ Statutory reporting services (delivering statutory financial statements) ▹ A range of accounting support to assist the internal finance functions, including: ▹ Group-to-local GAAP conversion ▹ Post-general ledger "record" accounting, such as assistance with period close, trial balance compilation, reconciliations, and data gathering and analysis ▹ Group-to-local GAAP-to-tax conversion in coordination with EY tax professionals	▹ Sustainability assessments ▹ Non-financial assurance over climate change and sustainability reports and other statements and claims in accordance with ISAE 3000 ▹ Identification of climate change and sustainability credit and incentive opportunities ▹ Supplier readiness assessment services	▹ Support for technical accounting and financial reporting issues ▹ Services to improve accounting through IT and process enhancement ▹ Support meeting regulatory, governance and financing-related needs ▹ A range of services to address other audit, attest and accounting impacts	▹ Audit of financial statements, statutory accounts and pension funds	▹ Anti-fraud services ▹ Corporate compliance ▹ Dispute services ▹ Forensic technology and discovery services ▹ Fraud investigations

State-wide auditing experience

EY is a prominent organization in providing services that involve auditing a state and local government, managing system-wide audit engagements and setting system-wide technical accounting criteria. We have significant experience auditing **you**, the State of West Virginia, and have significant experience managing all aspects of both the financial statements and Uniform Guidance compliance aspects of the Single Audit. Throughout our years of auditing the State, we have determined what works and what doesn't work when managing the audit of such a large organization. We worked closely with your team in 2017 to meet the deadlines established by **you**. Your team also has experience managing other large engagements including governments with multiple locations and auditors and multinational public companies. We have established

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processes and methodologies that allow key issues to be promptly identified and resolved. One such tool which is utilized is our distinctive "Red, Yellow, Green" letter. This letter identifies key matters impacting both the financial statements and Single Audit and categorizes those items into one of three categories (red, yellow or green) based upon both the significance to the audit process and the potential impact on the audit if the items are not completed, with red being those items that may cause the most significant issues and delays. This letter is communicated regularly with those in management and governance, including the Cabinet Secretary, and is an effective tool at both looking at the "big picture" and managing all aspects of the audit. This is just one example of how our team has the experience working on an engagement of such a magnitude and confirming that issues are both communicated to management and resolved in a timely manner.

We also have significant experience auditing other large organizations based in West Virginia, including MRC Global Inc., United Bankshares, Inc., Natural Resources Partners, LP and City Holding Company, to name a few. Most importantly, we have significant experience auditing **you**, the State of West Virginia. Every audit and every state is unique with its own systems, business processes and accounting issues. While others may say they have experience auditing states, we are the firm with experience auditing the State of West Virginia, and have addressed key issues such as the implementation of your ERP system, wvOASIS; implementation of the Uniform Guidance related to the Single Audit; and implementation of GASB 64 and 65 related to pensions. You face significant accounting implementation issues, including the adoption of the new GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The timely completion of the audit procedures related to the implementation of GASB 75 will be critical to your deadline. We have already audited the actuarial assumptions to be utilized in the computation of the liability for the State's postemployment benefits other than pensions. We also have a solid understanding of your major federal programs. We understand **you** and **your needs. No other firm can match that experience.**

In addition to our experience with the State of West Virginia, we also have experience providing assurance and advisory services to the states of Kentucky, Massachusetts, Georgia, Colorado, Florida, Illinois, Government of The Virgin Islands and Washington. More specifically, we provide auditing services to:

- Chicago Housing Authority
- Defense Intelligence Agency
- Defense Logistics Agency
- Department of the Air Force
- Department of the Navy
- Massachusetts Port Authority
- New Jersey Department of Commerce and Economic Development
- New York City Economic Development Corporation
- New York City Housing Development Corporation
- Reedy Creek Improvement District
- United States Department of Health and Human Services
- United States Postal Service
- Pennsylvania Higher Education Assistance Agency

Value beyond the audit

As part of our commitment to delivering exceptional client service to the State, we will continue to make investments in our relationship and support your goals beyond your compliance needs. Our approach allows us to be connected, responsive and insightful when you need us most. Delivering exceptional value to our clients is the trademark of EY's service approach and the reason why we as a firm have invested so much time, money and resources in developing our vast service offering and world-leading programs, events and sessions. Whether you plan to undertake the adoption of new accounting standards, strategic initiatives such as developing a shared service center or modernizing your structure, we will be at the forefront of providing you best practices through those changes.

In addition, we have worked with you on many key areas by providing workshops and best practices, at no additional cost to the State. We plan to continue advising the State on matters that go beyond the traditional audit scope, bringing you the full breadth and depth of the firm. You deserve this level of service.

Topic	Benefit	Cost
Financial statement close process workshop	A subject-matter resource who focuses on consulting entities in developing efficient and effective financial statement close processes hosted a whiteboarding session with FARS and key agency leaders to discuss the State's financial statement close process, identify "bottlenecks," and provide high-level best practice ideas to improve the process and your timeline.	No charge

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Topic	Benefit	Cost
Shared services discussion	A subject-matter resource who focuses on advising entities on developing a shared service center met with FARS to discuss best practices.	No charge
EY's People Advisory Services (PAS) practice met with the Governor's office	Our PAS team met with the Governor's office to discuss the current structure of the office and the efficiencies that could be gained by structuring the office differently.	No charge
Cybersecurity	Our IT security subject-matter resource presented discussions and best practices regarding cybersecurity to the West Virginia Higher Education Chief Financial Officers.	No charge
Held workshop with the State's personnel department	Our PAS team met with the State's personnel department and held a workshop on how to best recruit and retain talent in today's competitive environment.	No charge
Numerous training sessions	We have conducted and participated in various training sessions with personnel of the State, the local AGA and student financial aid administrators.	No charge
Financial reporting developments	Your world is constantly being reshaped by changes in financial reporting requirements. These changes can mean significant challenges for your management teams. Our in-person sessions focus on changes to generally accepted accounting principles related to GPS.	No charge
EY thought leadership, subject-matter and GPS insights, and webcasts	We will continue to provide management with our thought leadership and webcasts that address emerging financial reporting issues applicable to the State.	No charge
Industry events	Our firm hosts events throughout the year that are directly relevant to GPS. We will keep you up to speed on these events both locally and nationally as they are announced.	No charge

Our commitment to the public sector

EY has been attuned to the needs of government agencies since the founding of the firm, and we have had a specific practice devoted to the public sector – EY's Government and Public Sector (GPS) practice – for more than 50 years. Our GPS practice is EY's sixth-largest sector by revenue and is among our key growth drivers. We have established a diverse network of 14,500 GPS professionals across mature and emerging markets around the world, which provides advisory, assurance, transactions and tax services to government clients at the national, regional and municipal level in more than 100 countries.

Industry focus is the cornerstone of our firm's approach to professional services. We realize that experience and insight are required to serve the demands of today's governments, and we are dedicated to delivering ideas and measurable results to help our clients achieve their missions and overcome their challenges. Our vast resources give our clients the management information they need to respond to their rapidly changing financial environment and operational demands.

Our Public Sector practice is comprised of professionals across the country who understand the issues facing state government agencies. With more than 1,000 professionals across the country that serve the public sector, EY has one of the largest public sector practices in the profession. Annually, we serve more than 1,000 public sector audit and management consulting clients, including some of the largest and most prominent federal, state and local governments; their departments; special districts and authorities. These clients include states and state agencies, colleges and institutions, local governments, special districts and a number of large federal agencies including the U.S. Departments of Health and Human Services, Education, and Defense.

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Our professionals have decades of experience with the systems, programs and issues facing the public sector and are skilled in the auditing, accounting and budgeting methods, systems and controls that today's government clients need. Several of our professionals are former policymakers or senior executives or served as department heads within the government sector. This group of professionals keeps close tabs on the industry they serve through a variety of professional networks to make certain they deliver current, relevant advice to our clients. They also work closely with standard-setting and professional organizations, including the following:

- Governmental Accounting Standards Board (GASB)
- Government Finance Officers' Association (GFOA)
- National Association of State Auditors, Comptrollers and Treasurers
- Council of State Governments
- Association of Government Accountants
- Intergovernmental Audit Forum
- Joint Financial Management Improvement Program

Our GPS team members are skilled not only in auditing, but also in the budgeting methods, systems and controls that today's public sector entities utilize. They have multiple years of experience with the systems, programs and issues of the public sector; and in fact, several of them were formerly policymakers, senior executives or department heads in government. Additionally, our local team has extensive government experience. The team selected to serve you has been providing services to the State of West Virginia as well as other West Virginia State agencies. Your team also has experience providing services to the cities and agencies located in Pennsylvania, New York, New Jersey and Texas. Your team members are committed to this industry segment and are leaders in this segment, both regionally and nationally. They are sought-out technical resources for other engagement teams to lead industry trainings and to lead our internal quality review process, as well as the peer review process in this industry.

Specific engagements performed have included audits of financial statements, audits of compliance in accordance with the Uniform Guidance, evaluations of internal controls, assessments of compliance with laws and regulations, assessments of the relevance and reliability of performance data and a variety of agreed-upon procedures (AUP). These engagements have required an extensive knowledge of legislative and accounting requirements for federal entities, including generally accepted accounting principles and United States OMB Circulars.

At the federal level, we have performed one or more services for nearly every major agency or department including the U.S. Department of Health and Human Services (HHS), U.S. Department of Justice (DOJ), U.S. Department of Commerce, Department of the Treasury (Treasury), Department of Energy (DOE), U.S. Postal Service, U.S. Department of Defense, and Veterans Affairs (VA), advising on such tasks as audit readiness, account analysis and reconciliations, OMB A-123 support services, internal control analysis resulting in findings and reconciliations, and accounting and financial statement reporting areas.

As outlined above, we have met your **Goal/Objective 1 of engaging a firm with Statewide auditing experience.** We believe that no other firm can meet this goal to the extent that we have due to our experience auditing **you**, the State of West Virginia.

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No learning curve, service disruption or time lost

Our team has an established familiarity with the State of West Virginia operations, objectives and timelines. We bring to the audit a full understanding and an appropriate focus on the key accounting issues facing the State. In continuing to retain EY as your auditor, the State will not incur any indirect costs associated with switching auditors or experience any disruptions in service associated with an auditor transition. This is critical to your staff and your timeline. The pace of change will not be slowed as in the case of another service provider playing "catch-up," and EY can continue to deliver seamless service to the State of West Virginia.

Service Organization Control (SOC) reporting leadership

EY has a long history of leadership in SOC reporting. We currently issue more than 1,600 SOC reports annually for more than 700 clients. We have been a leading provider of service auditor reports for over 25 years under the former standards and the current Statement on Standards for Attestation Engagements (SSAE) No. 18 (SOC 1) reporting standard.

We have maintained close contact with the applicable standards-setting boards over the years to provide our clients with the latest insights and thought leadership around SOC reporting. We have a long history of leadership in third-party reporting. EY also pioneered the first online assurance report in 1997 for internet-based business processes and issued the first two systems reliability assurance reports under the AICPA/CICA SysTrust principles and criteria. Since then, we have expanded our role as a standard setter.

We are recognized in the industry as a SOC reporting thought leader. We routinely present and author on third-party reporting topics worldwide. Our reputation and name are unparalleled in the industry. To maintain our leadership in SOC reporting, we have developed a formal SOC Champions Network across the globe and within the Americas. This team regularly communicates current SOC issues and requirements during monthly meetings. To enhance our SOC reporting capabilities, we continue to focus on sector experience. EY is known for its deep GPS sector knowledge, relationships with the industry's key stakeholders, and strong global capabilities. Clients see us as the most globally connected organization among the Big Four.

Most organizations are looking to solve key challenges including improving business performance, cost reductions, information security, and compliance and regulatory mandates. These objectives can deliver significant benefits and position organizations to emerge stronger, more secure and competitive within the market landscape. EY's Advisory IT risk and assurance professionals are helping service organizations address the challenges of managing IT risks, regulatory requirements and customer demands that are in line with their business strategy and objectives.

Commitment to industry thought leadership

EY is extremely active in alerting clients to emerging issues and potential changes in accounting principles or auditing standards. We keep our clients informed about emerging issues through our annual public sector seminars, monthly email GASB Update newsletters, monthly email Government Auditing Standards and the Uniform Guidance newsletters, quarterly audit committee and board member publications covering emerging trends in governance and internal controls, annual accounting and auditing summaries tailored for each client, and free access to our firm's webcasts covering topics from risk management to human resources and accounting. Strategic information is provided in thought leadership publications, many of which are industry-specific. This information is pushed out to our clients through a variety of electronic sources, including webcasts featuring leading subject-matter professionals.

We also have robust electronic tools that we make available to our clients for independent research and analysis on demand, if you prefer to receive information in that manner. Due to the ever-changing regulatory and business environment, our materials and programs are continuously evolving. As important information becomes available, we will confirm that the State's management is made aware of matters of importance to you, and we will continue to bring this kind of thought leadership to the State.



Citizen Today

Citizen Today is a quarterly magazine for our government and public sector clients around the world. It reflects our views and insights as well as those of our clients around the world. Governments are dealing with long-term systemic issues such as economic stability, aging populations and the impacts on health, and social welfare services. The latest edition focuses on education and includes additional articles around gender parity in government, world policy trends and defense procurement.

The *Citizen Today* site is a one-stop digital source for the latest insights and information from our GPS global network. The site features content from the latest issue of *Citizen Today*, our flagship GPS publication, as well as films, special features and an archive of recent insights.

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GPS Insights

Each GPS Insights paper focuses on a topic of timely relevance that is impacting our clients and where EY stands ready to offer assistance to meet the challenges ahead. Recent publications are summarized below.

Securing public finances today for a better tomorrow: Strategic expenditure and performance review



Governments around the world are dealing with common issues that pose long-term risks to their financial sustainability - aging populations, raised expectations of government services, increasing cost pressures and revenue risks driven by lower economic growth. These budgetary pressures, along with rising levels of public debt, are expected to continue and could worsen in advanced and emerging economies. Share this report to discuss how governments can secure public finances today to enable better services for citizens tomorrow.

Risk and reward



With the rising impact of climate change, the increasing focus on sustainable infrastructure is creating opportunities for investment. Why and how should climate risk and resiliency be mainstreamed into policy? And what are the leading practices governing the development of infrastructure PPPs?

Assessment of Service Quality (ASQ) process

We realize that we must continue to find ways to understand your expectations, seek efficiencies and continually improve our service levels. You deserve that in a service provider. Because of our significant history and desire to continue our relationship, we value your feedback, be it formal or informal, in order to continue delivering service excellence beyond your expectations.



Through our ASQ process, we will identify service-quality opportunities and challenges and co-develop an ongoing action plan with your team to facilitate issue resolution and confirm that our services meet or exceed your expectations. This ASQ process is performed by an objective EY executive who is not a member of your client-serving team. We will ask your management team to assess our performance relative to your expectations. These interviews involve discussions during which key service criteria will be identified and for which satisfaction metrics will be assigned at the conclusion of service delivery.

In March 2018, we conducted ASQs with leaders within the State using this formal process. Key participants interviewed have agreed that we are responsive, communicative and efficient in our approach while meeting or exceeding service expectations. We also understand that insights into new accounting pronouncements and your timeline are critical to you. We are focused on audit risks and the topics that are important to you.

During the ASQ process, you have the opportunity to:

- **Communicate service and relationship expectations** – explain your expectations prior to our team commencing work on an engagement or at an appropriate point in an ongoing service relationship
- **Discuss whether your team's expectations were met** – meet with an ASQ executive – a senior firm professional who is independent from the service team – at the appropriate time following an engagement, or at a key milestone, to measure our success in meeting expectations and to plan and discuss expectations for future service delivery
- **Understand the comprehensive impact of services rendered** – gain an informed perspective on the extent of the impact of our service(s) on your organization and to drive planning and strategic steps for the future

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Key benefits for you

In addition to your overall satisfaction with our service quality, we aim to provide you with the following benefits:

- **Achieving the State's objectives** – Our accountability for meeting your expectations will motivate our teams to accomplish the objectives you have for each engagement.
- **Keeping your focus on the State** – This accountability will also relieve you of intensively managing our work and will enable you to allocate your efforts and time to focus on the State's operations.
- **Enabling your trust in our team** – Over time, when we meet your expectations cycle after cycle, you will gain additional confidence in our ability, industry experience and overall service delivery, which will further enhance the quality and efficient working dynamics of our mutual business relationship.

Diversity and inclusiveness

At EY we know that our competitive advantage depends on our ability to leverage the differences of our people - and key statistics show we're right on track. EY has 48% of its global workforce who are women and 52% who are men. Of the total workforce, 7% are minorities. In the US, 45% of our staff are women, 55% are men, 36% are minority and 1% are veterans.

Diversity and inclusiveness (D&I), including supporting minority, women, and veteran-owned businesses, is an important part of our culture. To us, diversity is about valuing differences. Each one of us is different and we value and respect individual differences, not just as they relate to gender or ethnicity but also, for example, background, education, nationality, generation, age, working style, religious background, sexual orientation, ability, technical skills and service line.

Inclusiveness is about leveraging these differences to achieve better business results. It is about creating an environment where all of our people feel, and are, valued – where they are able to bring their differences to work each day and contribute their personal best in every encounter. In this way, we can maximize the power of our differences to deliver exceptional client service.

"We are extremely proud to be ranked number one by DiversityInc this year. It is an acknowledgement of our long-standing commitment to diversity and inclusiveness and our willingness to do what is required to support all of our people. Across EY, we recognize that our strength comes from diversity. We also know that an inclusive culture that values each of your unique perspectives is critical to drive quality and innovation for our clients – and a better working world for all of us."

Stephen R. Howe Jr.
US Chairman and Americas Managing Partner of Ernst & Young LLP
Member, EY Global Executive Board

Diverse teams are proven to stimulate innovation and new ways of problem solving – but they need an inclusive and flexible culture to help them function at their best. Making sure that all our people's voices are heard and valued not only helps attract and retain the best people, it also helps provide better solutions for our clients. Our greatest asset is highest-performing teams - and underlying these teams is the ability to include diverse viewpoints.

EY was named No. 1 on the 2017 DiversityInc Top 50 Companies for Diversity list. The firm earned its place in the top 10 for the 9th consecutive year and in the top 50 for the 14th time, further validating our strong and sustained commitment to diversity and inclusiveness.

To further confirm progress in this area, affirmative action plans (AAPs) (which are compliant with U.S. Department of Labor (DOL) regulations for women, minorities, veterans and the disabled) are developed each year for every US firm location, and EY US files annual EEO-1 Reports and VETS-100s with the DOL each year.

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DiversityInc also announced a number of specialty lists, with EY ranking as follows:

- No. 1 company for diversity councils
- No. 1 company for mentoring
- No. 1 company for employee resource groups
- No. 1 company for people with disabilities
- No. 1 company for executive women
- No. 4 company for recruitment
- No. 7 company for supplier diversity

Some of the ways we drive diversity and inclusiveness include:

- Setting the "tone at the top" through strong, clear messaging from EY leaders globally and in the Americas on the importance of D&I
- The Americas Inclusiveness Advisory Council, which works closely with regional, business and service line leaders so that EY people have the skills and tools they need to team and lead inclusively
- Training (online and classroom) on relevant topics, such as developing a global mindset and recognizing unconscious biases
- Online resources, including thought leadership (for our people as well as our clients), "meetings in a box," and other materials to help both teams and individuals maintain a D&I focus
- Accountability by embedding D&I across processes such as recruiting and onboarding, experiences and assignments, account planning, performance management and succession planning
- Professional networks that support our inclusive culture and enable our people to build their leadership skills and connections with each other, with our clients and within the community at large
- Differential investment in women and underrepresented talent to provide equitable access to development opportunities, visible assignments, and mentors and sponsors
- Participation in external events, such as firm leaders serving as keynote speakers at D&I conferences and support of external groups such as: Ascend, the Association of Latino Professionals in Finance and Accounting (ALPFA), the National Association of Black Accountants, Inc. (NABA) and Out & Equal Workplace Advocates

Data privacy and security

At EY, we understand how important data privacy and security is to the State of West Virginia. This should be a top priority of your service provider. This is important to the State and the citizens of West Virginia, including your local engagement team. EY is a global professional services organization and, as such, maintains a robust data privacy and information security program designed to protect the confidentiality, integrity and availability of business and personal information. The EY Global Information Security Policy: Code of Connection, our global information security policy, establishes an information security program aligned to ISO-27001. Our global data privacy policy addresses the collection, storage, transfer, destruction and retention of our clients' data (we are able to provide a copy of this policy, if requested). We apply a common set of personal data management principles to all our member firms, providing a framework for processing personal data in compliance with their local privacy laws and professional standards, as well as their own internal policies.

EY requires all client data on laptops, USB thumb drives and mobile devices such as BlackBerry and iPhone to be encrypted. Our subcontracting firms use EY software and laptops and therefore abide by the same data privacy and security protocols. Client data that is received in a physical format is kept in secure areas with controlled access. As for data access protocols, we support various methods of encryption. We use standard encryption tools for email (TLS) web traffic (SSL/TLS), and WinZip (AES256) and can support secure file transfers through a secured website or SFTP. EY workstations, USB thumb drives and mobile devices implement AES256 encryption. Since EY uses Opportunistic TLS, clients are able to implement their TLS at their end to provide end-to-end encryption. Symantec products are used, which are fully compliant with the highest security certifications – FIPS 140-2, Common Criteria EAL4. In addition, we use a dedicated system for backup tape encryption.

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Risk of breach of information security

EY secures information assets for our clients through the use of an integrated data privacy and information security strategy:

- We align our information security governance with our data privacy governance to provide a consistent, cohesive vision around the protection of our information assets, personal data and client information.
- We subject our global applications and systems to both data privacy impact assessments and security certification reviews, which enable a robust, consistent approach in deployment and operation.
- We protect personal data within our network using appropriate physical, technical and organizational security measures.
- We provide assurance that our contracts with third-party processors contain provisions that are commensurate with our own policies, practices and controls to confirm your data is managed properly and securely, in accordance with legal and regulatory requirements.

Clients and individuals rightfully demand accountability from any organization handling their personal and confidential data. We understand the importance of taking appropriate steps to safeguard information assets and are committed to protecting information relating to our clients and to our people.

Our ability to provide seamless, consistent, high-quality client service worldwide is supported by a well-articulated data privacy and information security strategy. We protect information assets, personal data and client information whenever and wherever they are created, processed, transmitted or stored. We develop and maintain ongoing compliance with applicable domestic and international regulatory standards.

The implementation of our data privacy and information security program and practices is managed by two distinct yet aligned groups, the data privacy network and the information security network. Their mission is to protect the information assets of EY and its clients from unauthorized collection, retention, use, disclosure, modification or destruction. This is accomplished through appropriate policies, procedures, guidelines and technical security architecture.

Our data privacy and information security networks are aligned under global priorities which are consistently implemented worldwide within the EY organization. This provides a single, cohesive vision around the protection of our information assets, personal data and client information.

We are proactive in securing and properly managing confidential and personal information through our detailed information security program, which includes:

- Appropriate polices, standards, guidelines and program management
- Strong technical security controls
- A security compliance program involving security reviews, certifications and audits
- A clearly defined security strategy and road map that considers the following:
- Data privacy: legal, regulatory and procedural requirements
- Business: mandated procedures and requirements
- Technology: policies, standards and procedures
- External threats: changes to the security threat landscape
- A security incident management program to effectively control and remediate security-related incidents

Our proposed subcontractor firms

EY's subcontractor selection

EY has a Business Relationship Initiation and Execution process for selecting subcontractors that includes criteria such as proven leadership in specific technology solutions, sector knowledge, depth and breadth of the practice and bench strength, policies and compliance to EY guidelines and regulations. We have dedicated teams that include Legal, HR and QRM (Quality and Risk Management) personnel that oversee, execute and monitor these business relationships and processes.

Subcontractors are initially asked to complete a self-assessment to evaluate their knowledge within the specified scope of the project. Information is reviewed by the engagement team. Subcontractors are interviewed and then a final decision is made on who will support the EY team.

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After selection, they will go through the Business Relationships Initiation and Evaluation process described above. EY places a high priority on identifying the nature of relationships between a potential supplier/individual and us to confirm independence, which is fundamental to our profession and is pervasive in all of our dealings with our clients. Independence means that our firm and our professionals are free from interests that might be regarded as being incompatible with objectivity, integrity and impartiality.

Once approved, the supplier is moved forward to develop a subcontracting agreement based on the scope of work to be provided and to determine fees associated with the service delivery.

Our subcontractor management

EY has successfully worked with third-party vendors in a prime/subcontractor model on various engagements for many years and has developed a rigorous master services agreement (MSA) along with statement of work (SOW) templates that define scope, deliverables, timelines and milestones that serve as a framework to provide our high-quality standards and timely delivery of services. These legal agreements are supported by our delivery model construct, quality assurance guidelines and governance, inducting subcontractors into an EY team with EY delivery standards.

EY has established an overall framework for subcontractors we will follow in order to facilitate prompt and seamless service to our clients. They pass through our established governance model (MSA/SOW, data privacy and confidentiality, non-disclosure agreement, etc.) and are required to adhere to EY guidelines and standards. While the MSA/SOW construct establishes legal accountability and ownership, our project delivery model and quality assurance program supports the successful delivery of the work products within the established project timelines.

You have already experienced our seamless integrated team. Our subcontractors use our methodology, our software and our computers. We can see and review their workpapers in real time. This provides better project management, consistent audit quality and a better overall experience.

Our experienced subcontractors

About Suttle & Stalnaker (S&S)

Organization

S&S, founded in 1973, is an independently owned CPA firm - a professional limited liability company (PLLC) registered under the West Virginia Secretary of State's Office. S&S is an accounting and business consultation firm located in Charleston and Parkersburg, West Virginia that has been in business for 40 years. S&S is a member of Allinial Global. Allinial Global is an accounting firm association of legally independent accounting and consulting firms with offices in North America and throughout the world through international members and partnerships. The member firms of Allinial Global share education, marketing resources and technical knowledge in a wide range of services and sectors. S&S has over 80 professionals.

Qualifications

S&S has a rich heritage with both governmental entities and colleges and universities in the State of West Virginia. Professional services include, but are not limited to:

- Financial audits in accordance with generally accepted auditing standards and *Government Auditing Standards* (GAS)
- Student financial assistance cluster audits in accordance with Uniform Guidance
- Agreed-upon procedures of the purchasing policies and procedures
- Benchmarking analysis
- Agreed-upon procedures for various NCAA requirements
- Attestation engagements for the closeout of the Perkins program
- Attestation engagement for the Indirect Cost Proposals
- Internal audit engagements
- Special projects as requested

In addition to serving the State for more than 25 years, S&S has performed audits and/or consulting services for several governmental entities including West Virginia Consolidated Public Retirement Board, West Virginia Insurance Commission, West Virginia Parkways Authority, West Virginia Regional Jail and Correctional Facility Authority, West Virginia Department of Transportation (division of highway), West Virginia State Rail Authority, Bluefield State College, New River Community and Technical College, Concord University, Fairmont State University, Pierpont Community and Technical College, Blue Ridge Community and Technical College, Eastern Community and Technical College, BridgeValley Community and Technical College, West Virginia Council for Community and Technical College, West Virginia School of Osteopathic Medicine, and Southern West Virginia Community and Technical College.

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In addition, S&S has also performed audits or reviews of various research and development corporations and foundations that are component units of the colleges and universities. S&S personnel are frequent speakers and presenters on various accounting matters and also participate in many of the accounting programs for the various West Virginia colleges and universities. This preeminence in the public sector is not the result of casual experience acquired through an ongoing accounting practice, but rather from the commitment of the firm to the highest standards of service in this sector.

About Dearien & Company

Dearien & Company and its predecessor firms have served clients throughout West Virginia since 1979, including the State for a significant number of years. Dearien & Company is located in Charleston, West Virginia and has extensive experience providing a range of accounting, auditing, management advisory and consulting services to a growing and diversified clientele. Dearien & Company's skilled professional staff is comprised of creative, imaginative and intelligent individuals committed to working closely with the State to develop practical, affordable solutions to today's governmental accounting and reporting challenges, while delivering high-quality, proactive services in a timely, cost-effective manner. In all they do, Dearien & Company maintains high standards of professionalism, commitment, mutual respect and integrity.

Dearien & Company currently has one managing owner, one professional staff member and one support staff member, all of whom will bring their experience on prior state single audits to bear in connection with this engagement. In addition to serving the State, Dearien & Company has extensive experience with other agencies of the State and other governmental entities, including West Virginia Water Development Authority, West Virginia Infrastructure and Jobs Development Council, West Virginia Alcohol Beverage Control Commission, West Virginia Solid Waste Management Board, West Virginia State Armory Board, and West Virginia Hospital Finance Authority.

References

We believe the best way for you to measure our team and our capabilities is our long history serving the State. We have staffed our team with people you know and have worked with previously. We know your business process and how to work with you to meet your deadlines.

Although you have worked with our team, we encourage you to contact our references and ask about the quality of our work, our level of knowledge and our commitment to each and every client. Please see the references provided below:

Reference # 1	
Company Name:	Pennsylvania Higher Education Assistance Agency (PHEAA)
Dates of service:	2012 to present
Contact Person Name and Title:	Mr. Bill Walker, Director of Financial Reporting
Contact Phone Number:	+1 717 720 7758
Contact Email:	wwalker@aessuccess.org
Services Provided	Financial statement audit and Single Audit
Reference # 2	
Company Name:	New York City Economic Development Corporation
Dates of service:	1999 to present
Contact Person Name and Title:	Mr. Fred D'Ascoli, Controller
Contact Phone Number:	+1 212 312 3625
Contact Email:	fdascoli@edc.nyc
Services Provided	Financial statement audit
Reference # 3	
Company Name:	MRC Global Corporation
Dates of service:	2007 to present
Contact Person Name and Title:	Mr. Elton Bond, Chief Accounting Officer
Contact Phone Number:	+1 304 348 5238
Contact Email:	elton.bond@mrcglobal.com
Services Provided	Multi-location financial statement audit and statutory audits utilizing teams around the globe

In addition to these references we have provided a detail list of projects and project managers in Sections 4, Subsection 4.1 and Subsection 4.3. Our subcontractors references can be found in Subsection 4.3.

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Section 4, Subsection 4.1: List audits that have been completed that demonstrate the ability to manage an audit engagement of this magnitude.

Experience in managing audit engagements of this magnitude

EY has a plethora of experience managing audit engagements of this magnitude. This extends from state, federal and local government audits as well as multinational private and public companies. We manage audits of this magnitude with multiple locations, entities and auditors every day. This is what we do best. In addition to our public sector experience, our public company audit experience also demonstrates our ability to audit clients of this magnitude. We continue to have the leading market share in auditing Fortune 500 companies (29%), Fortune 1000 companies (30%) and Russell 3000 companies (26%). In 2017, we also continued to audit five of the top 10 companies on Fortune's list of most admired companies. Our clients have critical filing and reporting deadlines and we understand the importance of project management and meeting those deadlines. Our proposed local team also has this experience and we understand how to manage large projects. We are well-versed in auditing large entities and have demonstrated our ability to do so with you, the State of West Virginia, along with meeting your deadline. With this proposed engagement, we are not only managing an engagement that is large by an hours perspective, but also an engagement that faces complex accounting and reporting matters and has multiple locations and auditors. We have both the government accounting and auditing knowledge as well as project management experience for large engagements. You need a service provider with strong qualifications in project management of large complex engagements to achieve your reporting objectives. This is critical to your success.

How we accomplish our goals

One cohesive team and one audit methodology - Our team functions successfully as one cohesive team, from the EY staff to our subcontracting firms. This approach and our technology tools make the contractor/subcontractor relationship seamless to you, and that is very important. You do not have time to manage multiple teams or firms. We function as one firm. You are already experiencing this advantage. You have one ultimate signing partner on the audit of the State's comprehensive annual financial report and the Single Audit, Susan Wheeler. You do not have time to manage multiple firms or partners. She is accountable to you for all facets of this audit while working with our experienced executives.

The cohesive team does not just happen by chance. Our global audit methodology confirms that your team is following the same methodology customized to your specific needs. Our methodology is scalable and not a one-size-fits-all approach. The methodology follows the professional standards and is customizable for your complexities. This methodology is under the direction of your coordinating partner, Susan Wheeler, and is followed by your entire team, including subcontractors. We believe that this makes our approach uniquely qualified to successfully complete an engagement of this magnitude with multiple locations and auditors. Our subcontractors also utilize the EY audit methodology and forms/templates, and they even utilize EY computers, audit software and research database capabilities on your audit engagement. They participate in our trainings and truly understand our goals and objectives.

Our technology investments - For the State, our technology investments have been realized with the scalable, reliable and easy-to-use EY technology platform, EY Canvas, which enables us to more effectively manage large-scale engagements such as the State of West Virginia. We use this technology to better leverage resources at multiple locations using multiple audit firms. This enables you to have a seamless team no matter if they are working downtown at the West Virginia Department of Health and Human Resources, at West Virginia University or at your financial reporting office on Washington Street by the capitol complex. Our team members see real-time workpapers from other team members without emailing and other cumbersome processes. We think that this technology and approach is critical to a large-scale project and this sets us apart from our competitors. You should expect and deserve this level of team continuity.

Below is a sample list of audit engagements of this magnitude that demonstrate our ability to audit large entities and organizations with multiple locations and/or auditors and the effectiveness of our audit platform, EY Canvas.

Project	Type of project*	Date	Engagement partner/ Executive director	Total hours	Project/ EY office location(s)	Project Manager Name and Contact Information
State of West Virginia	Financial Statement and Single Audit (with GFOA Certificate) EY subcontracts with two other firms	2017	Susan Wheeler, Maureen Wood & Lou Roberts	>11,000	Charleston, WV Various locations throughout WV	John Myers Cabinet Secretary of the Department of Administration 1900 Kanawha Blvd. E., Bldg. 1 Rm E-119, Charleston, WV 25305 +1 304 558 4331

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Project	Type of project*	Date	Engagement partner/ Executive director	Total hours	Project/ EY office location(s)	Project Manager Name and Contact Information
Pennsylvania Higher Education Assistance Agency	Financial Statement, Single Audit EY subcontracts with one other firm.	2017	Lou Roberts & Susan Wheeler	>10,000	Philadelphia, PA	Bill Walker Director of Financial Reporting 1200 North 7th Street Harrisburg, PA 17102 +1 717 720 7758
United States Air Force, Working Capital Fund	Financial Statement Audit EY subcontracts with four other firms.	2018	John Short, Kim Hancy, Susan Wheeler & other partners/ executive directors	>40,000	Columbus, OH Charleston, WV Various locations throughout the world	Additional information can be provided upon request.
MRC Global Inc.	Financial Statement Audit Multi-location financial statement and statutory audits utilizing EY teams around the globe	2017	Susan Wheeler & Bill Strait	>11,000	Charleston, WV Houston, TX Bradford, UK and other various locations throughout the world	Elton Bond Chief Accounting Officer 835 Hillcrest Dr, Charleston, WV 25311 +1 304 348 5238

* See Section 4, Subsection 4.3 for a description of each type of project along with goals and how they were met.

In addition to the projects above we have provided additional projects in Section 4, Subsection 4.3. EY has projects of this magnitude that are too numerous to list in their entirety. Please see the select listing of other audit engagements of this magnitude that demonstrates EY's ability to manage audits with similar or more hours than the State of West Virginia and with multiple locations and/or multiple auditors below:

- Department of the Navy
- Defense Logistics Agency
- Defense Intelligence Agency
- Environmental Protection Agency
- Government of the US Virgin Islands
- National Railroad Passenger Corporation
- United States Postal Service
- United States Department of Health and Human Services
- United Bankshares, Inc.
- Natural Resource Partners, LP
- Eramet Group, including Eramet Marietta, Inc.

EY's audit bench strength

EY is committed to helping the State of West Virginia meet its audit deadlines. While the majority of the audit team remains local, EY has access to over 9,000 people across the Central Region alone, and has utilized these resources in the past to help the State of West Virginia during peak audit hours. This was particularly evident during the most recent audit when the last component unit audit was issued on December 21, 2017 and the CAFR audit was still issued on December 30, 2017, a day earlier than planned.

Included in our audit bench strength is our seamless integration of our subcontractor firms and the combined use of the EY Canvas platform to complete and document audit procedures. All of the audit workpapers are housed in one central location which can be accessed by the engagement team at a moment's notice. Along with EY Canvas, we have also integrated EY Atlas. EY Atlas is our "one-stop shop" up-to-date technical resource, central repository for standard EY forms and templates, and EY thought leadership. EY makes these resources not only available to EY staff, but to all of our subcontractors as well.

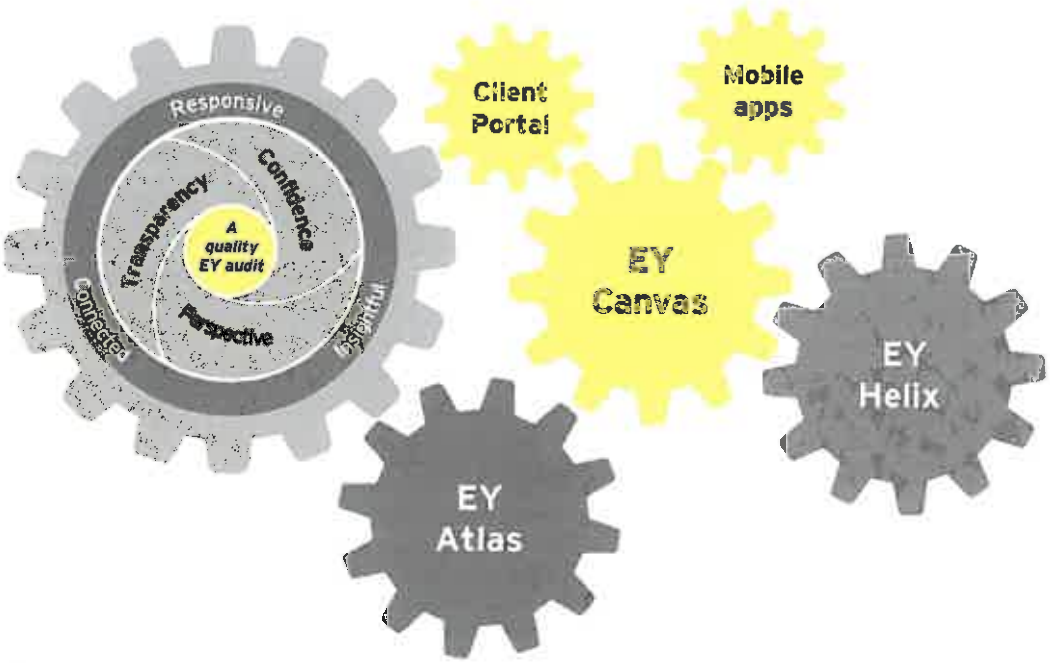
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EY's audit technology advantage

Globally, EY has invested more than $650 million in our audit transformation and analytics efforts, working to further enhance the quality and value of our audits. At EY we are embracing the benefits of the latest technologies and integrating them into our audit processes to respond to the evolving needs of our clients. We innovate and invest in innovation because we are committed to building a better working world and to providing our clients with a better business perspective and enhanced transparency.

Our investments in technology have been made with exceptional client service in mind and put a focus on providing insights and enabling proactive communication through audit milestones, dashboards and a client portal to allow for secure transmittal of our clients' confidential information during the audit. These technology tools are paramount to managing engagements of this magnitude.

Audit technology tools – making the audit even better and more relevant for the State



EY Canvas, our global online audit platform lies at the heart of the audit.
EY Canvas **Client Portal** is integrated into EY Canvas and connects our clients directly with our auditors.
EY Canvas **mobile apps** connect our people around the globe and allow them to support our clients on the go.

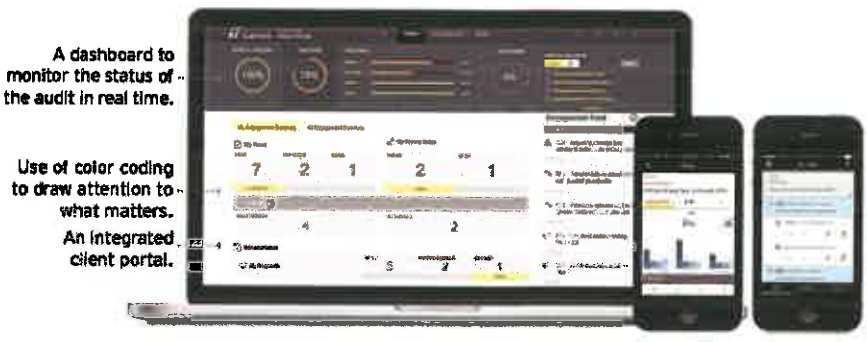
EY Helix, our suite of data analytics, are embedded in our audit process and help us provide deeper insights to our clients.

EY Atlas provides our auditors and our clients with the latest accounting and auditing content.

EY Canvas

EY Canvas, our global online audit platform lies, at the heart of the audit. EY Canvas Client Portal is integrated into EY Canvas and connects you, the State of West Virginia, directly with your auditors. EY Canvas mobile apps connect our people around the globe and more importantly throughout the State of West Virginia and allow them to support our clients on the go.

Our latest global audit platform enables us to provide a high-quality audit. Benefits include:

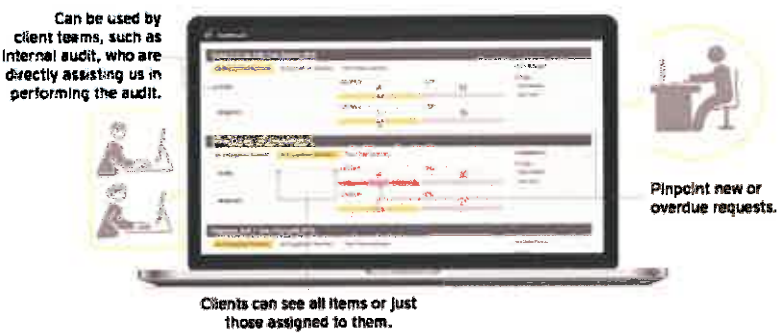


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- One seamless audit delivered by teams linked through one methodology and one online audit platform
- Better risks identification and response, allowing findings to be reported promptly
- Centralized planning and monitoring of the audit, providing enhanced capability to the team
- Audit approach quick customization to make relevant changes across all locations and to respond to the ever-evolving regulatory environment
- Real-time monitoring of the audit, where we capture, flag and share audit findings as they arise
- Streamlined client communications via its integrated online portal
- Improved project management and ability to monitor key milestones in the audit

EY Canvas Client Portal streamlines our clients' communications and offers them access to the status of audit requests. Benefits include:

- Improved communication through a reduction of email requests with our clients, saving you time when supporting the audit
- On-demand visibility into the status of audit requests, improving project management and your control over the timeline
- Reduced risk of duplicate requests by integrating them directly into EY Canvas
- Better security of client data and automated uploading into EY Canvas, creating confidence that data has been properly delivered to our team



EY Canvas users can also:

- See all items or just those assigned to them
- Clearly pinpoint new or overdue items
- Delegate requests to other members of their team

We discuss our audit technology tools in greater detail in our audit approach on pages 34-36.

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Section 4, Subsection 4.2: List proposed audit staff with degrees, qualifications, and experience also describe aspects of the engagement which may require the services of specialists or involve consultation outside the engagement.

A team you know and trust

We are extremely proud of the outstanding local team that has and will continue to serve the State. This team continues to be led by highly-qualified individuals including **Susan Wheeler** and **Adam Carr**, who have significant experience working hand in hand with you through complex issues including your transition to wvOASIS and the adoption of GASB 67 and 68 related to pensions. Susan is also the Assurance Government and Public Sector Market Segment Lead for EY's Central Region. She works on a number of governmental engagements throughout the country serving as either the coordinating, engagement or engagement quality review partner or subject-matter resource. You also know that Susan is not a "fly-in" partner. She is in Charleston, reviews workpapers in your office and is accessible to you. She regularly meets with your team real-time and frequently has "same-day" meetings with your team. Other firms can promise this level of attention, but you know that EY is "down the street" and delivers on the promise. She will serve as the overall point of contact for audit services and work closely with you to provide quality services and monitor your overall satisfaction. Susan has a very hands-on style and will continue to be accessible to your management team. Susan knows that timely executive involvement in the audit process is critical to a successful client relationship and she is actively involved in all aspects of her engagements from planning to reporting. She demonstrates this every day on the State engagement. She is focused on working closely with management and the partners/member assigned to the engagement to address technical issues so that they are resolved timely. Susan knows that addressing the accounting and auditing issues when they arise is critical to issuing the financial statements and Single Audit in a timely manner.

Adam also serves in the government and public sector market segment and works with the Americas Professional Practice group of EY to develop forms and templates utilized by other governmental engagement teams. Both Susan and Adam are well-connected local resources within EY to bring you the knowledge that you need no matter what challenges you face. This is important because you have the focus of a local team with the bench strength of a global GPS practice that is focused on you. We are uniquely poised to work with you through complexities that are on the horizon for the State including fully utilizing your ERP system throughout the audit process and in adopting GASB 75 related to other post-retirement benefits. Also, we have already audited the actuarial assumptions being utilized for the adoption of GASB 75. By engaging EY, these actuarial assumptions will not be reaudited for the 2018 audit. EY can focus on the next steps of adopting GASB 75 and not revisit the assumptions that were developed for the other postretirement plan liability in 2017. There is no other auditor that can "hit the ground running" as we can. This will be critical to your timeline for such a significant accounting standard.

We are also focused on having a "fresh look" at our methodology and approach, and our team roles like our "engagement quality reviewer" and our executive director on the single audit confirm that you continue to have that "fresh look". These roles are designed to confirm quality and to obtain new perspectives and innovations. We believe this is imperative to maintain a successful relationship. **Lou Roberts**, Engagement Quality Reviewer, will supplement Susan's knowledge on governmental accounting and reporting and Uniform Guidance compliance issues. In addition, Lou will perform his engagement quality review on site at your location. His review comments will be provided to you real-time. **Maureen Wood**, Executive Director, works with Susan and Adam on the Single Audit. She is a leader in EY on Single Audits and as such she is consulted throughout the United States and performs quality reviews on Single Audits. She also performs her review on-site and works closely with the rest of the team, including our subcontracting firms, to assist with maintaining a quality work product.

Additionally, **John Good**, an engagement technical advisor with the Americas Professional Practice group of EY, serves as the firm's technical resource in government accounting and Uniform Guidance audits. He will be available to assist in dealing with technical matters should they arise. John is also someone that you know and he has made multiple visits to your office locations. We are proud that you know the technical resources that we are proposing to serve you. This is a key differentiator with EY as your service provider. You know us, and we are accessible to you. Our level of attention to service quality will enable us to continue to deliver the high-quality audit you deserve and have come to expect from our team.

John Short is also part of your engagement team as a senior advisory partner. John is part of our global government and public sector practice and brings strong GPS credentials to your account. He will be accessible and able to provide insight into innovation and best practices as he observes and consults with you on important issues for the State. We plan to integrate the initial meeting with John during the planning phase of our audit. He will also have frequent check points with you to discuss our service delivery and team.

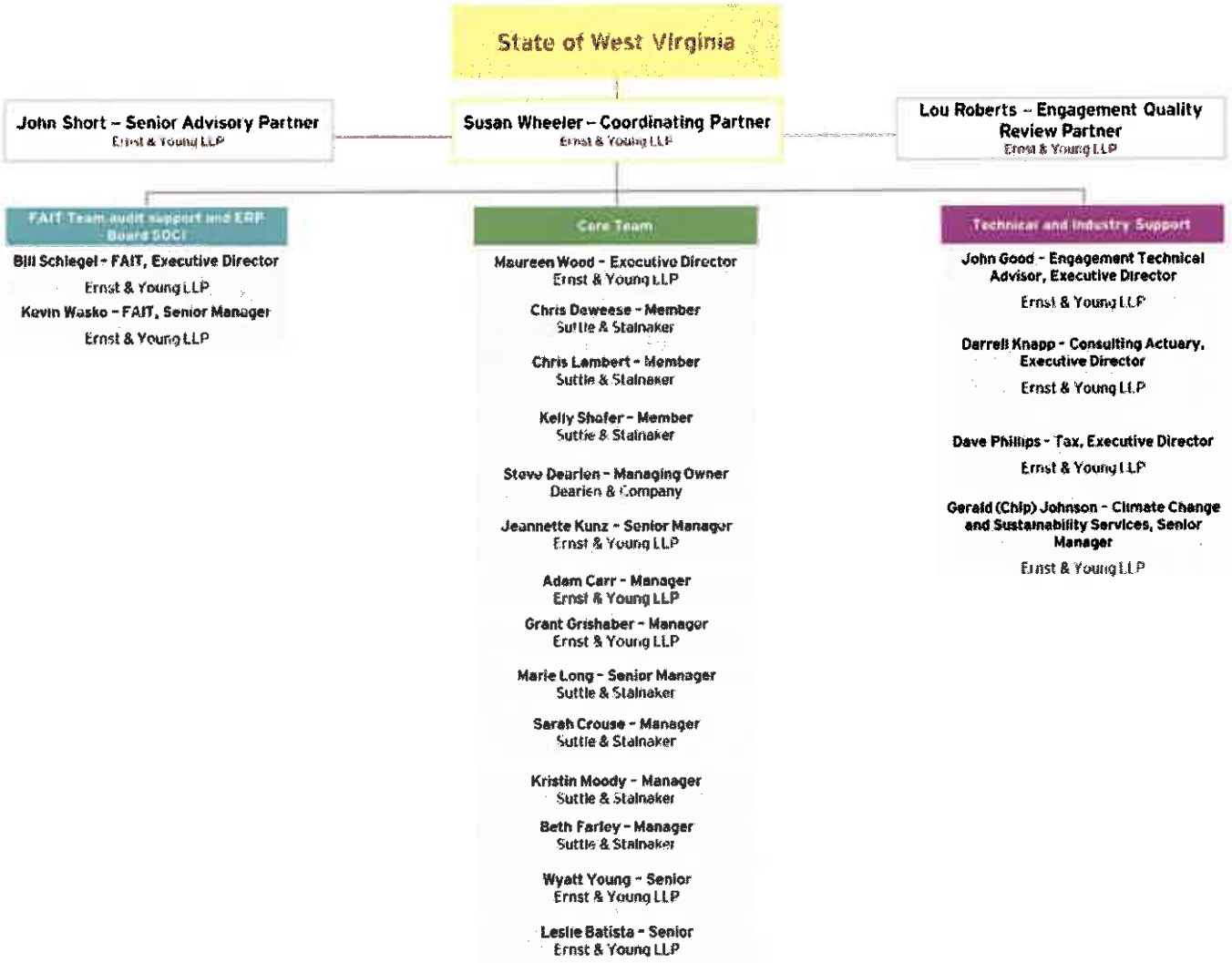
As you have experienced, our technical resources are accessible and focused on your account. Susan and the rest of the executives are committed to delivering that level of access in the coming years. We believe that the availability and

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accessibility of all of our technical resources distinguishes us from other firms. You do not have to wonder if you will see them or get to know them because you already see and know us. Susan will continue that tradition.

We are proactive when dealing with accounting and auditing technical matters and want to be contacted throughout the year as they arise. Susan understands that waiting until the audit team arrives for year-end fieldwork is too late to address an accounting matter that happened earlier in the year. During year-end fieldwork, management and the audit team should be addressing audit issues that may arise during year-end fieldwork. The entire executive team understands that communication between management and the audit team throughout the year, timely executive review and timely resolution to accounting and auditing issues are critical to meeting your deadlines. Susan is personally committed to delivering the high-quality service that you have experienced and will continue to experience by retaining EY as your auditor.

The organizational chart below outlines our core team to serve the State. We have included detailed biographies of all our proposed team members in Appendix 3. As evidenced in the following pages, we are proposing qualified senior audit staff, including partners, managers and supervising seniors as well as qualified audit staff and professionals or consultants. This is consistent with the State's **Goal/Objective 2 – Qualified audit staff and specialists or outside consultants**, and **Goal/Objective 3 – Qualified senior audit staff, including partners, managers and supervisors.**



The State personnel have worked with this team in the past on implementation of new GASB pronouncements and interpretation of any GASB implementation Q&A guidance. Additionally, our team also includes professionals who have particular knowledge of IT, actuarial and tax, or knowledge in the public sector under the direction of Susan Wheeler with the assistance of Adam Carr and Maureen Wood. Our proposed subcontractors, S&S and Dearien & Company, are both local organizations with significant experience using our software and methodology, and their work will continue to be led by Christopher (Chris) Deweese and Steven (Steve) Dearien. Our team to serve the State remains consistent, providing the

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quality services that you have grown accustomed to receiving, as well as offering you the continuity of the knowledge we have gained of the State's operations that you would not receive with a new auditing firm. We will be focused on innovative ideas and approaches using data analytics and your ERP system, wvOASIS. We will be minimizing your team's audit fatigue. You won't be educating this team about your processes and systems; we will be collaborating with you about innovation. This is truly a differentiator for EY compared to our competitors.

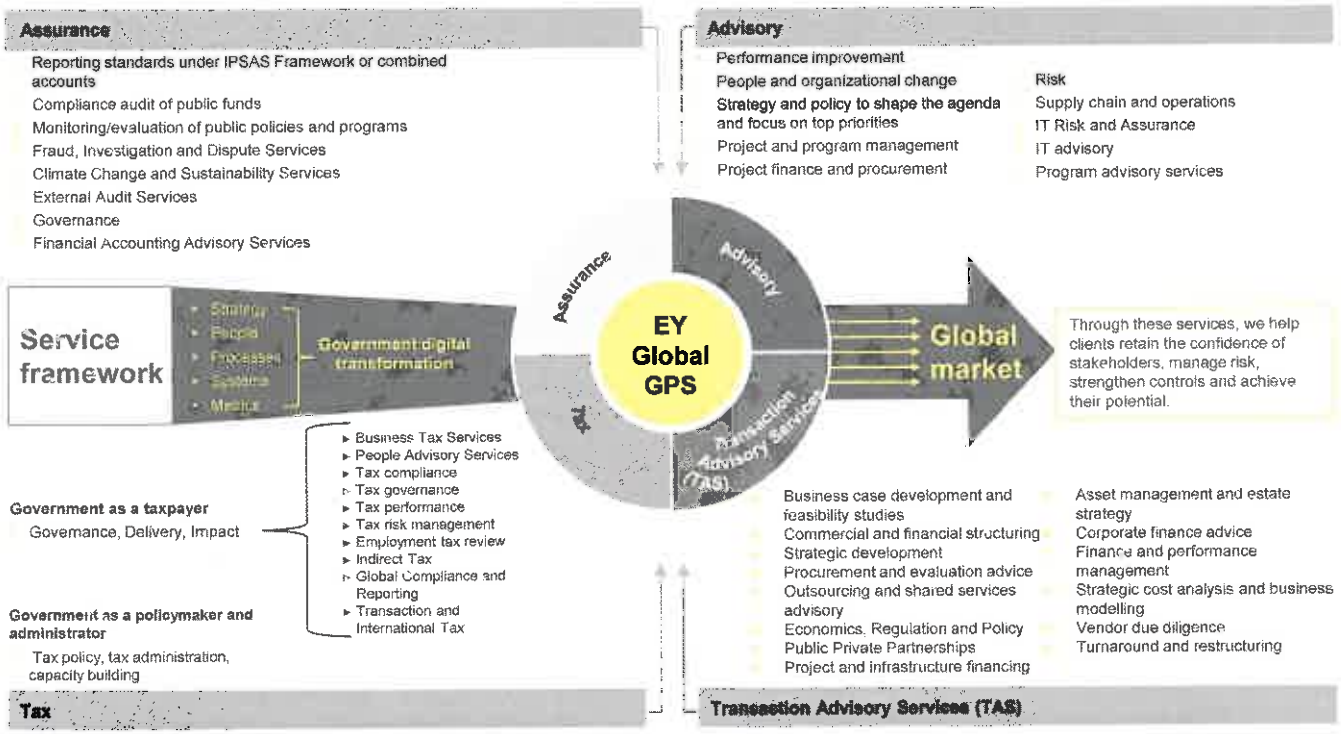
As your current auditors with a firsthand understanding of your organization and deadlines, the EY professionals assigned to your engagement understand your expectations. We were proud to be part of your 2017 results when your deadlines were met. We know you and you know us and we know that collectively we can meet your deadlines. We are excited about accelerating the timeline and will be poised to start the moment we are engaged. We also understand that you want a mutually agreed to timeline. We understand your needs and are able to adapt quickly as needed. Our audit process has evolved as you have evolved and changed, and we are eager to continue serving you. This enthusiasm and commitment will continue to facilitate responsive, appropriate services focused on addressing issues of risk for the State. In addition, as a large entity, you experience your own turnover within various agencies. Only EY and our subcontractors can offer continuity of service while other aspects of the audit are changing, thus minimizing disruption to the State's operations, and avoiding challenges to accounting and reporting positions established in the past, among other things. We believe the State values experience and accessibility in its audit provider. Members of our team have significant experience serving the State and are primarily based right here in Charleston, which allows for them to be available whenever the need arises. You know that we can deliver this level of personal real-time assistance. The State can be confident that our team has the ability and knowledge base necessary to hit the ground running. Our institutional knowledge of your operational environment and familiarity of communication protocols and key personnel at individual agencies will bring no interruption to your daily operations. This is very critical in meeting your timeline.

Because we are familiar with the State, we also understand where other professionals and resources are needed to assist with the audit process. As is consistent with prior years, we would anticipate utilizing EY subject-matter resources (SMRs) to assist in these matters. Our SMRs have been, and will continue to be, heavily integrated into the audit approach. Our SMRs are EY professionals, an integral part of our team and are not "independent contractors." They will work closely with, and at the direction of, the engagement team. This really demonstrates the importance of engaging EY. We have the depth of resources to address your complex accounting issues "in-house." We do not have to subcontract this experience. Some examples of where we have utilized SMRs in the past, and would anticipate utilizing them in the future, include:

- Evaluation of information systems' internal control and security
- Actuarial assistance in evaluating the adequacy of the Medicaid liability
- Tax and revenue regulation compliance
- Actuarial assistance in evaluating the assumptions used to compute the pension and other postretirement liability, in applicable years
- Assistance with the auditing of environmental liabilities

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Bringing value – our service lines connect across our global network to enrich our insights



IT professionals

With continually evolving and highly technology-dependent operations, many organizations, such as the State, are operating in and dependent upon particularly advanced computing environments deployed with security measures to control and protect both the systems and the information that these systems store and process. EY has a group of individuals that focuses on evaluating both control and security over IT in a governmental environment.

We staff our IT practice with professionals who are both auditors focusing on process analysis and internal controls and IT professionals well-versed in IT processes and the computer technologies deployed by our clients (e.g., ERP environments, mainframe systems, distributed/network systems running a variety of operating systems, web-based systems). This integrated background provides our professionals with the ability to better understand business risks and the needs of our customers and, therefore, provides them the preferred skill sets for performing various risk and control-related procedures.

Our IT audit team will continue to be led by William (Bill) Schlegel, Executive Director, and Kevin Wasko, Senior Manager. Both Bill and Kevin have served the State in the past, assisting with planning and execution of agency IT reviews; managing the wvOASIS ERP SOC 1 audit of the West Virginia Enterprise Resource Planning Board (WV ERP Board); and IT advisory-related projects (e.g., DHHR Medicaid compliance). Many of our IT staff, including Bill and Kevin, hold one or more IT-related professional accreditations such as CA, CPA, CISA, CIA and CISSP. Some of them have also received technical certifications from organizations such as Microsoft, Novell and Cisco.

Our IT professionals and approach contribute to greater audit efficiencies in our audit approach and the SOC 1 engagement

With collective effort among the WV ERP Board, various agencies and EY, we have continued to achieve an effective IT general control environment, which has reduced the substantive audit effort across the State. Further, with our ability to effectively place reliance on the State's applications (given our effective conclusion), we have challenged our test of control procedures internally and identified areas to gain efficiencies through testing automated controls, system interfaces, and benchmarking reports compared to manually-intensive controls testing. Therefore, we will continue our prior-year IT audit approach to integrate the effective IT general controls into the overall audit process. Our IT professionals will work closely with the EY core audit team and with state personnel to update our understanding of your information technology environment and the IT processes in place at each agency that supports your objectives. Being that we know your current system, this update will be minimal and your personnel can continue to focus on the new system and the future. Our integrated approach provides you with a seamless audit of your information technology environment and the business processes that it supports.

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In the initial planning phase, we include our IT professionals to update our understanding of the State's systems that process a significant amount of transactions relating to the State's financial statements and major programs and update our review and evaluation of computer controls for these systems. We then design tests of IT general controls at those agencies where we have determined controls to be effective, including the establishment and subsequent updating of benchmarks of computerized applications that process data for certain major program funds for those systems.

The use of IT may support the significant classes of transactions from initiation through reporting and/or the sources and preparation of information to produce electronic audit evidence. Accordingly, the IT environment may affect:

- The procedures followed in obtaining a sufficient understanding of accounting and systems of internal control
- The considerations of inherent risk and control risk through which we arrive at our combined risk assessment
- The design and execution of tests of controls and substantive procedures appropriate to reduce audit risk to an acceptable level

The IT auditors will also communicate with the audit team and review the planning documents for all major programs and the financial statement audit in order to identify additional uses of computer-assisted audit techniques. This will assist in improving engagement efficiency and avoid unwarranted reliance on computer-generated reports or controls for processes where the controls at the agencies or major programs were deemed to be ineffective. This will determine that appropriate procedures are integrated into the audit approach for those significant accounts and major programs where reliance is being placed on the computer controls.

Because of effective IT general controls and application controls on individual systems, we took a reliance approach on IT general controls and application controls on selective systems, and we were able to design our substantive audit procedures accordingly, ultimately reducing our scope of substantive testing around several significant classes of transactions. We plan to further leverage these application controls in future audits, which has been reflected in our audit approach.

Bill and Kevin are also returning to complete the WV ERP board SOC 1 report. They understand the importance of meeting your deadlines related to this report; they have delivered thought leadership on the topic (including reporting standards) and have assisted in the issuance of SOC 1 reports for both the West Virginia Office of Technology and WV ERP Board You have other auditors relying on the wvOASIS SOC 1 report and if this deadline is delayed, that creates a delay in the entire process. Working with your ERP team last year, we were able to accelerate the deadline and deliver the report early. For the current year, we already understand your ERP system and the related controls. We will not be learning about your system for the first time. We will be updating our understanding and we will be able to start immediately with your team at wvOASIS. You have a team that you already know and trust. No other firm has that level of knowledge about your system, which is imperative in meeting your deadlines.

Other subject-matter resource (SMR) professionals

We involve our SMRs, our internal professionals, to assist the audit engagement team in performing audit procedures and obtaining sufficient appropriate audit evidence in areas requiring special skills or knowledge (e.g., professionals from Valuation and Business Modeling, Actuarial Services or Fraud Investigation and Dispute Services). The State has several significant liabilities such as Medicaid incurred-but-not-reported (IBNR) liabilities, pension liabilities and other post-employment benefit (OPEB) liabilities involving a significant degree of professional judgments and estimates. Our SMR professionals have been heavily integrated into our audit approach.

Based on our experience with the State, among the professionals outside of the core audit team that we plan to continue to utilize on the engagement are Darrell Knapp and our Performance & Reward group. Darrell, Executive Director Consulting Actuary, will assist the audit team in testing and evaluating the adequacy of the year-end Medicaid liability. He brings to the State audit engagement considerable knowledge of the West Virginia environment and related actuarial implications as a result of his extensive experience serving the State.

Our People Advisory Services Group will be utilized to review the State pension assumptions for reasonableness. Considering GASB's recently released GASB 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* and GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, involvement of our Performance & Reward group will provide the State value-added advice.

Our team will utilize Chip Johnson, an environmental professional, to address important matters to the State's environmental liabilities such as landfills and special reclamation. With his environmental background, he brings valuable insight to the team so that we can audit this area for efficiently.

David (Dave) Phillips, Tax Executive Director residing in Charleston, will assist the team in tax regulations impacting revenue recognition and refund payable estimates.

In addition to assisting the audit engagement team in performing audit procedures, we will continue to leverage our SMRs for thought leadership discussions with the State. As we have in prior years, we will look for opportunities to make

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investments with the State; for example, leveraging our information security SMRs to provide management with insights and perspectives related to cybersecurity. Please see page 21 for a list of other examples.

Additional staff members and bench strength

In addition to the key team members described in the previous pages, EY and proposed subcontractor firms have other senior and staff auditors who have experience serving the State, its agencies or other governmental entities. This is critical to addressing unexpected changes to the schedule. EY has demonstrated that we can deliver quality professionals at peak work times so that your deadlines can be met, even when delays outside your control could potentially derail the timeline. You want results, not excuses. There are many aspects to this engagement, and we have the bench strength to deliver a team that can accomplish the timeline objective. Others may promise this, but you have experienced this level of commitment with EY. We will use these professionals and others as necessary to serve the State on this engagement. Susan Wheeler, your coordinating partner, is the Charleston office managing partner and the GPS assurance lead in the Central Region and has the ability to request, reassign and supplement resources on an "as-needed" basis. Susan will use her connections to EY leadership, as well as her knowledge of the State, to see that the team is being served by the right resources on a consistent basis. She will continue to oversee quality and the flexibility of staff over the term of the engagement.

Staff certifications and professional education

EY has a robust professional development and training program to retain talent. This is achieved through a career development framework, EYU, designed to provide learning programs, training and courses as well as coaching and mentoring. EY also invests in robust classroom training. Core audit training courses are supplemented by learning programs developed in response to changes in auditing accounting and reporting, independence and professional standards and to emerging practice issues. The firm requires its audit professionals to obtain at least 120 hours over a three-year period.

All of the core audit team members, including full-time partners, senior managers, managers, and other supervisory members of our audit team who are CPAs are licensed to practice as CPAs in the state of West Virginia. Please see Appendix 5 for our team's certificates. In addition, every member of your team meets all appropriate continuing professional education (CPE) requirements, including the two-year *Government Auditing Standards* specialty requirement and the current-year and three-year AICPA requirement. Please see Appendix 4 for details of CPE.

Staff continuity

Professional services firms have grown accustomed to a certain inevitable level of employee turnover. Despite this industry reality, EY has embedded techniques into our firm's culture that are designed to mitigate turnover. We are committed to creating an environment that delivers exceptional experiences that bring our people lasting career value, experiences that support their ability to serve our clients and the communities in which we live and work. The exceptional EY experience means a strong foundation: learning, coaching and meaningful career conversations, as well as transformative professional experiences that help them grow, develop and lead, in business and in life. Our success creating an excellent professional work environment is reflected in that we are the only Big Four firm to make *Fortune's* "100 Best Companies to Work For" list for 20 consecutive years.

Susan Wheeler will be responsible for aligning the right resources at the right time and will make sure that our team provides seamless, consistent, timely and high-quality service to you. With Susan's role as office managing partner and the Central Area GPS Assurance lead, you know that she has the capability to deliver those resources. We understand the importance of team continuity and the impact it can have on the success of our business relationship. We pledge to make a conscientious effort to provide staffing continuity at every level of the State's service team. All of the team members included in this proposal have experience with the State. Also in structuring our team, we have allowed for natural progression and development of team members. Should events bring about a significant personnel change, we will inform you in writing of these matters. Or, if the State requests a change, we will respond appropriately.

Local, accessible team

In addition to continuity and professional development, another key element of our staffing plan is our commitment to accessibility and flexibility. The State's accessibility to communicate face to face with our project team members is critical in the coordination and successful completion of this project. More than 75% of the proposed team resides in Charleston. Our key executives, including Susan, Adam and Chris Deweese, reside in Charleston and your coordinating partner, Susan is the final decision-maker in this process. As we have demonstrated in our years serving the State, our local presence means that we are accessible for face-to-face meetings with your personnel 52 weeks out of the year. To make certain that our team,

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including subcontractors, functions as a cohesive unit and is accessible by your staff, EY is a technology innovator and uses communication technologies to provide optimum accessibility to our engagement team members.

Our communication technology includes EY/Communications, which provides voice-messaging services to all EY personnel through the largest private voice-messaging network in the United States, and Outlook, our firmwide electronic mail system. Through our voice mail or firmwide electronic mail, you can leave a message for any of our project team members at any time of day or night. We will provide you with a comprehensive list of the direct-dial office phone number and internet address for each member of our engagement team at the onset of the project, as well as mobile phone numbers for key decision-makers on our team. This demonstrates our commitment to being accessible to you when accounting and auditing issues arise. You have already experienced our level of accessibility. We understand the importance of dealing with your accounting and auditing issues real time and in person.

As such, this means that we will provide you the personal support that you deserve throughout this process because we are able to address accounting and auditing issues in real time. We have consistently demonstrated that we can deliver the professional resources to you when you need them. Even when there are modifications to timing, we have been flexible to your schedule and needs. Our bench strength of qualified professional staff is second to none. This flexibility has enabled you to meet your deadlines, and meeting deadlines is critical to your success as well as our success. Both teams have a vested interest because this team lives in West Virginia.

Section 4, Subsection 4.3 List prior government experience (description of past projects completed entailing the location of the project, project manager name and contact information, type of project, and what the project goals and objectives were and how they were met) and continuing education of senior audit staff, partners, managers, and supervisors.

Prior government experience

As discussed throughout our proposal, the team that we bring to the State has a wealth of experience serving both the State as well as other government agencies. Each biography provided in our response to *Section 4.4.2* includes that individual's prior government experience. Our team brings more than 425 years of professional accounting and auditing experience. In addition, the table provided in our response to *Section 4.4.1* provides detailed information regarding our most recent experience on government engagements that are similar in size and scope to the State engagement and describes how we have met the project goals and objectives.

As discussed in the previous few pages, the team that we bring to the State has a wealth of experience serving both the State as well as other state agencies. In addition, the following table provides detailed information about select government engagements, which further demonstrates our ability to serve the State. In our view, no qualification is as relevant as our experience auditing you, the State of West Virginia. We know your processes, IT functions, critical areas, and focus on the timeline better than any other firm.

Project	Type of project	Date	Engagement partner/ Executive director	Total hours	Project/ EY office location(s)	Project Manager Name and Contact Information
State of West Virginia	Financial Statement and Single Audit (with GFOA Certificate)	2017	Susan Wheeler, Maureen Wood & Lou Roberts	>11,000	Charleston, WV Various locations throughout WV	John Myers Cabinet Secretary of the Department of Administration 1900 Kanawha Blvd. E., Bldg. 1 Rm E-119, Charleston, WV 25305 +1 304 558 4331
Pennsylvania Higher Education Assistance Agency (PHEAA)	Financial Statement, Single Audit	2017	Lou Roberts & Susan Wheeler	>10,000	Philadelphia, PA	Bill Walker Director of Financial Reporting 1200 North 7th Street Harrisburg, PA 17102 +1 717 720 7758

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Project	Type of project	Date	Engagement partner/ Executive director	Total hours	Project/ EY office location(s)	Project Manager Name and Contact Information
United States Air Force, Working Capital Fund	Financial Statement Audit	2017	John Short, Kim Hancy & Susan Wheeler	>40,000	Columbus, OH Charleston, WV Various locations throughout the world	Additional information can be provided upon request.
West Virginia Investment Management Board	Financial Statement Audit	2017	Art Jasion & Susan Wheeler	>2,000	Charleston, WV	Matt Jones Chief Financial Officer & Chief Operating Officer 500 Virginia Street, East, Suite 200 Charleston, WV 25301 +1 304 345 2672
West Virginia Office of Technology	SOC 1 Audit	2015	Bill Schlegel	>500	Charleston, WV	Project manager is no longer employed with the State Note: 2015 was the last year the State engaged someone to complete this report
West Virginia Enterprise Resource Planning Board	SOC 1 Audit	2017	Bill Schlegel	>500	Charleston, WV	Rick Pickens West Virginia Enterprise ResourcePlanning Board 312 MacCorkle Ave, SE Charleston, WV 25314 +1 304 356 2446
Texas Association of School Boards (TASB Risk Management Fund)	Financial Statement Audit	2017	Brenda Betts & Susan Wheeler	850	Dallas, TX	Brent Balke Director of Financial Operations 12007 Research Blvd. P.O. Box 990 Austin, TX 78759 +1 512 467 0222
Orlando Utilities Commission	Financial Statement Audit	2017	John Di Santo	2,500	Orlando, FL	Gina Johnson Director of Financial Planning and Support Services 100 W Anderson St. Orlando, FL 32801 +1 407 434 2145
New York City Housing Development Corporation	Financial Statement Audit and Single Audit	2017	Lou Roberts	2,800	Iselin, NJ	Cathleen Bauman Treasurer 110 William Street New York, NY 10038 +1 212 227 9681
New York City Economic Development Corporation	Financial Statement Audit and Single Audit	2017	Lou Roberts	3,000	Iselin, NJ	Fred D'Ascoli Controller 110 William Street New York, NY 10038 +1 212 312 3625
New Jersey Transit Corporation	Financial Statement Audit and Single Audit	2017	Lou Roberts	3,000	Iselin, NJ	Mike Cort Senior Director of Financial Reporting One Penn Plaza East Newark, NJ 07105-2246 +1 973 491 7616

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Project	Type of project	Date	Engagement partner/ Executive director	Total hours	Project/ EY office location(s)	Project Manager Name and Contact Information
New York State Housing Finance Agency	Financial Statement Audit and Single Audit	2017	Lou Roberts	2,800	Iselin, NJ	Gary Weinstock Controller 641 Lexington Ave # 4 New York, NY +1 212 872 0565
New Jersey Economic Development Authority	Financial Statement Audit and Single Audit	2017	Lou Roberts	3,000	Iselin, NJ	Rich Locasio Controller West State Street P.O. Box 990 Trenton, NJ 08625-0990 +1 609 292 1805
West Virginia Board of Risk and Insurance Management	Financial Statement Audit (with GFOA Certificate)	2013	Susan Wheeler	500	Charleston, WV	Steve Schumacher Chief Financial Officer 90 MacCorkle Avenue SW, Suite 203 South Charleston, WV 25303 +1 304 766 2646, ext. 107
Molina Medicaid Solutions	AT 891 SSAE 18 SOC 1 Audit	2017	Tom Kothe	650	Philadelphia, PA	Cynthia Runnion Quality Assurance Manager 1600 Pennsylvania Ave. Charleston, WV 25302 +1 304 348 3200 Adam Moyer Executive Account Manager +1 304 348 3200
Massachusetts Port Authority	Financial Statement Audit	2017	Lou Roberts	3,500	Boston, MA	Additional information can be provided upon request.
Jacksonville Electric Authority	Financial Statement Audit	2017	John Di Santo	3,000	Jacksonville, FL	Melissa Dykes Chief Financial Officer 21 W Church St, Jacksonville, FL 32202 +1 904 665 7054
Reedy Creek Improvement District	Financial Statement Audit	2017	John Di Santo	1,800	Orlando, FL	Ann Blakeslee Deputy District Administrator 1900 Hotel Plaza Blvd. Lake Buena Vista, FL 32830 +1 407 828 3548
Florida Housing Authority	Financial Statement Audit	2017	Mike Pattillo	1,500	Tallahassee, FL	Barb Goltz Chief Financial Officer 227 N. Bronough Street, Suite 5000 Tallahassee, FL 32301 +1 850 488 4197

Project goals and objectives for the engagements provided above were similar for each engagement. The following is a summary:

- **Financial statement audit** – The goal and objective of the financial statement audit was to complete an audit in accordance with auditing standards generally accepted in the United States and/or GAS and provide for reasonable, rather than absolute, assurance that the financial statements were free of material misstatement. We also obtained an understanding of internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances. We also evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by

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management as well as evaluated the overall presentation of the financial statements. In order to achieve those goals for each financial statement audit, we developed an audit approach tailored to the specific client in a fashion similar to the way our audit approach has been developed for the State. We then developed a plan with management and with a solid understanding of the timeline, and worked as a team to make certain all deadlines were met and goals achieved. For those with a GFOA certificate, we worked closely with management, reviewing the Comprehensive Annual Financial Report.

With our solid understanding of the requirements and our experience as reviewers of financial statements in accordance with GFOA requirements, we were able to provide accurate, helpful and timely feedback which assisted these clients to be successful in achieving the GFOA certificate. Single Audit – The goals and objectives of the Single Audits were to complete an audit in accordance with the Single Audit Act of 1996 and Uniform Guidance. In order to achieve the goal, we worked closely with management at each agency to identify major programs in a timely manner. Similar to the State, we then developed our audit approach for both internal controls and compliance for each major program based upon the applicable compliance requirements per Uniform Guidance. We worked closely with management of each agency in order to complete the required testing and document and communicate any findings in a timely manner. We developed a plan with management and with a solid understanding of the timeline, and worked as a team to make certain all deadlines were met and goals achieved.

- **wvOASIS SOC 1 Examination** – The goals and objectives of the SOC 1 Type 2 service auditor's examination, in accordance with Statement on Standards for Attestations Engagements No. 18 of the AICPA, is for the issuance of the report inclusive of the information technology general controls objectives for the wvOASIS ERP application. These objectives include application software development, system software and network changes, logical access, automated job scheduling, problem management and tracking, and data backup and recovery. The project goals and objectives have been achieved through our collaboration in confirming management's description is adequate and fairly stated. Additionally, we have collectively scoped the report to include the breadth of services provided by WV ERP Board, which has helped alleviate routine audit requests as the report has been a mechanism for communicating WV ERP Board's services and control environment operating effectiveness. In addition, as part of the yearly SOC 1 examination, we have provided management with thought leadership and feedback related to their control environment and role as a service organization. We developed a plan with management and with a solid understanding of the timeline, and worked as a team to make certain all deadlines were met and goals achieved.
- **Molina SOC 1 Examination** – The goals and objectives of the SOC 1 Type 2 service auditor's examination, in accordance with Statement on Standards for Attestations Engagements No. 18 of the AICPA, is for the issuance of the report on the internal controls over the Molina West Virginia Medicaid Management Information System. Our team utilizes the EY audit methodology for SOC 1 audits and works closely with the system owner to understand, test and report on the relevant controls that are responsive to the control objectives specified by management that are applicable to the auditors of user entities. Accordingly, we developed a plan with management and with a solid understanding of the timeline, and worked as a team to make certain all deadlines were met and goals achieved.

Other governmental entities

In addition to auditing the above, EY has audited numerous state and federal agencies, including the following:

- Department of the Navy
- Defense Logistics Agency
- Defense Intelligence Agency
- Environmental Protection Agency
- Government of the US Virgin Islands
- National Railroad Passenger Corporation
- United States Postal Service
- United States Department of Health and Human Services

Knowledge of state and local government audits

As noted above, our Public Sector practice is one of the largest in the nation and has direct relevance to requirements outlined in your CRFP as necessary to perform a meaningful audit of the State. Your team has the experience and knowledge that you need and expect from your service provider. For example:

- **Government Auditing Standards** – Almost every audit of state and local governments and special authorities must be in accordance with *Government Auditing Standards*, which requires an audit of the entities' financial statements, a

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review of compliance with laws and regulations and consideration of the internal control over financial reporting. The professionalism, knowledge and skills necessary to efficiently and effectively perform these audits are the same as those needed to meet your audit requirements. *Your team members have this experience and have this experience with you.*

- **Business-type activities** – With few exceptions, our local and state government clients have, as part of the audited entity, funds that collect fees for their services and products and are not dependent upon appropriated funding to cover all operating costs. The need to manage, at the minimum, break-even operations that require that managers closely control costs and carefully monitor their revenues and pricing practices. This parallels your concerns as well. *Your team has the experience with business-type activity funds and more importantly, you.*
- **Internal controls** – All of these audits must include consideration of internal control. Professional judgment and public sector-specific audit experience are needed to determine whether the planned controls are working as intended. More importantly, experience is needed to assess whether the planned controls are adequate for your activities and protect your assets. Equally important, the review of internal controls is a vital initial step in defining the current state and determining the future state of your business process improvement opportunities. *Your team is proficient in auditing internal controls and assessing effectiveness. Even more important, your team knows your business processes so we can continue to discuss changes and improvement opportunities rather than just learning the processes.*
- **Financial systems** – Most of our public sector clients utilize financial systems. Accordingly, we have significant experience in auditing in a computerized environment. We also have provided a significant amount of consulting services to public sector clients in assisting them select, install and implement new accounting systems. Often systems are well-planned and efficient at installation, but need changes as organizations evolve or people rotate, so "patchwork" fixes become common. The result – client staff are often working much harder than necessary and often without the opportunity to review their efforts in an attempt to work smarter. Facilitating a process to selectively review accounting and financial systems to identify improvement opportunities can be a key component of what EY as your auditor can provide.

  Your team has extensive financial system experiences and more importantly experience with your IT systems, including wvOASIS, GenTax, RAPIDS/FACTS, Banner, just to name a few.

No other team has this level of experience with you.

Select local government clients

EY has also recently performed financial and compliance audits of numerous local governments – cities, counties and special district governments. The following are some of the larger of these local governments:

- Brooklyn Public Library
- Chamber of Commerce of The United States of America
- Chicago Housing Authority
- City of Baltimore (Maryland)
- City of Miami (Florida)
- City of Orlando (Florida)
- The Colorado Health Foundation
- Community Foundation for Greater Atlanta Inc.
- Connecticut Housing Finance Authority
- Cooperative for Assistance and Relief Everywhere, Inc.
- County of Pinellas (Florida)
- Detroit Institute of Arts
- The Detroit Zoological Society
- The Educational Services Commission of New Jersey
- General Secretariat of The Organization of American States
- The Illinois State Medical Society
- Jacksonville Aviation Authority (Florida)
- North Carolina League of Municipalities
- Office of Federal Housing Enterprise Oversite
- Patrolmen's Benevolent Association of The City of New York
- Pechanga Development Corporation
- Puerto Rico Conservation Trust Fund
- Public Building Authority
- School Board of Orange County Florida
- School Board of Palm Beach County
- St Johns County School Board of Public Instruction
- Tampa Bay Water, A Regional Water Supply Authority
- United Student Aid Funds Inc.
- USAA 529 College Savings Plan
- USAA FEMA Flood Program
- Virgin Islands Public Finance Authority

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Suttle & Stalnaker's government experience

Project	Type of project	Date	Engagement partner/ Executive director	Total project hours	Project/ S&S office location	Project manager name and contact information
Single Audit of the State	Participation in compliance auditing for several departments, including numerous federal award programs	2017	Chris Deweese	>5,000	Charleston, WV	John Myers Cabinet Secretary of the Department of Administration 1900 Kanawha Blvd. E., Bldg. 1 Rm E-119, Charleston, WV 25305 +1 304 558 4331
West Virginia Legislative Joint Committee (West Virginia Division of Highways)	Annual Financial Statement Audit including assistance with CAFR and FARS forms, including numerous federal award programs	2017	Chris Lambert	3,000	Charleston, WV	Aaron Allred Legislative Manager West Virginia Legislative Joint Committee 1900 Kanawha Blvd. East Room E-132 Charleston, WV 25305 +1 304 347 4800
West Virginia Consolidated Public Retirement Board	Annual Financial Statement Audit including assistance with CAFR	2017	Chris Deweese	2,000	Charleston, WV	John Galloway Chief Financial Officer WV Consolidated Public Retirement Board 4101 MacCorkle Avenue SE Charleston, WV 25304 +1 304 558 3570 ext. 52426
West Virginia Offices of the Insurance Commissioner	Annual Financial Statement Audit	2017	Horace Emery	1,250	Charleston, WV	Melinda Ashworth-Kiss Assistant Commissioner West Virginia Offices of the Insurance Commissioner 900 Pennsylvania Avenue Charleston, WV 25302 + 1 304 558 3029 ext. 1205
West Virginia State Rail Authority	Annual Financial Statement Audit	2017	Chris Deweese	250	Charleston, WV	Lucinda K. Butler Executive Director West Virginia State Rail 120 Water Plant Drive Moorefield, WV 26836 + 1 304 538 2305 ext. 223
West Virginia Racing Commission	Annual Financial Statement Audit	2017	Chris Lambert	300	Charleston, WV	Joe Moore Executive Director West Virginia Racing Commission 900 Pennsylvania Avenue, Suite 533 Charleston, WV 25302 +1 304 558 2150
West Virginia Regional Jail and Correctional Facilities Authority	Annual Financial Statement Audit	2017	Chris Lambert	300	Charleston, WV	David A. Farmer Executive Director West Virginia Regional Jail and Correctional Facilities Authority 1900 Kanawha Blvd. East Charleston, WV 25305 + 1 304 558 2036

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Project	Type of project	Date	Engagement partner/ Executive director	Total project hours	Project/ S&S office location	Project manager name and contact information
West Virginia Parkways Authority	Annual Financial Statement Audit	2017	Chris Lambert	400	Charleston, WV	Parrish French Director of Finance West Virginia Parkways Authority 3310 Piedmont Road Charleston, WV 25306-6633 + 1 304 926 1900
New River Community and Technical College	Annual Financial Statement Audit	2017	Chris Deweese	500	Charleston, WV	Heike Soeffker-Culicerto, CFO New River Community and Technical College 280 University Drive Beaver, WV 25813 + 1 304 929 5440
West Virginia School of Osteopathic Medicine	Annual Financial Statement Audit	2017	Chris Deweese	425	Charleston, WV	Larry Ware Vice President for Finance and Facilities West Virginia School of Osteopathic Medicine 400 North Lee Street Lewisburg, WV 24901 +1 304 647 6220
Southern West Virginia Community and Technical College	Annual Financial Statement Audit	2017	Chris Deweese	450	Charleston, WV	Samuel Litteral Vice President for Finance and Administration Southern West Virginia Community and Technical College 2900 Dempsey Branch Road Mount Gay, WV 25637 +1 304 896 7426
Eastern West Virginia Community and Technical College	Annual Financial Statement Audit	2017	Chris Deweese	430	Charleston, WV	Penny Reardon Executive Dean for Finance and Operational Services 316 Eastern Drive P.O. Box 59 Moorefield, WV 26836 +1 304 434 8000
BridgeValley Community and Technical College	Annual Financial Statement Audit	2017	Chris Deweese	360	Charleston, WV	Cathy Aquino Chief Financial Officer 2001 Union Carbide Drive South Charleston, WV 25303 +1 304 734 6611
West Virginia Council for Community and Technical College Education	Annual Financial Statement Audit	2017	Chris Deweese	405	Charleston, WV	Dr. Edward Magee Vice Chancellor for Finance 1018 Kanawha Boulevard, East Suite 700 Charleston, WV 25301 +1 304 558 0281 ext. 274
Fairmont State University	Annual Financial Statement Audit	2017	Chris Deweese	750	Charleston, WV	Carolyn Fletcher Director of Accounting Fairmont State University 1201 Locust Avenue Fairmont, WV 26554 +1 304 367 4266

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Project	Type of project	Date	Engagement partner/ Executive director	Total project hours	Project/ S&S office location	Project manager name and contact information
Pierpont Community and Technical College	Annual Financial Statement Audit	2017	Chris Deweese	500	Charleston, WV	Carolyn Fletcher Director of Accounting Pierpont Community and Technical College 1201 Locust Avenue Fairmont, WV 26554 +1 304 367 4266

Dearien & Company's government experience

Project	Type of project	Date	Engagement partner/ Executive director	Total project hours	Project/ Dearien & Company office location	Project manager name and contact information
Single Audit of the State	Participation in compliance auditing, including federal award programs	2017	Steve Dearien	>5,000	Charleston, WV	John Myers Cabinet Secretary of the Department of Administration 1900 Kanawha Blvd. E., Bldg. 1 Rm E-119, Charleston, WV 25305 +1 304 558 4331

Continuing professional education

EY is proud to be recognized for our long-term commitment to helping our people grow and succeed at every stage of their careers, and we fully understand that leading organizations cannot stay on the leading edge without continuous updates to its people and processes. That is why our partners and staff spend a significant number of hours each year taking CPE courses through formal classroom-style channels, web-based learning and self-study. EY mandates that all CPAs have at least 120 hours of formal continuing education programs over a three-year period. Most of our professionals exceed that requirement. Every member of your proposed team has met or exceeds the yearly quota for CPE credits. Please see Appendix 4 for details of CPE for each team member.

Not only do the members of your team have experience serving the State, but they have received training – both on the job and through continuing education. For example, we provide a one-day classroom training session on *Performing a Government Auditing Standards and Uniform Guidance Audit* and a two-day national technical conference for partners/executive directors, senior managers, managers and seniors auditing public sector and governmental entities, not-for-profit and health care clients. The conference is comprised of Uniform Guidance and GAS sessions and industry-specific topics. Additionally, all audit professionals assigned to the State engagement will remain in compliance with the *Government Auditing Standards* 24-hour annual CPE specialty requirement. Members of our engagement team have also served as facilitators for these continuing education courses.

To make certain of compliance with firm and other CPE requirements, EY has developed a comprehensive automated CPE tracking system. Quarterly, each professional in the firm receives an updated transcript of all CPE credits earned during both the last three and the most recent CPE years. Self-development activities, such as participating in our quality assurance review team and residency programs and researching literature for lectures, articles and publications, are other ways in which our personnel further promote their professional development.

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Section 4, Subsection 4.4 - Describe specific audit work plan including; subcontractors; the firm's responsibilities under the applicable auditing standards and federal regulations; and how the firm's approach to this engagement will demonstrate that all requirements are met. Also describe specific audit work plan for any potential problems in performing all services described in this RFP including; the effects of GASB standards; the firm's approach to resolving these problems; and any special assistance that will be requested of the Agency or the State agencies.

Scope of work to be performed

The West Virginia Purchasing Division is soliciting proposals for the Department of Administration (DOA), Finance Division to provide an audit on the Single Audit of the State and the financial audit of the basic financial statements of the State's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2018, in accordance with generally accepted auditing standards, generally accepted government auditing standards, the Single Audit Act of 1996, OMB Circular A 133, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance), GASB pronouncements, other applicable laws, and federal and governmental requirements.

The services to be provided under this contract are for a statewide audit of the State, including both the financial and compliance components, except that we understand the State agencies which had separate financial and Uniform Guidance audits will continue to be audited by other auditors in the current year, with the exception of the Railroad Maintenance Authority (WV State Rail). We intend to place reliance on and refer to these other auditors in our reports. In addition, we understand that the remaining divisions under the Department of Transportation, which include Public Transit, Public Port Authority, Aeronautics Commission, Motor Vehicles and Office of Administrative Hearings are included under this contract. Upon reappointment as your independent auditors, we will determine (1) whether the financial statements are presented fairly in all material respects in conformity with accounting principles generally accepted in the United States, and (2) whether the Schedule of Expenditures of Federal Awards (SEFA) is presented fairly in all material respects in relation to the financial statements taken as a whole. Both S&S and Dearien & Company provide support with the Uniform Guidance audit. They follow our approach and utilize our technology. All of their workpapers are subject ot our review procedures and quality standards. We function as on cohesive team.

We will also perform procedures to obtain an understanding of internal control over federal programs sufficient to plan the audit to achieve a low-assessed level of control risk for major programs, when possible. In addition, we will determine whether the State has complied with laws, regulations and the provisions of contracts or grant agreements that may have a direct and material effect on each major program.

As part of the Uniform Guidance Audit, we will follow up on prior audit findings, perform procedures to assess the reasonableness of the summary schedule of prior audit findings, and report if we conclude that the summary schedule materially misrepresents the status of any prior audit finding. In addition, we will communicate to the State which federal awarding agencies and pass-through entities are required to receive a copy of the reporting package. We understand that all work under the proposed contract should be under the direction of the DOA. Written reports will be submitted initially in draft form in order that changes may be discussed and agreed upon before final issuance. Any public statements that may be required will be discussed with the DOA prior to the statements being made or released. Furthermore, we will retain all working papers and reports for a minimum of five years after the issuance, unless we are notified by the DOA of the need to extend the retention period. Access to our workpapers and reports will be allowed in accordance with professional standards and our firm's policies with regard to such matters.

Susan Wheeler and Adam Carr will work closely with our proposed subcontractor firms to determine that the State continues to be served in all aspects of our audit by our professionals with appropriate experience. In conducting our audit, we will commence audit procedures as soon as authorized by the State and by choosing EY there will be no transition time. We are able to begin immediately, causing little disruption to your team due to our knowledge and experience completing the State CAFR and Uniform Guidance Audit.

Our proposed team including EY, S&S and Dearien & Company all possess the qualifications to understand the technical, as well as the economic and political issues, of public sector engagements. Collectively, the technical and practical competence of our team has served many government clients well. Most importantly, we have served the State of West Virginia effectively and efficiently. We stay abreast of changes in the public sector, including assisting our clients in meeting ever-changing standards and requirements. We want to continue to provide this same quality service to you.

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Additionally the services are to include the annual service organization controls report (SOC 1) for wvOASIS. We are also providing a SOC 1 report in Appendix 2.

S&S will perform an audit of the financial statements of the West Virginia State Rail Authority (the Authority) in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards* issued by the Comptroller General of the United States; and the provisions of the Uniform Guidance, when applicable.

We have included the summary of the services that we are to provide in Appendix 6. We have a clear understanding of the scope of services and the related deliverables.

Our adherence to auditing standards and federal regulations

Our team serving you includes professionals who are most involved with emerging accounting, auditing and regulatory issues so we can bring advice and recommendations that are proactive, timely and practical to the public sector. Several of our professionals are former policymakers or senior executives or served as department heads within the government sector. This group of professionals keeps close tabs on the industry they serve through a variety of professional networks to make certain they deliver current, relevant advice to our clients. Our firm is an active participant in accounting and auditing standard-setting through our involvement in the following professional organizations:

- Governmental Accounting Standards Board (GASB)
- Government Finance Officers' Association (GFOA)
- National Association of State Auditors, Comptrollers and Treasurers
- Council of State Governments
- Association of Government Accountants
- Intergovernmental Audit Forum
- Joint Financial Management Improvement Program

Our GPS team members are skilled not only in auditing, but also in the budgeting methods, systems and controls that today's public sector entities utilize. They have multiple years of experience with the systems, programs and issues of the public sector; and in fact, several of them were formerly policymakers, senior executives or department heads in government. Additionally, our local team has extensive government experience. The team selected to serve you has been providing services to the State of West Virginia as well as other West Virginia State agencies. Your team also has experience providing services to the cities and agencies located in Pennsylvania, New York, New Jersey and Texas. Your team members are committed to this industry segment and are leaders in this segment, both regionally and nationally. They are sought-out technical resources for other engagement teams, to lead industry trainings, and to lead our internal quality review process as well as the peer review process in this industry.

At EY, we set a high standard for our delivery of audit quality. We are committed to acting with the highest level of integrity. This keeps us focused on doing the right thing in our audits and in all of our interactions with the companies we audit, our regulators and members of our own team. Our senior leaders and partners consistently deliver the message that performing high-quality audits and acting with integrity are our top priorities and that we are all accountable for the quality of our work. Our system of quality control provides the foundation for our people to execute high-quality audits. We focus on understanding the risks involved in every audit and building teams that have the competencies and capacity to address those risks. We analyze our portfolio throughout the year to identify audits that may pose additional risks and provide support to individual teams. All of our audit teams use EY Canvas and our Global Audit Methodology (GAM), which is customized for government auditing standards and the Uniform Guidance for the State audits. These are utilized to execute audits, manage their work and track their progress on meeting milestones throughout the audit. We also use the information we collect in our inspections and other reviews of our performance to make changes to our training and guidance to further improve audit quality. You can be confident that our subcontractors also have the same high-quality standards in adhering to the professional standards required for this engagement. First, we function as one cohesive team and they follow our audit approach and plan, using EY technology, forms and templates. All Uniform Guidance workpapers go through the same executive, partner and EQR reviews that the work papers prepared by EY staff. We sponsor education sessions for their team members and work closely with them to resolve all open issues and we also review their CPE information to confirm that they have met the education requirements.

Our approach has been developed by our quality network and professional practice and is subject to reviews through our internal audit quality review process, the peer review process (see Appendix 1 for a copy of our peer review report) and reviews by the PCAOB. All partners are subject to internal quality reviews on a three-year rotation. They are also subject to the peer review process every three years and PCAOB reviews annually, if applicable.

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Quality and compliance with the requirements are further assured through our audit quality review (AQR) process. AQR is our annual inspection program procedure. It is a cornerstone of our efforts to monitor audit quality and evaluate compliance with and the effectiveness of the firm's quality control policies and procedures and to identify areas where our performance can be improved. Results of the AQR program (as well as external practice monitoring and inspection activities) are evaluated and documented so that appropriate quality improvement actions can be taken at all levels.

Furthermore, each engagement goes through a quality review process prior to issuance. Engagement quality reviews are an important element in our system of quality control. We assign a partner as an engagement quality reviewer (EQR) for each company audit. The EQRs evaluate the significant judgments made by an audit team, including those made by the partner in charge of the audit. EQRs participate in key meetings in all phases of the audit, beginning with planning, and they evaluate both the team's risk assessment and responses to the risks the team identifies. We require EQRs to undergo focused training. We also provide our EQRs with guidance on practice issues and areas on which they should focus. As previously mentioned, Lou Roberts is your EQR and his license, experience and CPE are provided in the appendices of this proposal.

Our diligent engagement review process, our approach development, our quality networkand our EQR's invoivement throughout the audit is designed so we, EY, S&S and Dearien & Company maintain our quality standards that you expect.

Our audit approach

At EY, we take pride in our approach to client service during the audit process. We believe this is our single most distinctive competency compared to other accounting organizations and firms. We listen to our clients, assess their needs and provide them with the highest-quality audit.

Our approach to a client relationship goes well beyond the performance of the audit and includes the aspects of service delivery essential to providing outstanding service. While we adhere to the EY GAM and leverage leading-class advanced audit support tools, we also bring significant experience that we have gained from previous experiences, including our knowledge of working with organizations similar to the State. Our approach to the audit is practical, flexible and scalable to fit your needs. This, combined with our risk-based approach to the audit, allows us to appropriately focus our attention and efforts on the areas that matter most to the State.

By following EY GAM that is customizable to your specific requirements, including generally accepted auditing standards, government auditing standards and the Uniform Guidance, you can be assured that our approach meets the specific requirements under the standards.

Our audit approach is different

- Single dedicated team – Our core service team will execute all aspects of the audit relationship.
- Executive focus – We dedicate more hours at our executive level. This results in greater audit efficiencies and overall reduced cost and frustration to the State. The State will continue to work with an experienced team, not unsupervised staff.
- Collaborative approach – We will continually work with the State to codevelop an audit that best meets your needs and leverages the work you already do.
- Risk-focused – We are responsive to changes in the industry and regulatory environment; we tailor our audit based on matters material to the financial statements.
- Continuous issue resolution – We resolve issues as they arise in real time. Technical accounting consultation matters are handled judiciously.

Furthermore, we understand the needs and requirements associated with a government entity can be very different than those experienced by a publicly traded or privately held company. We have hand-selected a team that you know and trust and one that is experienced in working with public sector entities and meets the government auditing standards CPE requirements. This includes both our core team as well as industry and subject-matter resources. We are also experienced with the Government Finance Officer Association's (GFOA's) Certificate of Excellence in Financial Reporting and have worked with the State in consistently achieving this recognition. Both Susan and Adam are also reviewers for the GFOA, are knowledgeable of the requirements, and support other EY teams as subject-matter resources. We will continue to work with you to determine and execute an audit plan that effectively and efficiently addresses the differing levels of risk, materiality disclosure, internal controls and timing.

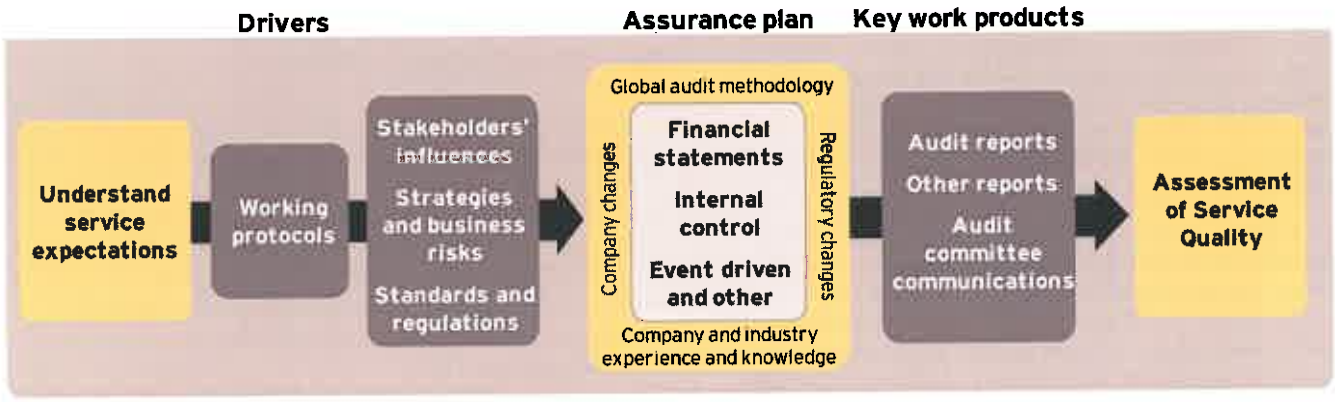
Our audit approach is practical, flexible, customizable and responsive

From the perspective of the audit approach, accounting firms may appear similar in many respects (e.g., scope, deliverables, risk assessment and materiality). We wanted to underscore how our approach is focused on quality, bound by a service approach that is connected, responsive and insightful, bringing you confidence in our transparency and perspective.

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One of the key benefits of continuing to work with EY is our flexible approach to service delivery. It includes our ability to understand your vision, align our capabilities and deliver those capabilities to you through a structured relationship that takes into account your service expectations, issues and needs. We have already developed a strong working relationship with you, one that is built on trust, integrity and mutual respect. As part of our focus on a long-term relationship with you, our communications with you will not merely be in the form of letters and reports. Every opportunity we have to talk with you is an opportunity for us to gain better insight into the issues you are facing to bring you thought leadership, market insights and other ideas to address your needs, as well as collaborate with you on accounting matters and our audit approach. EY has delivered on this promise in the past and this is our continued commitment to you. Throughout our audits, we leverage the subject-matter resources within our firm – auditors, tax, actuaries, people advisory professionals and IT professionals, among others – to provide an audit that is effective and helps drive improvement ideas into your organization. Our professionals work together as one team, from the beginning of the planning process through the conclusion of the audit.

We will utilize EY GAM and supporting tools to provide a framework for applying a consistent thought process to the entire audit. While EY professionals worldwide use the same audit methodology, our procedures are customized at the local team level, allowing our Charleston-based team to tailor our methodology to meet the State's needs while adhering to professional standards.



Innovating the audit to drive quality and value

At EY, our purpose is to build a better working world. As part of this, we are innovating to advance the audit to meet the evolving demands of business, regulators and investors. We've engaged several of the world's leading strategy and design firms to be part of our innovation journey, advancing our technology, analytics and the skills and breadth of our people.

Our aim is to build confidence in the public sector by providing high-quality assurance that is relevant today and in the future. We want to be known for consistently delivering the highest-quality audits in our profession while meeting regulatory benchmarks, providing greater transparency to key stakeholders and evolving the audit to deliver more meaningful insights to management and the public. To achieve this, we continually invest and bring innovation to our audit to deliver on the ever-increasing expectations of our clients, management, regulators and our people.

As the State continues to evolve, you will be faced with new operating challenges and opportunities, and this exciting evolution demands to have auditors that are innovative with you. We understand that innovation continues to be an area of focus for the State and the current administration, and we are excited about that. We have already held best-practice discussions around the financial statement close process improvements, utilizing a shared service center and modernization of the structure of the governor's office. You need a service provider that knows you AND can bring you best practices across competencies. Our experiences are broad, and we have the knowledge to bring essential best practices to you. Additionally, with our customizable approach and use of innovative technology, our audit approach will grow with you.

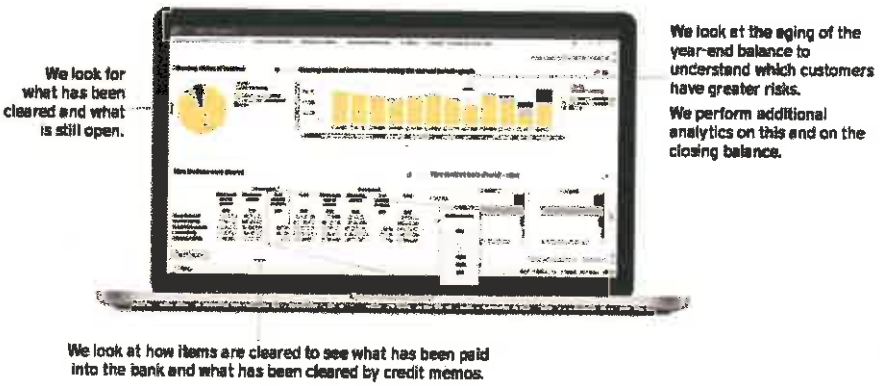
We continue to challenge ourselves to be more innovative and deliver higher quality with more relevance and value. For example, we have invested more than $650m into our Audit Transformation which includes EY Canvas (audit platform), EY Helix (analytics suite) and EY Atlas (research and guidance).

Our technology sets us apart from our competitors. We have already discussed EY Canvas and the benefits of this tool on pages 16-18. EY and our subcontractors also utilize EY Helix and EY Atlas. Again, our approach of a completely integrated team sets us apart from our competitors. We are not working in silos using different approaches, forms/templates and technology. Our integrated approach allows our team to be seamless to you, which is how we are able to manage a project of this magnitude, with multiple locations and firms, and still meet deadlines on a consistent basis.

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EY Helix

EY Helix, our global suite of data analytics, is embedded in our audit process to help us provide deeper insights to our clients. EY Helix, built to scale from the largest to the smallest of our clients, is an integral element of our audits. Applying analytics to the audit process enables us to obtain broad audit coverage, adjust the timing of our audit work and identify areas of focus to proactively address issues that require attention well before the pressures of year-end. EY Helix also allows our teams to easily identify anomalies and direct the investigative effort in the right areas – on a timely basis, avoiding surprises. We are able to provide management relevant feedback and insightful dialogue throughout the audit to help enhance your business processes and controls.



EY Helix at work – the analysis of cash receipts and revenues at the State of West Virginia

Using your sophisticated ERP system, we can extract and analyze cash receipts and revenues collected by the State. For example, we use analytics to look at revenues and confirm that they are recorded when cash is received. We obtain a better understanding of revenue to help focus our audit procedures. This will reduce our transaction testing over the various revenue accounts and reduce audit fatigue from your team having to follow up on documentation needed from agencies around the State. This is a differentiator from our competitors. Your team can focus on the higher-risk areas and shorten the overall timeline. We can also glean insights about areas for process improvements that we can share. This can also be utilized in other areas of the audit, such as cash disbursements and expenses.

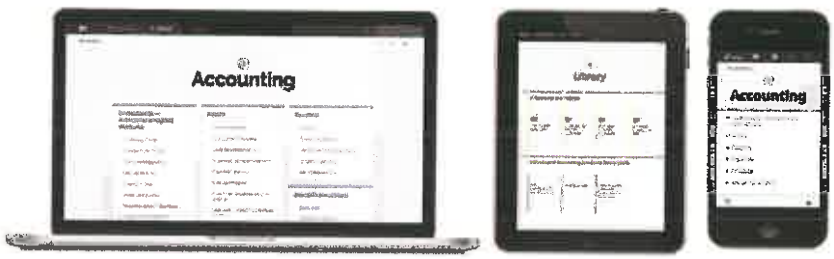
Benefits of EY Helix include:

- Greater confidence in financial reporting by revealing hidden patterns and trends in our clients' financial data
- A fuller picture of the State's activities, enabled by analyzing larger populations of audit-relevant data to present and identify the risks that matter
- Clear identification of trends and anomalies in the processes and controls to help direct our investigative effort in the right areas
- Relevant feedback and insights provided during the audit to help our clients improve their processes and controls
- Efficiencies for our clients thanks to our globally integrated data capture and extraction tools

EY Atlas

EY Atlas is our new cloud-based platform for accessing accounting and auditing content including external standards, EY interpretations and thought leadership. The platform allows us to incorporate artificial intelligence and speech recognition capability and allows us to bring a leading-class research experience to our people and clients. The benefits of EY Atlas include:

- Better research results, delivered more quickly
- Relevant, up-to-date accounting, auditing and industry information, integrated with EY Canvas
- Clients' direct access to EY technical insights relating to accounting, financial reporting and regulatory filing matters with EY Atlas Client Edition

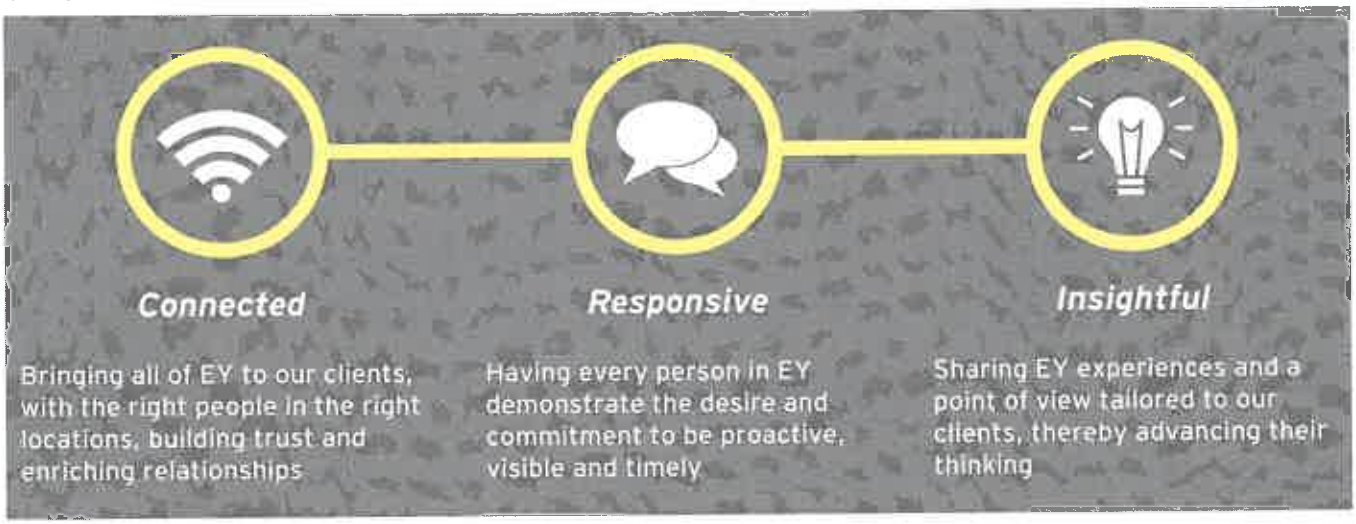


This platform is available to all of our team members on their computers. We can research accounting and auditing issues real-time, which provides for meaningful conversations with you. We can provide you valuable research quickly while also minimizing the effort.

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At the heart of the EY audit is a relentless focus on quality

An EY audit is focused on quality and is bound by a service approach that is connected, responsive and insightful. Your quality audit will bring you confidence, transparency and perspective critical in today's evolving public sector environment.



Integrating IT into the audit

At EY, we believe there is efficiency in integration, which allows us to deliver exceptional client service. Our IT team is integrated into our audit process. Performing audits in complex IT environments is what we do every day. Our IT professionals are not only familiar with your ERP system, they are also familiar with all of your systems that have a material impact on the financial statement and Uniform Guidance audits. We utilize IT professionals in evaluating the effectiveness of IT controls in several systems including GenTax, RAPIDS, FACTS and Banner (utilized by the colleges/universities). The integration of our IT professionals and the audit team is critical to meeting your deadlines. The conclusions relating to these systems impact our audit procedures. We already understand which systems are critical and can get started on the first day. We will not be wasting time identifying and understanding these systems. This would delay the finalization of our audit approach. As you update and change systems, you also know that we will evolve with you. We will update our audit approach and will utilize your systems to their fullest capabilities. You invest in these systems to modernize the State. You do not want an auditor remaining in the past with an outdated methodology. Our methodology will evolve with the evolution of your processes, too. This also means that your team can focus on continuing to modernize the State.

Value of no transition

The risks and costs involved in an audit transition are an important consideration. Risks involved with transitioning include:

- Inability to meet your audit reporting deadlines
- Frequent disruptions to the finance team and management as the new auditor works to develop legacy knowledge
- Lack of understanding of the State's structure and processes
- Lack of understanding of the State's IT systems
- Lack of focus on the higher-risk areas
- Inability to provide valuable insights

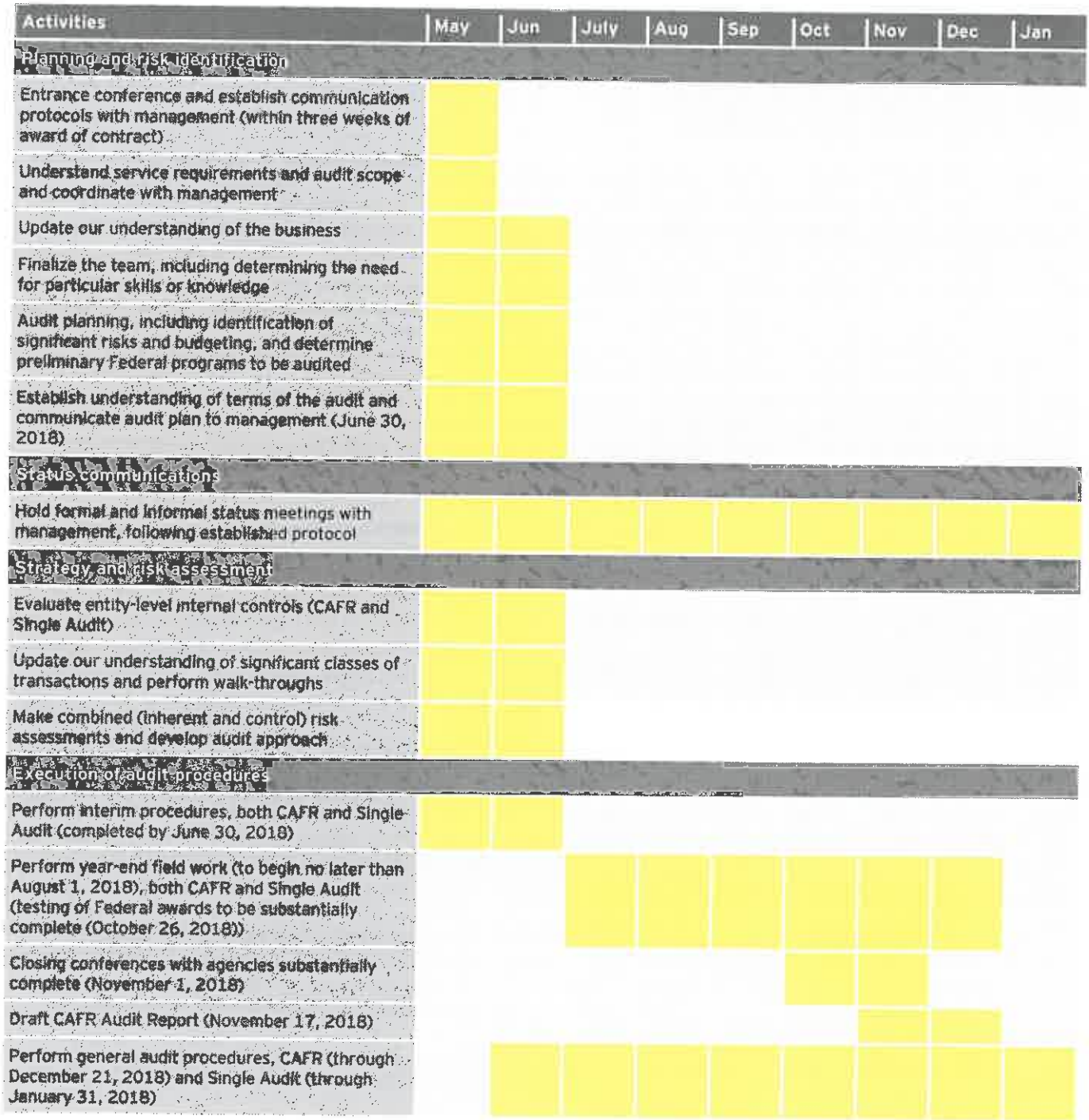
Remaining with our team brings no such uncertainties or risks. By retaining us, you maintain the benefits that come from team continuity, retention of institutional knowledge and a continued focus on the right risks. Tremendous value is embedded in the knowledge that we have gained serving as your independent auditors. We have deep insights on your business, future objectives, structure, and key accounting and audit risks.

Audit timeline and commencement of our procedures upon engagement

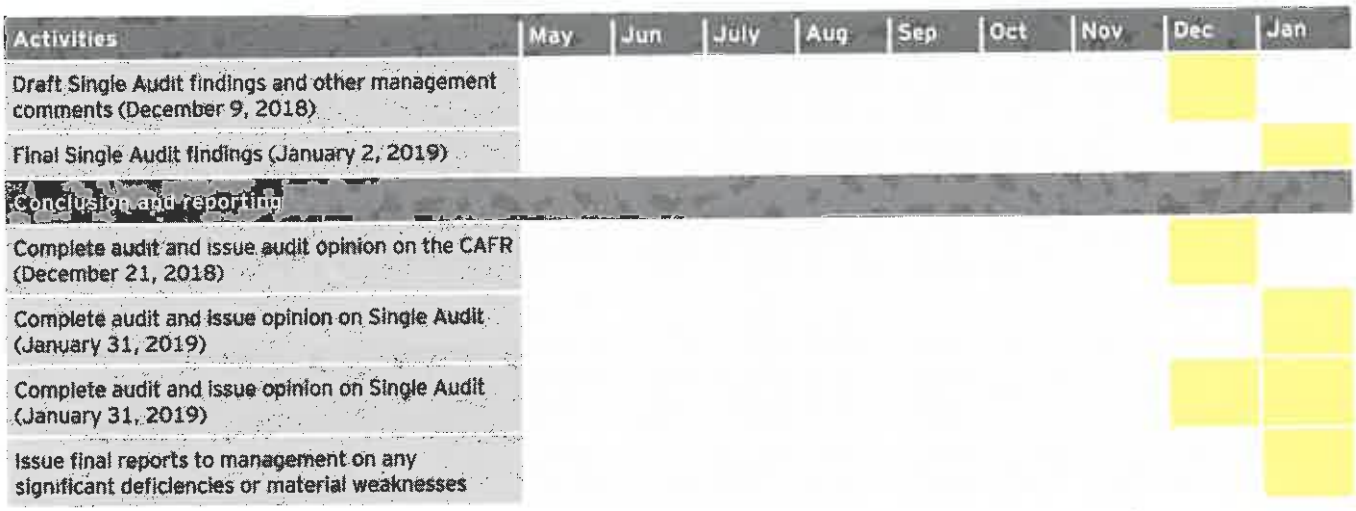
Our audit procedures will commence upon being reconfirmed as your auditors and concluded by the agreed-upon timeline for your reporting needs. We will commence our procedures on a date that is mutually agreed upon. Because of our experience, we could begin the day we are engaged! We have included a proposed audit timeline based on the anticipated timing of the reappointment, your required reporting deadlines and our previous experience with auditing the State. We understand that you

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would like for your selected audit firm to perform more preliminary testing, EY and the State have already started these discussions and we plan to accelerate areas such as control testing, environmental liability, tax refunds payable, data analytics, Federal compliance procedures, etc. That is just the beginning. We understand that the timeline needs to be mutually agreed upon and we will work with you regarding the availability of your staff and the related information needed. This timeline will be adjusted accordingly based on your expectations and requirements. We are in a position to accelerate these areas because we are in a position that this will not have to be a linear process. For example, we can do control and substantive testing simultaneously as we already have documentation of your processes. That documentation will just need updated and not created. We are the only firm in this position. Because of our prior history with the State, we believe that we are the firm in the best position to meet this timeline. Other firms may propose that they can meet this timeline, but you have experienced that we can and we do deliver.



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We are uniquely positioned to be able to meet this timeline because we have met this timeline with your team before. With the State's continued focus on the financial statement and Single Audit deadlines in 2018, you are in a strong position to continue this momentum. Because of our familiarity with the State, EY will not be learning about your processes and systems; instead, we will continue to focus on improving the timeline by using strong project management strategies and accelerating the timing of procedures to minimize the effort later in the audit process.

For an engagement of this magnitude and timeline, project management and accelerating procedures are critical. We will continue to collaborate with you to finalize a realistic timeline including the changes in the 2018 audit, such as the adoption of GASB 75. Starting with the deadline and working to the present, we will collectively outline the key project milestones. EY is uniquely qualified to collaborate with you and assist in identifying areas that can be accelerated. We understand the areas that are within your control, take a significant amount of effort and can be completed earlier. You have experienced this over the past year through our collaborative sessions. We will also continue to leverage the client portal in EY Canvas to assist with the project management. This puts you in control of the client assistance process. You can track the outstanding client assistance items in real time without creating an additional administrative burden for your team. To facilitate the timeline above and using the key milestone dates, we will continue to work with you to accelerate areas that can be audited as of an interim date and rolled forward to year end.

With your current staffing, you are in position in the current year to make additional changes to your financial statement close process. For example, as we have already discussed, areas such as environmental liabilities can be prepared and audited as of an interim date and rolled forward to June 30, 2018 for any material changes (i.e., new forfeited mine permits, new landfill closure requirements, significant changes to regulatory requirements). The timeline is also reflective on taking a data analytic approach leveraging our Helix analytical tool. This provides for a streamlined revenue/cash receipts and expenses/cash disbursements testing.

Timeline for subsequent years of the contract – We will commence the audits in subsequent years on a date that is to be mutually agreed upon. The timeline above is impacted by the timing of the CFRP. For example, for year two of the contract, the timeline for both the CAFR and Single Audit can be accelerated even further with planning and walkthroughs being performed in March/April 2019 and even more control, interim and substantive procedures being accelerated into June through August. We could also propose accelerating our IT procedures and the procedures related to the SOC 1 report. This will allow for you to focus on the audited agencies in the fall and the preparation of the CAFR. We will work closely with you to determine your staffing availability throughout the year so as much work as possible can be accelerated out of the reporting time period in October, November and December; and these subsequent timelines would be mutually agreed upon.

Our responsibilities

Our specific work plan begins with a discussion of how we manage our audit service (also referred to as our service protocols). We want to identify, understand and deliver on your expectations and service requirements. At the same time, we want to continue to develop an understanding of your expectations and we will never assume that status quo is "good enough." We will meet with management to develop a list of your expectations for the upcoming audit. These service requirements will include the following:

- **Providing an independent perspective:** We have an objective point of view, breadth of knowledge and experience, and sophisticated methodologies. We take an independent look at issues and provide our perspective for their particular situation.

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- **Resolving issues and communicating:** We work with you to resolve issues on a timely basis. We will continue to use our "Red, Yellow, Green" letter to facilitate that process. We will also develop communication protocols that parallel key milestone dates. Establishing communication protocols early in the engagement is important. We will also update those communication protocols as we work through the project so that the project can stay on course and our progress is transparent to you. This letter identifies key matters impacting the audit progress and categorizes those items into one of three categories - red, yellow or green - based upon both the significance to the audit process and the potential impact on the audit if the items are not completed, with red being those that may cause the significant issues and delays. This letter is communicated regularly with management and governance and is an effective tool at both looking at the "big picture" and managing all aspects of the audit. This letter enables management to be in control of the process and identify where additional resources may need to be deployed so that your deadlines are met. In addition, we will agree with management and the Secretary of Administration on the process by which issues potentially affecting business risk and our relationship are identified, communicated and resolved.
- **Providing practical solutions and proactively presenting new ideas:** We will provide best practices to you so that practical solutions can be identified quickly.
- **Making our professionals and knowledge easy for client personnel to access:** We are local and positioned to provide you with frequent communication and feedback. The partners and executives are accessible and available for face-to-face meetings to timely address issues that matter to you. You will continue to have access to our national technical resources including Lou Roberts, John Good and John Short. These nationally recognized resources are people that you know.

Responsive, open and timely communication

Communication is the cornerstone of the EY audit. Our team is dedicated to communicating clearly, avoiding surprises and proactively addressing issues throughout the audit.

We will establish processes and protocols to communicate early and often so that there are no surprise. Our team and partners will be available and on-site for both regularly planned and impromptu communications. Our planning is critical to a successful audit. Our leading communication practices include:

- **Real-time issues meetings** – If significant matters arise, we will react immediately and hold on-site meetings with executives, as needed. We are committed to bringing matters to you immediately and having direct conversations with candor while maintaining an open dialogue to resolve issues accordingly.
- **Entrance conferences/meetings** - As outlined in the CRFP, we will continue to hold entrance conferences with all key financial accounting personnel to discuss interim work to be performed and anticipated audit problems. At this meeting we will also establish an overall liaison, workspace arrangements, communication protocols including identifying any changes to the State's and the firm's key contacts.
- **Regular planning meetings** – Our planning meetings with your management team will lay out our audit approach and timing. We will highlight any known potential issues before we begin our procedures. We will also provide a forum for you to understand, question and discuss the audit approach and audit procedures to be performed.
- **Progress reporting meetings** – During the audit, to manage the workflow and maintain open lines of communication, we plan to hold timely status meetings with your key financial reporting personnel, including the Finance Director. At these meetings, we will discuss overall audit status, results to date, issues identified and key open items or action goals. We will provide written minutes of the meeting, including issues discussed and actions to be taken within three working days after the meeting.
- **Periodic status meetings** – During the audit, we may have less formal status meetings with key personnel to discuss the status of open items on the client assistance package and other minor issues. Significant issues will be elevated to the progress reporting meetings above. In addition, the Finance Director will be informed of these meetings so they can be attended, if interested.
- **Exit conferences/agency closing meetings** - Exit conferences will be held with the Single Audit Coordinator and other key personnel from each agency relating to our CAFR and Single Audit procedures. At these meetings, we will summarize our results and any significant findings. This will give your agency personnel adequate time to respond to the findings or provide additional information, if applicable. We will coordinate our meetings with FARS so that the State has an understanding of our results.

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- **Audit closing meetings** – We will hold closing meeting upon completion of interim procedures and when the audit is close to completion. Our closing meeting with the State's executives will focus on summarizing audit results and will provide recommendations on operational and control enhancements, considerations and thoughts for next year's audit. In addition, together we will evaluate which parts of the process worked well and which may need adjustment in the following year.

What a mutually agreed upon protocol means to you:

- **No surprises** – We designed our procedures to alert you to significant accounting issues and allow sufficient time for resolution. We will keep you informed of issues, but we will also work through the ramifications with you and help you reach the appropriate conclusion.
- **Accessibility and responsiveness** – Our Charleston-based team will be ready for in-person meetings, discussions and working sessions. Our team provides you access to resources on a timely basis when unique transactions, accounting and tax issues arise. We will also involve management in discussions with the appropriate industry, technical and subject-matter professionals when such discussions are needed.
- **Accountability** – We are accountable to you for our services. If improvements are needed, we will work with you to develop a follow-up action plan. We will proactively seek your input through our ASQ process.
- **Knowledge sharing and thought leadership** – We will update you on changes in accounting standards and tax legislation and how these changes will affect you, as well as bring you current and relevant topics that are of interest to you.

We also understand that the need for meetings with key personnel can change throughout the project. We are prepared to adjust our meeting schedule as issues arise. As previously mentioned, key executives, including Susan Wheeler and Adam Carr, are located in Charleston, so someone from our executive team will be available to meet with your personnel face to face 52 weeks a year as issues arise. You have experienced our responsiveness. Following these meetings, we will provide you minutes of the meeting, including issues discussed and actions to be taken, within three working days of the meeting. This will facilitate an understanding of the discussion as well as the participants' responsibilities.

Overview of your specific work plan

EY and its proposed subcontractor firms will work closely together, freely sharing knowledge and resources, to maintain the premier team serving the State. The subcontractor firms will follow our audit approach including using our audit methodology, software and computers. We are one cohesive team following one approach. Our goal – to be sure that the State is served by a seamless team of audit professionals, who have extensive prior-year experiences and will be able to hit the ground running on Day One. With your timeline, you need a team that is experienced with you and the issues you face.

We will communicate using internet-based collaborative tools, electronic workpapers and real-time reports to more efficiently serve the State. All firms will be represented, if necessary, at all critical meetings with state officials to make sure the State benefits from our combined experience. The State is an important and valued client to each firm. We have proven over the years that our audit team serving the State is a cohesive and seamless unit of professionals providing the State with an effective and efficient independent audit.

Planning and scoping – focusing on the risks that matter

EY's audit methodology guides our top-down, risk-based approach, which starts with our deep understanding of the State's processes, organizational goals and timelines. Our audit is designed to provide coverage of the same risks that the State is focused on as you continue to execute on your strategic imperatives and goals as well as transforming your organization to address any regulatory changes.

Comprehensive risk identification and assessment is a fundamental aspect of your audit. At EY, we know that effective risk assessment can only be achieved through a well-developed understanding of your culture, strategy, operations and controls as part of the complex and dynamic ecosystem of regulatory, market and other risks that affect the State. Our firm has that knowledge and will continue to bring the right risk lens in serving the State. We will continue to focus our efforts in the higher-risk areas - the areas and risks that matter most. This means that you will experience a more efficient and effective audit by retaining EY.

Areas of audit focus

Based on our history and knowledge serving you, we understand the various operational and financial reporting risks that exist. We will continue to work with you to identify the risks and any impact on the control environment and financial reporting. Early discussion and ongoing communication about such impacts will allow us to address any changes necessary to the internal control framework or the financial reporting model.

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The State's benefits from our high-quality and efficient audit	
Transparency Gain on-demand visibility into the State's audit through our transparent audit approach	• Enhance your team's efficiency: free up more of your team's time with real-time updates about the status of the audit and improved means of communication delivered through one online platform, EY Canvas • Manage your exposure to risk: get a clearer view of your audit and identified risks, delivered by all teams using one consistent methodology and one online audit platform • Faster issue resolution: deal with issues and avoid surprises through timely information enabled by greater visibility into your audit
Perspective See the State from a different perspective and anticipate and respond to trends, opportunities and risks through insights obtained throughout the audit	• Anticipate and respond to trends: leverage the strength of our networks to help you anticipate relevant trends, identify the implications and develop a response • Get an enhanced view of the State: receive meaningful insights delivered by our teams using EY Helix, our suite of data analytics • Gain another perspective: understand improvement opportunities identified through our benchmarking capabilities, experience and constructive challenge • Evolve for the future: receive insights and perspectives about matters to help shape your reporting for the future
Confidence Feel confident in your financial reporting through a high-quality and efficient audit that is tailored to the State and is focused on identifying risk	• As a result of greater transparency and additional perspective, you can be confident in your financial reporting: deliver high-quality, reliable and relevant reporting enabled by EY Canvas, our leading-class, global online audit platform that helps our teams stay focused on your risks • Increase your stakeholders' confidence: safeguard your reputation and increase the confidence of your stakeholders as you make decisions based on risk-focused information provided through our consistent audit approach • Focus on running the State: trust in your dedicated team to deliver a high-quality audit, bringing you professional skepticism and experience

Planning and risk identification

This phase includes a high level of involvement by our senior audit executives as part of a "planning event" at your offices and involves participation of appropriate state management personnel to preliminarily establish the scope of the audit and to determine expectations and service requirements. Instead of being pure inquiry sessions to a new accounting firm, these meetings will be robust thought-provoking discussions due to our experience auditing the State. We will collaborate and determine any updates that need to occur. During these meetings, we focus on the following:

- Updating our understanding of the State's overall environment and the risks that it faces, including any significant changes in controls
- Understanding any changes in the State's accounting policies and procedures
- Understanding the status of prior-year findings
- Providing our insights and sharing industry best practice related to new accounting or auditing pronouncements and changes in single audit requirements
- Communicating any modification on our audit plan from prior year to promote more effective and efficient audit approaches

Calculate planning materiality

Planning materiality (PM) reflects our preliminary determination of what we believe is material to users of the financial statements and our preliminary estimate of the amount that we would consider material in forming our opinion. PM is used in developing the overall scope of our audit procedures for each opinion unit in the CAFR and for each major program. At the conclusion of the audits, we evaluate whether the effect of audit differences is material to each opinion unit and whether the instances of noncompliance noted in our compliance audit procedures are material in relation to each major program.

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Identify significant accounts/disclosure and major funds

At the time of planning, FARS will not have the financial information to prepare a draft of 2018 financial statements. Therefore, for planning purposes, we leverage the prior-year CAFR as well as make inquiries of FARS personnel regarding significant changes that would impact the current-year major fund determination. We will follow major fund determination guidance as outlined in the accounting literature to preliminarily determine the major funds.

Based on the calculation of planning materiality for each opinion unit in the CAFR audit, we then identify the significant accounts at each opinion unit in order to determine the focus of our audit procedures. Generally, all disclosures are significant, including amounts being disclosed and the related disclosure narrative. We map the significant disclosures with significant accounts and, when the team is to perform procedures for one significant account, they will address audit requirements for those relevant disclosures to gain efficiencies. We also identify the sources of information and IT systems that affect these significant accounts.

Strategy and risk assessment

We identify the information sources (routine and non-routine data and estimation/judgment processes) that affect the significant accounts identified in the initial phase. We assess the financial statement assertions and the related audit objectives and procedures as they relate to significant accounts or groups of accounts.

Significant processes such as receipts, expenditures, disbursements, payroll, procurement, contracts, capital assets and others will be examined to assess relationship to the financial statements and to assist in planning the more detailed audit procedures. A similar review of the structure of the governmental, proprietary and fiduciary funds will also be made. This will include all of the fund types subject, in whole or in part, to the Single Audit, including General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Enterprise Funds, Internal Service Funds and fiduciary-type funds. This review will take into consideration the separate, stand-alone audit reports to be issued by other auditors. Because of the unique operational characteristics of the State, this part of the audit process is vital to determining that audit efforts are focused in the area of real risk versus perceived risk. Those unfamiliar with the State of West Virginia could invest significant time in certain areas, only to find out during the execution phase that the efforts should have been redirected. This creates inefficiency and risk of not meeting your deadline.

Document and design tests of internal controls

Because we know you, we are uniquely qualified to execute on this phase with minimal effort on your part. A firm not familiar with the State will have a significant amount of time just understanding the processes and systems. This will result in a significant amount of your time being used educating them. We will update our understanding of the controls in place by updating our understanding of the flow of transactions, identifying those points within the flow where data errors could occur, and determining whether control procedures have been established to meet the objectives of accounting controls (i.e., to prevent or detect and correct the potential errors). We will update our prior descriptions of the flow of accounting information (forms, policies, procedures and practices) for further evaluation. We design tests of controls to evaluate the operating effectiveness of controls over significant classes of transactions (SCOTs) and significant disclosure processes that address what can go wrongs (WCGWs) for each relevant financial assertion for which we plan to rely on controls.

Our analysis of the aspects of internal control consists of interviewing appropriate personnel, obtaining responses to pertinent questions, confirming responsibilities and observing specific controls. Our approach is designed to show:

- The flow of transactions and highlights of the accounting-related aspects of business process
- The accuracy of the routine financial data (the detailed information about transactions produced by your accounting system and recorded in your books and records)
- The reasonableness of accounting judgments as reflected in the statements (the numerous estimates, evaluations, choices and decisions made in preparing the financial statements)
- The reasonableness of the amounts resulting from non-routine data processes
- The adequacy of control procedures in your IT environment

We consider both the manual and the IT accounting systems in our assessment of the effectiveness of controls. The tests performed of systems in an IT environment frequently differ from those performed in a non-IT environment. Consistent with our prior approach, we will utilize our qualified team of information systems auditors to assist us in our procedures surrounding major IT accounting systems. For the 2018 fiscal year audit, our primary focus will be on the wvOASIS platform, which is centrally administered by the WV ERP Board. We will work closely with the ERP Board to update our documentation of wvOASIS including our documentation of controls within the State's automated accounting system. Further, we will focus

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on updating our documentation of systems at the State Auditor's Office and other integrated systems such as KRONOS (the State's payroll system). Certain key systems at the Department of Health and Human Resources (DHHR) and the Department of Revenue will also require an assessment of IT controls due to their significance to the overall control environment.

The objective of this review is to update our understanding of the systems and the flow of transactions to be able to identify:

- The significant accounting applications in the system and other applications of audit significance
- The errors and unusual conditions that could occur in each significant application
- The essential elements of accounting controls used by you to prevent or detect such situations

We exercise professional judgment in deciding when to test controls, which may be performed prior to the balance sheet date or at the period-end. As consistent with prior-year audit strategy, we plan to test controls early (i.e., before June 30), which will assist us in identifying important matters at an early stage of the audit and consequently resolving them with the assistance of you, or developing an effective audit response to address such matters. We are the only firm that will be positioned to complete these procedures in a timely manner since we will already know the systems and the processes.

Perform risk assessment

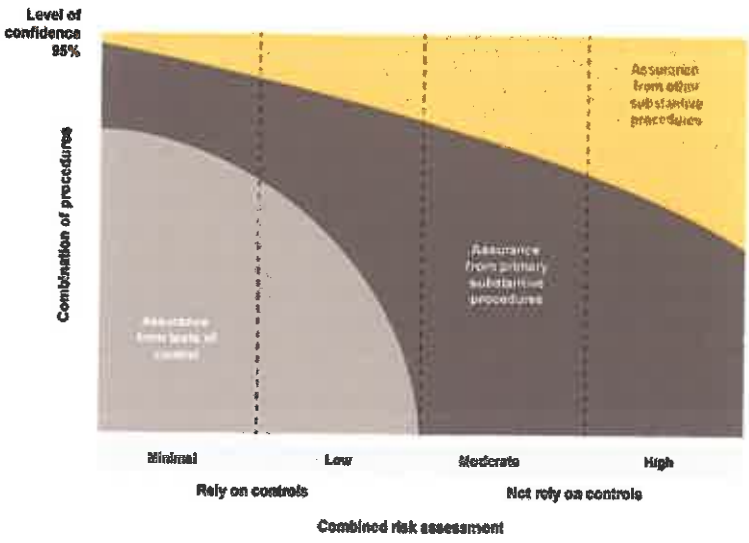
We also will make a combined risk assessment (CRA) of each significant account to identify key components of the account and how they may impact our approach. A risk assessment requires evaluating the likelihood of errors occurring that are important enough to materially affect the financial statements being audited. A risk assessment is a continuing process throughout the audit. The following factors, if present, could reduce the risk of material errors occurring in the accounts and account groups:

- Data for significant accounts are routinely processed by computer and are edited within the processing systems for errors.
- Data are subject to significant management control. For example, asset accounting is subject to a sound procurement process, timely and accurate recording, periodic inventory, etc.
- Stringent budget limitations and a monitored encumbrance system minimize the possibility of large, undetected expenditures that are at variance with legislative or executive approval or intent.

Because of our extensive knowledge of the State, instead of making the assessment from an uninformed perspective, we will base it on information gathered in the initial phase of this audit to document significant changes in our CRAs from the prior period and the effect on our current-period audit strategy. The diagram to the right illustrates for each CRA how the combination of tests of controls and substantive procedures provides the necessary audit evidence to draw reasonable conclusions on which to base our opinion.

As our CRA increases, we require more persuasive audit evidence from our substantive procedures to reduce our audit risk to an acceptably low level and draw reasonable conclusions on which to base our opinion.

Combination of procedures dependent on CRA



Prepare overall audit strategies memorandum – the audit blueprint

The primary objective of this planning phase is to update sufficient information about the State and its operations to enable us to plan the audit. Based on the inputs received from our numerous planning meetings, we will prepare the audit strategies memorandum (ASM) in order to coordinate and control the overall aspects of the audit to make certain detail testing will be performed effectively and efficiently. The ASM is a unique blueprint for your audit. It is a flexible, dynamic tool, designed to communicate certain basic information relating to the audit, such as the scope of the effort, the accounting, auditing and reporting matters requiring attention as well as resolution and the involvement of your personnel.

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Significant steps, tasks and subjects that will be part of the ASM include:

- Historical, statistical and financial information
- Summary of important accounting auditing matters including new GASB pronouncements and auditing standards and a brief discussion of our plan to address them, including any changes in the selection and application of the State's accounting policies
- Compliance with GAS CPE requirements
- Overall audit approach and any changes thereto
- Scope of the audit engagement, consistent with the prevailing controls and the tests and reviews mandated by GAAS, GAS and Uniform Guidance
- Schedules of tasks to be completed, including specific timing and staffing assignments, progress reports, meetings, etc., to provide for appropriate communication during the audit and for timely completion of the engagement
- Overview of the accounting systems, accounting policies, applicable legal provision and reporting considerations
- Plans for communicating and coordinating with various state agencies the review of their auditors' workpapers and other information as necessary

Execution

Based on the knowledge and information obtained during the first two phases of the audit approach, in the third phase we perform the tests of controls and substantive procedures we planned in the strategy and risk assessment phase. We reassess our combined risk assessments throughout the audit and determine whether changes are necessary to our audit strategy in response to a change in our combined risk assessments.

Perform tests of controls and substantive transaction testing

The purpose of performing tests of controls is to confirm our initial assessment of the effectiveness of internal controls and the likelihood or actual presence of errors in the accounting data and to provide a basis for us to "rely" on the controls. The nature and extent of the testing of controls will be influenced by our initial assessment of the control procedures being used.

Although we are not required to test controls relative to our financial statement audit, we make every effort to test and rely on such controls. By relying on controls, we can often reduce the extent of our substantive testing of account balances at year-end, which makes for a more efficient audit. Testing and relying on controls also enables us to perform interim testing, which allows for greater flexibility of resources, both ours and yours. When tests of controls can effectively validate account balances, we will adopt this approach. An exception will be the test of controls to comply with the Uniform Guidance requirements which require the controls over federal programs to be tested by the auditor regardless of whether the auditor would otherwise rely upon them.

Our audit approach tries to optimize testing of both prevent controls and detect and correct controls. Prevent controls are those controls such as "a receiving report is required before the purchase status file is updated" that prevent errors such as unreceived goods being posted to the accounting system from occurring. Prevent controls are designed to prevent misstatement from occurring and typically are applied to each transaction during the normal flow of daily processing. Detect and correct controls are those controls such as the State's bank reconciliation or reconciliation of expenditures on the SEFA to the accounting records that will detect and correct errors after the fact. Because detect controls can be applied outside the significant classes of transactions to groups of transactions that have been processed or partially processed, they are performed less frequently than prevent controls. Through updates of our system documentation in the planning phase, we will identify both prevent controls and detect and correct controls and will preliminarily evaluate the controls as either effective or ineffective. We then determine the most efficient and effective approach to test controls.

Integration of technology and data analytics to reduce sample sizes and audit fatigue

Examples of areas where we will perform tests of controls and transaction testing include revenue/cash receipts, expenditures/cash disbursements and payroll. We recognize that you have modernized your IT system, and our approach and technology enable us to maximize the benefits of that system. We believe that this is a differentiator from other firms. With EY Helix, we will obtain your transaction data, perform an analysis on the population, and focus on selecting transactions based on a risk assessment. We analyze plausible relationships among both financial and nonfinancial data and investigate identified fluctuations or relationships that are inconsistent with other relevant information or that differ from our expectations by a significant amount. As your incumbent auditors, and living in the State, we know your business and changes in the State environment and legislation; we can set expectations that are sufficiently precise to identify unusual patterns within a population of data, which enables us to reduce our tests of details.

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For example, we perform data analytic procedures to validate our understanding of the double-entry postings between revenue and cash. We then identify entries to revenue and cash with double-entry postings to other accounts, determine whether these entries agree with our expectations of the double-entry posting and perform follow up procedures when they do not. Finally, we conclude on whether we have obtained sufficient and appropriate substantive evidence that revenues have occurred, are properly measured and are properly recorded. Using this approach, we can select a sample across the entire revenue data set, minimize transactions selected and still obtain the high-quality audit that you expect in a service provider.

This approach is more efficient and effective and will reduce your audit fatigue related to transaction testing. Some of the transaction documentation is decentralized (across state agencies) and is difficult to obtain from the individual agencies. This approach will reduce your time following up with agencies on open items. This also enables us to accelerate our procedures into earlier time frames, which benefits your timeline.

Sample sizes for testing of controls

The extent of tests of controls is a matter of professional judgment and is based on a variety of factors such as the type of control (prevent versus detect and correct), our prior experience, characteristics of the population and the competence of the people performing the control. Sample sizes for large populations relating to prevent controls typically are statistically determined and are at least 25. For testing of detect and correct controls, a sample size as small as two (e.g., testing the monthly bank reconciliation function) could be selected depending on the control being tested. The size of the sample for our tests of controls/transactions is ultimately based on the relevant professional standards, judgment and population.

Use of third-party service provider reports

We understand that a Type II SOC report will be available covering the Medicaid and Children's Health Insurance Program (CHIP) processing system and electronic benefits transfer (EBT) process. To the extent possible, we will leverage the findings of this report in designing our approach over Medicaid and CHIP payments and EBT process to minimize additional testing. If we determine additional claims testing is necessary, we will select a sample of claims online using our ACL software.

After executing our planned tests of controls, we will evaluate the results of those tests and decide whether the initial assessment of the effectiveness of the controls was appropriate. If the preliminary assessment is confirmed and we are able to rely on those controls, we will use that reliance in determining the extent of our substantive testing.

Perform substantive tests of account balances

The purpose of performing substantive tests is to obtain direct evidence as to the completeness, accuracy and validity of data. The result of these tests, when combined with other procedures, is to verify that balances in the financial statements are fairly presented and that the financial reporting is consistent with prior years and conforms to accounting principles generally accepted in the United States. Using our established communication protocols, we will communicate our issues, findings and audit differences. You will be able to track open client assistance requests through our EY Canvas Client Portal. We believe that it is important to be transparent throughout the audit. This minimizes surprises and enables you to manage the process. This is critical for a project of this size.

Substantive procedures may involve examining the details of data underlying specific transactions and balances, through key item testing, representative sampling and/or performing analytical review procedures. The substantive procedures emphasize obtaining evidence as to the validity and propriety of the accounting for transactions and balances and are directed at testing the timing, purpose, amount, compliance, allowability, completeness and appropriateness of recorded transactions.

Our substantive tests incorporate, for example, procedures to verify by confirmation and other appropriate procedures that cash and cash equivalents do, in fact, exist; that they are owned; that the account representing cash and cash equivalents is stated in its entirety (i.e., complete); and that cash and cash equivalents are properly classified, described and disclosed in the financial statements (i.e., financial statement line item, opinion unit and footnote disclosures) in conformity with the applicable GASB pronouncements.

All significant accounts (e.g., cash, investments, tax receivables/refunds, Medicaid accruals and due to/from other funds) will be subject to similar substantive procedures. At year-end, we will perform a limited review of internal control and policies to determine whether there have been any significant changes in the controls since the completion of the interim audit work. Significant changes in either internal control or accounting policies will then be evaluated to determine the potential impact on the earlier audit test procedures.

For our substantive procedures, we leverage the data set that was tested with data analytics described above and to support year-end balance sheet accounts. An example is that we use the data set for tax revenue and tax refunds to validate management's underlying tax trend data used to estimate tax refunds payable as of June 30. We will also perform other substantive procedures on the balance sheet depending on the account and the assertion. We focus our substantive

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procedures on selecting key items for testing, as this is often the most effective and efficient approach. A key item is defined by either its size to the relative population or a risk. However, if we do not expect our testing of data analytics or key items to provide sufficient audit evidence, we extend our testing to a representative sample from the remaining items in the population. The design of our sample is influenced by the purpose of our test and the characteristics of the population or subpopulation from which the sample is drawn. We determine a sample size sufficient to reduce sampling risk to an acceptably low level, by applying a statistically based formula or through the exercise of professional judgment. We often apply monetary unit sampling or random sampling using EY/MicroSTART (described in more detail below) or the income statement sampling tables contained within EY Global Audit Methodology to determine sample sizes for substantive tests.

Our approach is risk-based and, as such, concentrates on the high-risk accounts. High-risk accounts are defined as such due to the probability of a higher than normal error in the balance or due to the size of the balance. The following is a list of accounts as well as high-level key procedures (not all inclusive):

Significant Account	Examples of Procedures
Cash and cash equivalents	- Confirmations - Reconciliations - Key items/representative sample
Investments and related income	- Confirmations - Reconciliations - Key items/representative sample
Taxes receivable, deferred inflow of resources and related allowance for doubtful accounts	- Reconciliation of subsequent cash receipts - Data analytics
Medicaid drug rebate receivables and payables to federal government	- Key items/representative sample - Testing FMAP rates
Interfund balance transfers	- Key items/representative sample
Capital assets	- Key items/representative sample - Analytical procedures
Tax refunds payable	- Trend analysis - Data analytics
Medicaid payable, receivable from Federal government and the related expense amounts	- Lag analysis - Testing FMAP rate - Updating affordable care act considerations - Utilizing EY actuarial resource - Evaluate user considerations and SOC 1 report
Environmental liabilities and the related expense amounts	- Key items/representative sample - Analyticals - Relying on State's environmental specialists - Utilizing EY subject-matter resource

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Significant Account	Examples of Procedures
General obligation and revenue bonds and capital leases, including interest expense	• Confirmations • Covenants • Key items/representative sample • Interest expense analytical
Net pension obligation (asset) and other postemployment benefits	• Reconciliations • Relying on information provided by auditors for census data testing • Testing of actuarial assumptions (EY actuary)
Tax revenue and the cash receipts process	• Reconciliations • Data analytics • Limited transaction data testing
Charges for services and licenses, permits and fees	• Reconciliations • Data analytics • Limited transaction data testing
Intergovernmental revenue	• Data analytics • Limited transaction data testing • Reconciliation to SEFA
Cash disbursements and expenditures	• Data analytics • Limited transaction data testing

Other uses of analytics

In addition to the analytics described above, we leverage many types of other analytical review procedures based on benchmarks and other databases for use in our audits of public sector clients including custom analytical procedures unique to the State of West Virginia. These procedures include the following:

- Fluctuation analyses (percentages, ratios and averages) and monthly trend analysis by agency/fund comparing current-period revenues and expenditures/expenses to those of the prior year
- Fluctuation analyses (percentages, ratios and averages) by agency comparing current-period assets/liabilities to those of the prior year
- Comparisons (for current year, quarter and month) to past revenue and expenditure balances to budgeted amounts by agency
- Fluctuation analysis of significant statement line items by opinion unit to the prior year
- Fluctuation analyses of key assumptions and trends used in significant estimates such as environmental liabilities and taxes receivable, including the allowance and tax refunds payable
- Predictive analysis to calculate payroll expense by reference to the average number of full-time equivalents and the average pay per period
- Predictive analysis to calculate depreciation expense by reference to asset balance, effects of additions and disposals, and average depreciation rate
- Fluctuation analyses of expenditure amounts as compared to the prior year for major programs

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Other technology used during the audit process

EY/MicroSTART is used to determine sample sizes and is an innovative, statistically based model that incorporates the various assessments of risk that we make and the results of our tests of controls and other audit procedures performed. EY/MicroSTART provides a direct tie-in to the procedures necessary to test effectively the balances and classes of transactions. In addition, it demonstrates the trade-offs made in selecting differing combinations of procedures and alternatives. We can measure the cost in terms of audit efficiency by using EY/MicroSTART to design the combination of tests that provide the desired flexibility in the nature, timing and extent of testing, yet achieving sufficient, competent evidential matter to support our joint auditors' reports. Because this model is based on the statistical theories used in auditing, it allows us to use the most effective and efficient combination of procedures in a given audit situation, thus controlling our audit effort.

We will make extensive use of computer-assisted audit techniques (CAATs) on our audit of the State. CAATs increase efficiency and effectiveness by using computer records as the primary source of the information to be examined. We have found that CAATs are essential to effectively audit sophisticated, online environments, such as those that are encountered in the State.

In order to perform our CAATs, we make extensive use of ACL. ACL is a state-of-the-art CAAT platform that is flexible, powerful, simple to use and has several advantages for the State, including the following:

- ACL significantly reduces the development time for many CAAT applications.
- ACL has the ability to process large client data files (e.g., Medicaid claim files, tax revenue files and tax refund files), cutting processing time and reducing disruption to your data centers.
- CAAT applications are more frequently used because ACL is easy to use and provides significant performance improvement over previous applications.

The following illustrates examples of the use of technology for statistical sampling to enhance engagement efficiency:

- Random online sample of post-year-end disbursements selected to substantiate the adequacy of the year-end accounts payable balance using ACL computer audit software
- Statistical sample testing of validity of year-end accounts receivable or additions to general capital asset account group for propriety of capitalization utilizing EY/MicroSTART
- Statistical sample of investments selected to determine appropriate valuation using EY/MicroSTART
- Statistical sample in order to substantiate taxes receivable, hospital receivables and Medicaid drug rebate receivables, etc.

During our substantive testing, we will complete selected detailed audit test procedures and will resolve any remaining accounting and reporting issues that could affect the financial statement disclosures.

Conclusion and reporting

In this final phase of the audit, we perform financial statement procedures, which include an assessment of the adequacy of the disclosures, clerical accuracy and proofreading. We test the compilation of the combining and combined financial statements and the footnotes to the CAFR. We read the introductory and statistical sections to the CAFR. The GFOA checklist is also reviewed by GFOA special review committee members on our team to make certain that Certificate of Achievement requirements are met. We also perform certain general audit procedures, conduct an overall review of the financial statements and draw overall audit conclusions based on our results. The general audit procedures performed here include obtaining management and legal representations as well as reviews of subsequent events.

Throughout the audit, we will make inquiries about various facets of the State's operations, commitments, contingencies, pending or actual lawsuits, and judgments and obligations. Responses to our inquiries may be provided both orally and in writing. During this final phase, in order to confirm the continuing appropriateness of earlier representations and to determine a mutual understanding of the subject matters relating to these representations, we request written legal representation from legal counsel and representation from management and the constitutional officers and their representatives.

Also, during this final phase, we perform a review of events occurring subsequent to the date of the financial statements that could have a direct and material effect on the financial statements. Our objective is to determine if there have been any significant direct or contingent liabilities or if commitments have arisen; significant changes in the status of items accounted

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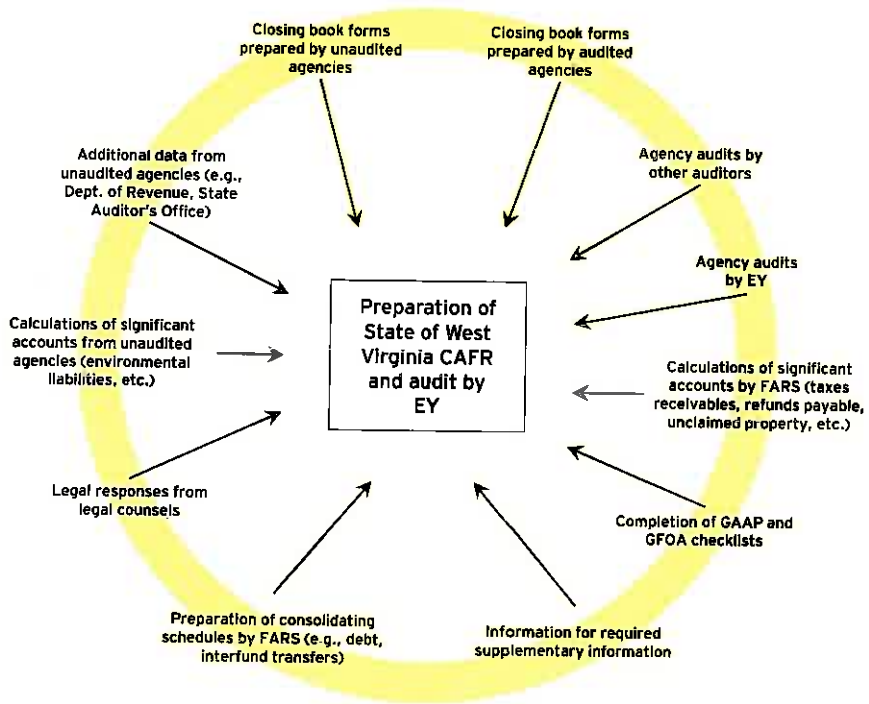
for in the financial statements on the basis of estimates or on the basis of tentative, preliminary or inconclusive data; unusual adjustments to the accounts since the balance sheet date; and significant changes in the financial condition or operations since the balance sheet date in accordance with AU-C 600.

We will perform a final overall analytical review of the financial statements near or at the conclusion of our audit work. This review is conducted to satisfy ourselves that the numbers make sense in light of our understanding of the State, that we have obtained explanations of significant fluctuations between years, and that the financial statements meet generally accepted presentation and disclosure standards.

Our understanding of the reporting process

Our experienced team knows that the preparation of the CAFR is not a linear process. In fact, FARS gathers information from a variety of sources in consolidating the government-wide financial statements and in preparing the State's CAFR.

No other firm understands this process better than EY. By completing areas earlier in the process, we will continue to assist you in accelerating these timelines. We are prepared to start the day you engage us and accelerate areas such as testing environmental liabilities and Medicaid into the early part of the audit process. As you know, we are working with you to continue to accelerate this process. Since we understand this process, we are prepared to have our professional resources when you need them so that we can audit the information as you provide it to our team.



Communications regarding the timeline

For both the CAFR and the Single Audit (see next page), we keep the Secretary informed of significant hurdles that could impact the deadline. This enables you to control your timeline. We will work with you to develop a communication protocol which will include a combination of informal and formal face-to-face meetings; our red, yellow, green letter; and conference calls. Our partners and executives will be proactive in this process. With good communication, the State remains in control of achieving your deadlines. Should the need arise, we understand that all requests for extensions of the deadline be submitted within writing to the Finance Director at least 10 working days before the first deadline for which an extension is requested. The request will include:

- What deadline the request applies to;
- The new date of submission should the request be granted and the impact the request will have on subsequent report deadlines; and
- A concise discussion of the reason(s) for the delay which includes the cause of the delay, what events precipitated the delay, what action was taken to resolve the issues involved without a delay, and the likelihood of meeting the new submission date.

The Finance Director will either grant or reject the request within 10 working days of receipt, in a written notification to the audit firm.

Executive and partner involvement

Our key executives will facilitate active executive involvement and review throughout the process and not just at the end in the "review phase" of the engagement. They will participate in local face-to-face meetings and review workpapers in the field. In addition, the partners will perform their review at your offices. We have found that this is the most efficient approach.

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We will continue to work side by side with FARS so that your deadlines can continue to be achieved. We know how important this is to you and have developed a plan that has been demonstrated to meet your CAFR audit deadline. None of our competitors has this experience with you. This is consistent with your **Goal/Objective 4, Completed CAFR audit by December 21.** See Appendix E for our understanding of the timeline.

Administrative and proofing assistance

EY's Creative Services Group (CSG), a group of professionals who focus on proofreading and preparing financial statements and other documents, also reviews the CAFR. We meet with the State to discuss any proposed revisions, questions or concerns.

No surprises

Throughout our process, when applicable, we meet with the State's team to discuss developments in the audit and/or resolve accounting issues. All issues and audit adjustments will be discussed with you throughout the process so there are no surprises when you receive a draft report. Such meetings are held regularly from the beginning of fieldwork until the final report is issued in accordance with an agreed-upon schedule and includes the required progress reports. Potential financial statement adjustments identified during the audit are communicated throughout the audit and formally documented as well as the effects of these adjustments are summarized in the final phase. You know that we are transparent and are committed to no surprises during this phase. Susan is committed to continuing that tradition.

Draft and final reports

All written reports and deliverables will be provided to you to review in draft form to provide the opportunity for you to discuss any necessary changes and agree upon the final draft prior to issuance. Appendix 6 outlines the summary of proposed services and lists the respective reports. For each report, we will provide all reports, findings, recommendations, revisions, management letter comments and suggestions for improvement to the Finance Director. We work with the Finance Director on the timing of these reports so there are no surprises. We understand that the Finance Director will review the draft reports and it is not expected that this process will take more than one week. Once all issues are resolved, the final signed audit reports are to be delivered within seven working days but no later than the final delivery dates specified in the CRFP. We are confident that with the appropriate dialogue between management and the team, all reporting issues will have been identified and resolved well in advance of all final reports being issued on or before December 21, 2018.

Uniform Guidance audit considerations

EY and our proposed subcontractor firms, both S&S and Dearien & Company, will work as one team, using one methodology and one platform (EY Canvas) for Uniform Guidance audit. Our collective teams (including subcontractors) are reflected throughout this process and we function as one cohesive team that is seamless to you. We intend to execute the Uniform Guidance procedures concurrently with our audit of the State's financial statements. We will continue to coordinate our efforts through the Finance Director and the team at FARS.

Managing the timeline

Similar to the approach to the audit of the CAFR, we will also work with management to develop key milestones in this project. Your team is familiar with managing large engagements including your Uniform Guidance audit. No other firm has that experience. Immediately upon engagement, we will have a meeting with FARS and the key agencies to finalize a detailed timeline by starting with your deadline of January 31, 2019 and working backwards to the agency closing meetings (to be held by November 1, 2018) and ultimately to the entrance conference. By establishing the timing of the agency closing meeting during planning, everyone is setting the standard for the importance of timeliness. As in prior years, we will co-develop key milestones and communication protocols with you so that our progress is transparent and you can control the allocation of your resources. We have demonstrated the value with you of holding weekly status calls, communications through our "red/yellow/green letters, and scheduling the agency closing meetings. When we establish the milestones, the key date to agree upon will be the agency closing meeting dates. These dates will be clearly communicated so that both the State and EY have a clear objective. Our client assistance package will be outlined in detail so that you can manage the open items and we can meet this deadline. We have further outlined our plan related to the Uniform Guidance audit in the following pages. We have also summarized our understanding of the timeline in more detail on page 37-38. Additionally, we have summarized the protocols related to communications regarding the timeline in more detail on the previous page. We understand that the communication protocols related to delays and the Single Audit are the same as the CAFR. This satisfies your **Goal/Objective 4 - Completed Single Audit by January 31, 2019.**

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Our understanding of the engagement

Based upon our understanding of the State's federal awards, the CRFP, and the responses to the Q&A, the number of major programs for FY2018 should be assumed to be the same number as FY2017, 13. We also understand that the Higher Education Institution Research Corporations are also covered by separate single audits. We understand that the scope of this CRFP does not include audits of these research corporations.

We understand management has not obtained cognizant agency approval for a rotating schedule for Student Financial Assistance (SFA) testing. Therefore, our audit approach continues to be designed to make certain that appropriate coverage will be obtained as it relates to the SFA cluster.

Planning and the risk based major program determination

During the Uniform Guidance Audit planning phase, we obtain estimated expenditures for the Federal programs in order to determine the Type A program threshold. While we understand per the CRFP that the initial preliminary SEFA is usually available around November 1, we will work with FARS to determine the estimated expenditures for the Federal programs and be in a position to begin our planning procedures immediately upon being engaged. We already understand your programs and risk and will be able to send out client assistance packages quickly. In future years, we would work with you to see if your schedule permits us accelerating this timing further. Given the level of federal expenditures of the State as well as the decentralized nature of the State, we work directly with FARS throughout the process to obtain updated SEFAs so that major programs or any changes to major programs (both additions and deletions) can be identified timely and reflected in our audit approach. Being that we are a local team, when changes are identified because of estimates subsequently being updated, we are able to quickly contact the respective agencies and be in the field immediately to complete our required testing while still meeting your deadlines. This is important as the firm is basing the program testing on estimated Federal expenditures. You need a firm that has this flexibility. We have demonstrated that we can do this.

We apply Uniform Guidance's risk-based approach outlined below to determine your "major" programs using EY's "Federal Program Risk Assessment Forms." These electronic forms include a flowchart of the risk-based process, detailed instructions for applying the process, a carry-forward document that provides criteria for performing the risk assessment for each Type A or Type B federal program along with the conclusion, and a worksheet to confirm compliance with the percentage of coverage rule. Our familiarity with this process, these electronic forms and the State's federal programs will facilitate the determination of major programs, resulting in an effective planning effort. Additionally, our extensive experience performing compliance audits for the State, as well as other state and local governments, colleges and universities, and non-profit clients nationwide, provides us with opportunities to build on and use the efforts of teams across the country to identify instances in which we can increase efficiencies.

For each major program identified through this risk-based approach, we will obtain the federal expenditures information for the year under audit and summarize the expenditures into various categories such as payroll, equipment, construction, benefit payments, subrecipients, etc. to determine the expenditures that are material to the respective program. We complete these procedures for each of the major programs identified and each of the institutions of higher education that are required to be tested to obtain proper coverage of the Student Financial Assistance Cluster., Because of the multiple programs, agencies and locations, strong project management skills are required in order to coordinate the process and eliminate the duplication of any efforts. Our relationships that have been developed with both FARS and key personnel at each major program and each institution of higher education have helped to streamline the process. Furthermore, our on-line software platform (EY Canvas) allows for your entire team (EY and subcontractors) to work in the same system which allows for easier review and problem solving. This is critical for a multi-location audit like the State's Uniform Guidance audit. Our ability to manage the number of agencies, programs and locations is unmatched by any other firm.

We will compute a materiality threshold for each of the major programs. We will determine materiality for a number of reasons outlined in the professional guidance including the following:

- Determine the nature and extent of risk assessment procedures
- Identify and assess the risks of material noncompliance
- Determine the nature, timing and extent of further audit procedures
- Evaluate whether the entity complied with the applicable compliance requirements
- Report findings of noncompliance and other matters required to be reported by the governmental audit requirement

We are participating in training sessions to understand the changes in the 2018 Uniform Guidance, *Compliance Supplement*, and reviewing the supplement to highlight any programs with significant changes. We will work closely with management regarding these changes and their impact on our Uniform Guidance procedures.

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During our risk analysis, we consider the impact of prior-year findings such as the significant deficiencies and material weaknesses noted in the prior audit reports. We also consider those programs that previously received qualified or adverse opinions. In determining federal program risk, we consider the programs associated with these findings to be high risk given the noted significant deficiencies and material weaknesses.

Once major programs are determined, we hold an opening meeting with the key individuals at the respective agency as well as a representative from FARS so that all individuals involved are aware of the timeline and requested client assistance. This allows the agency to ask additional questions with respect to the client assistance requests and any concerns that they may have. This open communication is crucial to meeting your deadlines.

Updating our understanding of internal controls

We also review the pertinent records for the federal programs relating to the accounting and reporting of finances and activities of these programs, and on the support systems management (including program personnel) used to monitor compliance and control the activities of federal programs. We meet with the personnel responsible for administering the federal programs and key employees who maintain the data files containing such information as agreements, modifications, federal financial reports, cash reports, and program budgets to update our understanding of the controls over federal award programs. We will be focused on updates and will not have to obtain an initial understanding of these controls and processes.

Updating the status of the resolution of prior year findings

Management prepares the Summary Schedule of Prior Audit Findings, which reports the status of all audit findings included in the previous audit's Schedule of Findings and Questioned Costs relative to federal awards. This schedule includes the auditor's reference number for the prior findings and lists findings that have been fully corrected, describe findings not corrected or only partially corrected, explain corrective actions that are significantly different from the previously proposed corrective action, and describe the reasons when the auditor believes the findings are no longer valid or do not warrant further action. The Summary Schedule of Prior Audit Findings is the basis for our follow-up procedures. We meet with key program personnel to understand the procedures implemented, if applicable, to address the prior year findings, so that we have a clear understanding of whether or not management believes the prior year finding is corrected. If our procedures disclose that the status of any prior audit finding is materially misrepresented, we are required to report that status as a current finding in our Schedule of Findings and Questioned Costs.

Executing the uniform guidance audit approach plan

During our Uniform Guidance Audit planning meetings for each program, we will also consider the compliance requirements for each federal award program. The Uniform Guidance *Compliance Supplement* provides the guidance we will use in our audit on compliance requirements, agency program requirements, internal control, and determining compliance requirements and suggested audit procedures.

Determining compliance requirements to test

After we have determined the major programs that have to be audited in accordance with the risk-based approach for determining major programs in Uniform Guidance, we determine which compliance requirements pertaining to those major programs must be tested. In order to determine the compliance requirements that we need to test for each of the major programs, we review the Uniform Guidance, *Compliance Supplement* that is effective for the year under audit, including any Addendums to the Supplement. For major programs specifically contained in the Supplement, we initially refer to the Matrix in Part 2 to determine the compliance requirements that apply to each major program. We then use Part 3 and Part 4 of the *Compliance Supplement* as a guide to design our audit procedures for testing compliance with each requirement where noncompliance could have a direct and material effect on the major program. If the program does not have expenditures subject to a particular compliance requirement or the expenditures could not materially affect that major program, we would not perform detailed tests for that compliance requirement as it relates to the category of expenditures. For programs not specifically included in the *Compliance Supplement*, we use Part 7 of the Supplement as a guide for identifying the applicable compliance requirements as well as reviewing federal program regulations and grant awards. In order to verify that all significant compliance requirements are addressed for each major program, we cross-reference all audit objectives and suggested audit procedures in Part 3 and Part 4 (as applicable) of the *Compliance Supplement*, which is part of each major program's planning file, to the audit program or document why the audit objective or procedure is not applicable to the major program. We provide each major program and each institution of higher education a client assistance package specific to their respective program and the requirements per the *Compliance Supplement*. Given our level of experience on the State and with the State's major programs, our client assistance packages are specific. We know what is needed to complete the audit of the major program and we are able to effectively communicate to you what those needs are in order to cause the least amount of disruption to you and your staff.

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Walkthroughs and tests of controls

The Uniform Guidance requires that we evaluate and test controls over compliance requirements for each applicable compliance requirement for each major program. We omit these tests of controls only when we have evaluated the controls as ineffective, in which case we issue a finding for a significant deficiency or material weakness. We update and walk through our existing documentation of the federal programs' controls, and we will review examples of system documents, supporting records, program files, compliance controls, and reports filed with federal agencies. These efforts provide the information and data necessary to include the Uniform Guidance Audit in our overall audit approach work plan and to prepare and update detailed audit programs uniquely addressing your systems and controls.

Because the federal government is aware that internal control over a government's central activities may or may not include the federal program activities (often managed by decentralized departments), we are required to consider internal controls that relate specifically to applications designed to confirm compliance with the federal award requirements (e.g., allowability, cash management, property, inventory, eligibility, matching requirements, indirect costs, reporting, subrecipient monitoring). We use the Uniform Guidance Internal Control and Combined Risk Assessment Form to document our understanding of these internal controls for each major program. As required by Uniform Guidance, we perform tests of controls to determine if the controls designed to confirm compliance are operating as intended. As in our audit of the financial statements, we use the results of the tests of controls to determine the nature, timing and extent of substantive testing to determine compliance with major federal program compliance requirements and applicable federal laws, regulations, contracts and grants.

Tests of compliance

We are required under the Uniform Guidance to express an opinion on whether the State complied, in all material respects, with the compliance requirements applicable to each major program. In determining the nature and extent of our tests of compliance, we consider a variety of factors, including the results of our tests of controls and the type of compliance requirement being tested. The AICPA *Accounting and Auditing Guide for Government Auditing Standards* and Uniform Guidance discusses audit sampling considerations of Uniform Guidance Compliance audits. We will continue to utilize that guidance when determining the appropriate sample sizes for compliance testing. For example, these sample sizes typically range from 25 to 60 for large populations and two to nine for small populations. We would also utilize CAAT procedures which improve our coverage and enhance efficiencies.

The following illustrates some examples of the use of sampling in compliance testing:

Statistical sample of expenditures to determine that charges to major federal programs:

- Are allowable under the federal program
- Are necessary and reasonable for proper administration of the program
- Did not include costs properly chargeable to other federally assisted programs
- Were properly recorded as to account, amount and period, and supported by source documentation
- Were recorded within the period of availability per the grant agreement

Statistical sample of benefit payments to recipients under major federal programs tested for propriety of recipient eligibility.

Sample of reports submitted to federal grantor agencies tested for completeness and accuracy.

Considerations of IT

For the programs that have significant reliance on IT systems, we will be engaging our IT professionals to assist with the auditing of those systems controls. These IT systems include but are not limited to Banner for the Student Financial Assistance cluster and RAPIDS/FACTS for respective programs managed by the West Virginia Department of Health and Human Resources. We are already have these systems documented and will focus on current year changes. We will test and rely on the systems when controls are deemed to be effective. Finally, our IT professionals also review the related SOC 1 reports that are provided for your outsourced functions leveraged by you to for Federal programs, such as the SNAP and Medicaid programs. Our understanding of your systems and service providers put us in a unique position to focus on current year changes and minimize your resources valuable time.

Compliance requirements of OMB Circular A-87

If material, we also test for compliance with the requirements of OMB Circular A-87 (which have been reissued in Title 2) during the engagement. This Circular establishes principles and standards for determining the allowability of costs under federal awards, including the statewide indirect cost allocation plan (SWCAP). For example, in terms of direct costs of compensation charged to federal awards, we test compliance by reference to employee time sheet, job description, etc.

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Indirect compensation costs included in indirect cost allocations is reviewed for equitability of the distributed cost relative to the benefits derived. Additionally, the State's SWCAP is reviewed for compliance with Circular A-87 and for consistency with the methodology previously approved. During the course of our testing, we are also alert for unallowable costs (i.e., alcoholic beverages) charged to a federal award.

Based on the results of our compliance tests, we evaluate and document any instances of noncompliance (monetary nature involving questioned costs or non-monetary with no questioned costs) for each major program by type of compliance requirement. When using representative sampling, we are also required to project the amount of any known questioned costs for our sample over our entire population of expenditures for the major program.

As the result of our analysis above, we develop findings for any instances of noncompliance that are required to be reported under the guidance in Uniform Guidance, including any significant deficiencies and material weaknesses identified in connection therewith.

Overall conclusions and single audit reports

As reportable instances of noncompliance, significant deficiencies and material weaknesses are identified, we prepare findings in the format that complies with GAS and Uniform Guidance. We analyze each of the findings identified by utilizing EY flowcharts that follow the professional standards. While completing our field work, we discuss each of these findings with the appropriate individuals at each of the affected major programs in order to determine management's response and proposed corrective action. This allows each agency the opportunity to review the draft findings, to provide proposed edits to the findings for errors or possible oversights, to provide information that may have been previously unavailable and to draft a correction action plan prior to the exit conference or closing meeting. We then hold the exit conference or closing meeting (for example with the DHHR) each year during which the Single Audit Coordinator and other key agency personnel related to each major program is represented. These meetings are coordinated with FARS. We walk through each finding and management's corrective action plan to summarize the results of our field work and verify that all responsible parties are in agreement as to the overall context of the finding and management's response. At this meeting and at FARS discretion, management will be able to provide additional edits or additional information that may have been previously unavailable for consideration, if necessary. These exit conferences or closing meetings will be held by November 1 as outlined in your timeline.

We update our documentation each year on each major program's basis of reporting expenditures on the SEFA and each major program's procedures for confirming that all federal expenditures are properly reported on the SEFA, including the separate identification of expenditures of ARRA awards. As in the past, any changes identified through this process are communicated to you to confirm proper modification of the footnotes to the SEFA.

We prepare the Uniform Guidance Audit reports, the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*" and "Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards required by the Uniform Guidance," which incorporates any financial statement and Uniform Guidance findings that are identified.

Appendix 6 outlines the summary of proposed services and lists the respective reports. For each report, we will provide all reports, findings, recommendations, revisions, management letter comments and suggestions for improvement to the Finance Director. We work with the Finance Director on the timing of these reports so there are no surprises. We understand that the Finance Director will review the draft reports and it is not expected that this process will take more than one week. Once all issues are resolved, the final signed audit reports are to be delivered within seven working days but no later than the final delivery dates specified in the CRFP.

Summary schedule of prior year audit findings

We review the summary schedule of prior audit findings and determine that the schedule materially represents the status of such findings. Based on our history with the State, we are extremely familiar with the prior-year findings and are uniquely qualified to provide you timely, efficient feedback on this schedule.

Data collection form

The final step in the Single Audit process is the completion and submission of the Data Collection Form to the Single Audit Clearinghouse. Completion of the Data Collection Form is a joint responsibility of the auditee and the auditor. You are responsible for completing and signing Part I, General Information, except for the Auditor Information, which we will complete. We will continue to complete Part II, Financial Statements; Part III, Federal Awards; and Part IV. Audit Findings. This process is complex due to the decentralized nature of the State. In addition, the completion of this form has increased in complexity over the past few years. In March 2018, we received notice from the Office of Inspector General (OIG) that the June 30, 2017 State of West Virginia Uniform Guidance Audit conducted by EY met federal requirements. In July 2017, we

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received notice from the Office of Inspector General that the June 30, 2016 Single Audit conducted by EY met federal audit requirements. Prior state audit submissions which were approved include the June 30, 2015 Single Audit for which we received notification in July 2016 and the June 30, 2014 Single Audit for which we received notification in June 2015.

Throughout the entire Uniform Guidance Audit process, we work closely with each of the respective agencies and FARS. We understand your major programs and the *Compliance Supplement*. We are uniquely qualified to minimize disruption as we already know your team and the information that is needed to complete the procedures. Our team's project management skills are key in the overall process to make certain that all issues are promptly identified and resolved. We have the history to understand this process and have been successful in helping the State meet the Uniform Guidance reporting deadline.

West Virginia State Rail Authority

S&S will perform an audit of the financial statements of the West Virginia State Rail Authority (the Authority) in accordance with auditing standards generally accepted in the United States; *Government Auditing Standards* issued by the Comptroller General of the United States; and the provisions of the Uniform Guidance, when applicable.

S&S follows the same communication protocols and delivery of draft and final deliverables as described for the CAFR and Single Audit. S&S will work closely with the Authority to meet the financial statement deadlines outlined by FARS in the closing book forms meetings. As outlined in the Q&A Addendum, the deadline for the Authority will be October 15, 2018. S&S is committed to meeting this deadline as we have demonstrated in the past.

S&S's commitment to quality is best exemplified by the methodology, engagement team and resources that the firm has committed to this engagement. Their experiences and qualifications have been documented throughout this proposal. Understanding the Authority's business issues, challenges and opportunities is a crucial element of their methodology and process. This understanding along with their comprehensive experience will provide flexibility with the implementation of the project. Further, the process is designed to identify problems early in the documentation or testing phase to allow adequate time for modifying our substantive audit approach, thus allowing for a more efficient and effective audit process.

WV ERP Board - wvOASIS SOC 1 report

While many of the aspects of a SOC reporting engagement are required by the applicable professional standards, differences in the application of those requirements can result in significant differences in the SOC report and the associated costs. Through a combination of on-site interviews with the State personnel and documentation review, the EY SOC reporting methodology is designed to:

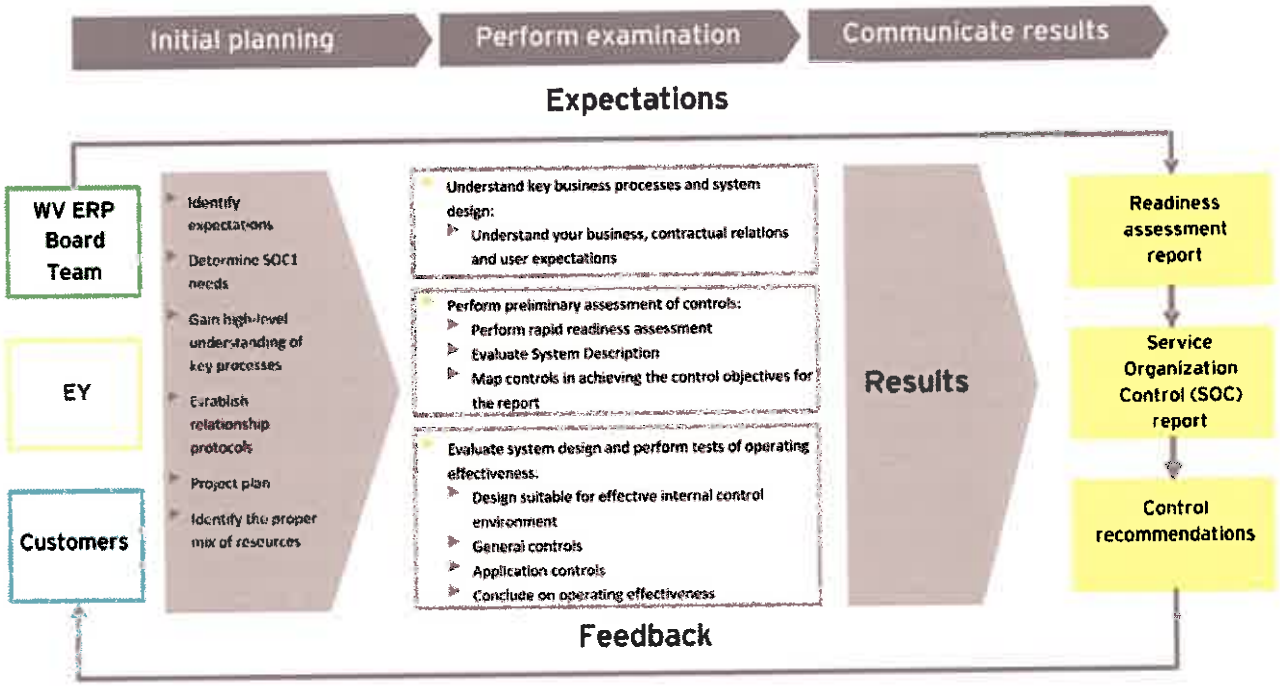
- **Meet your needs** – SOC reports are a key part of how you serve state agencies of West Virginia. Like any other service component, they should be consistent with your contractual obligations and the underlying needs of each agency. However, those needs will change over time, so it is important to have a service auditor with experience in balancing the scope of your SOC reports with those requirements. By obtaining a thorough understanding of user needs and your services, we will help you build and maintain your reports to meet the evolving requirements of the state agencies in the most efficient and effective way possible.
- **Meet your objectives** – Your SOC reports are a part of your services and need to be consistent with your objectives. Our SOC reporting methodology is designed to understand your objectives and leverage our procedures and knowledge to help you meet your goals.
- **Manage your costs** – Like any other component of service, the internal and external costs of SOC reports should be controlled. SOC report costs are driven by (1) the scope of the report, including the wording of the system description, the number and complexity of control objectives identified, and the controls selected for testing; (2) effective and efficient project management; and (3) efficient issue and problem resolution. Our approach is designed to help both you and our firm manage these costs drivers.

In our commitment to helping you establish and streamline your SOC report, we will continue to deliver the following:

- **Execution excellence** – Deploy an integrated approach that emphasizes proactive communication, consistency and efficient execution year-over-year
- **Value** – Implement innovative systems through SOC reporting, manage cost of compliance, and enhance the State's responsiveness to current and future customer needs
- **Right team** – Deploy an integrated SOC examination team that is aligned to the State's business and structured to promote central coordination

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The image below depicts the approach that will be followed when executing the SOC reporting engagement for the WV ERP Board.



This is the same approach and methodology that we have implemented to support issuance of prior year WV ERP Board wvOASIS SOC 1 reports. Through our involvement, we have supported WV ERP Board management in tailoring a system description as well as identifying the services and related objectives and controls that are designed and implemented to support user agencies of the wvOASIS application. Through our knowledge of the WV ERP Board and familiarity with the system description and controls, we can drive efficiencies to facilitate issuance of the SOC 1 report within management's defined timeframe as we have demonstrated in the past.

Resolving technical matters

Direct, clear and pragmatic decision-making

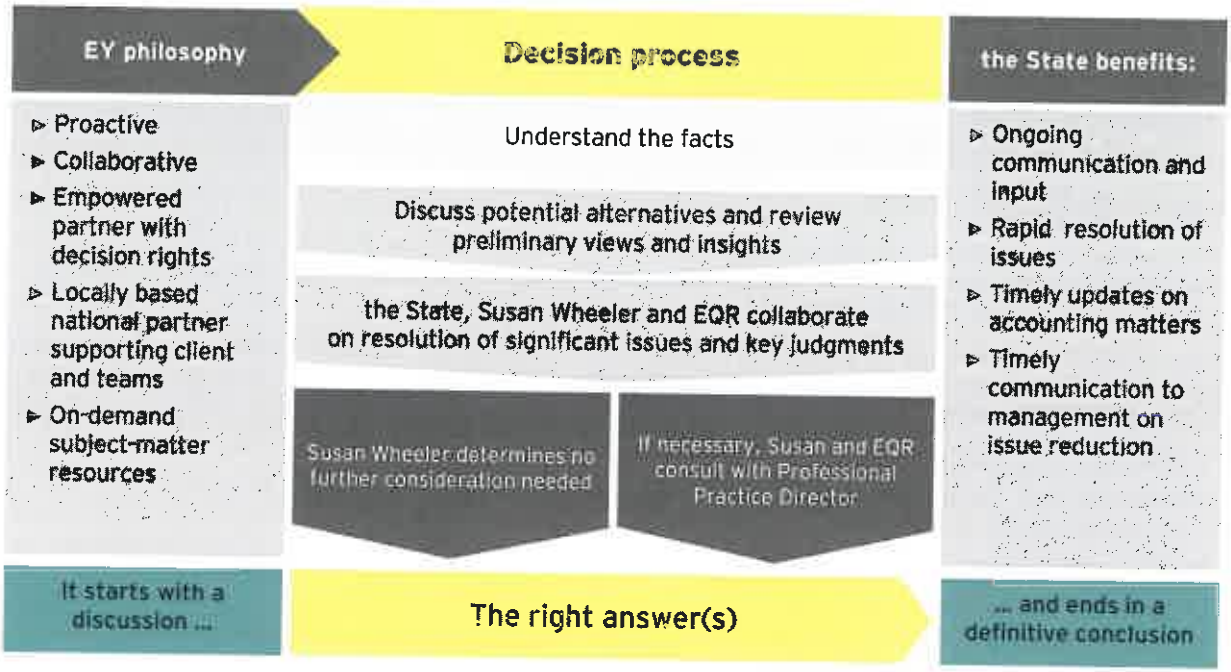
We know open communication is the first and best step in building an effective client-auditor relationship and arriving at the right accounting answer. We do not believe you need to come to a final resolution before discussing an issue with us. As you have experienced, a leading practice between our teams is for the State to discuss complex accounting issues and positions with us as the views around the issue are being formulated. This allows us to determine the technical advice early and accurately.

Our approach to resolving technical and complex accounting and auditing issues is direct, clear and pragmatic to the State:

- **Susan resolves all significant issues** – She has the final say and is accountable to you.
- **You are involved every step of the way** – The process is transparent and will follow a strict escalation protocol. You know this process as you have already experienced Susan's transparency.
- **The facts and circumstances of the technical matter will always be considered** – The decision-making is pragmatic and customized to the State's particular facts and circumstances.

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Susan brings deep understanding of the accounting and auditing impact of industry and regulatory trends. This enables her to exercise healthy professional skepticism. She will continue to bring a fresh, unbiased perspective when evaluating management's assertions and conclusions, and will exercise judgment when accounting literature is unclear or provides alternatives. Susan is often consulted by other engagement teams on technical matters. With her experience, she can conclude on a variety of positions, bringing speed to resolution and, when those answers are reached, discuss them with management to confirm that they are appropriately understood and documented. You understand our approach to resolving technical matters because you have experienced it.



Proactive insightful communication with management

An efficient audit is built upon timely and effective communication throughout the audit cycle – this results in no surprises for the State. Communication will continue to be at the heart of our relationship with the State's management. Susan and the rest of the team commit to the following as we have demonstrated in our years working together:

- Our entire team is readily accessible to the State throughout the year – not just during the audit.
- An audit approach designed to alert you to any significant accounting or auditing issues, allowing sufficient time for resolution.
- Timely discussions with the State to review and summarize audit results.
- Open dialogue with the State on technical updates regarding proposed changes in accounting standards and other matters that may affect you.
- Ongoing dialogue on issue-driven thought leadership and industry trends relevant to the State.
- Continuous feedback from you on our performance.

If any issue or concern comes to our attention during the audit, we will immediately communicate it to management based on a co-developed protocol and communication plan.

As part of the final reporting on the annual audit, we will continue providing feedback and suggestions in the form of a management letter aimed at identifying process improvements, key risk areas to monitor in the coming year and other observations as a result of the annual audit, if applicable. We also will continue to identify leading-practice opportunities as well as the areas that may necessitate other changes in the spirit of continuing improvement. Those items deemed to be significant deficiencies or material weaknesses are required to be communicated in writing, and as you know, we will provide you draft versions for your review and comments and present them formally during the audit results meeting. For those less-severe items, we will work with management on the best way to communicate such observations.

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We will continue to proactively and regularly bring you thought leadership publications, webcasts, industry updates, roundtables and other client events organized by our team. Our leadership team will work directly and proactively with you on a range of industry issues to bring you insights, new perspectives and tangible value.

We can also provide customized insight and training sessions to management as appropriate. We would work to customize the training or insight session to areas of interest to the State. Again, we deliver on our promises. You have experienced our thought leadership and best practice ideas on the following topics:

- Single audit training
- Modernization of government structure
- Improving the financial statement close process
- Shared service centers
- Effectively recruiting in governments

Communicating audit results

No audit is perfect, so we strive to continuously improve both the effectiveness and efficiency of the overall audit process. As we have mentioned throughout our response, we will continue to take a collaborative approach with the intent of providing an efficient process for your team.

Upon completing our audit procedures, we will meet with management to finalize the audit results, including any audit differences and recommendations to improve controls or processes. We will communicate our audit results and summarize the following information we believe to be important to the State:

- Verification of our independence
- Information about changes in accounting policies
- Fraud and illegal acts, if applicable
- Material weaknesses and significant deficiencies in internal control over financial reporting
- Disagreements with management on financial accounting and reporting matters
- Management judgments and accounting estimates used in preparing the consolidated financial statements

Susan's ability to effectively navigate through complex technical matters within the engagement team, as well as when necessary outside of the engagement team, results in the State getting the right answer as quickly as possible.

Potential problems and their resolutions

Our relationship management approach is driven to not only identify potential problems early, but to communicate and resolve issues at an early date. Due to our significant experience serving the State, we understand where past issues or problems have occurred and we have worked with you side by side in resolving those issues.

Our distinctive "Red, Yellow, Green" letters facilitate identifying issues that could impact the timeline and communicate those issues to key members of management including the Secretary of DOA in a timely manner. This letter hierarchically communicates known issues or delays by summarizing the matters in order of importance or criticalness. The letter also provides the user an understanding of the matter including the potential impact on the overall audit process if the item is not properly addressed. This form of communication is a proactive approach in communicating potential issues or delays to management. Management can then be in control of identifying additional resources to mitigate the impact of issues and delays to the overall audit process.

Our approach to problem solving:

- Is proactive and designed to identify issues in advance.
- Includes direct access to our highly experienced SMRs, technical advisors and vast bench firm resources on an as-needed basis.
- Focuses on finding the best solution for the State, while adhering to all applicable professional standards. We follow GASB guidance and, if there is no guidance, we will work with the State to devise a solution that makes sense relative to the circumstances and objectives.
- Involves the generation of good ideas and innovative solutions.
- Will be closely coordinated with management of the State.

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Susan Wheeler, Lou Roberts and John Good will closely monitor changes in accounting pronouncements and in federal regulations and requirements. The members of our audit team will bring the changes that affect the State to your attention as soon as we are aware of them at any stage of the audit. Additionally, FARS personnel will be included on our mailing list to help them stay current on pertinent matters that could impact the State. As in the past, we will work with you as you implement changes affecting the State and efficiently accommodate them into our audit in order to avoid potential delays and disruptions and to meet all applicable standards and requirements.

GASB Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

The objective of this Statement is to improve financial reporting by state and local governments for postemployment benefits other than pensions. This statement improves the information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement is effective for fiscal year 2018, and FARS is in the process of analyzing the requirements and plans the implementation.

The Statement will have significant impact on note disclosures and required supplementary information of the Retiree Health Benefit Trust (RHBT) Fund separately audited financial statements and the CAFR. We had several discussions with FARS on how to coordinate the implementation effort. We will provide the most recent GAAP checklist to FARS and relevant excerpt from the GAAP checklist to RHBT to make certain proper disclosures will be presented at the RHBT's FY 2018 financial statements and the CAFR.

A major challenge faced by each employer participating in a cost-sharing plan is how the employer will obtain all necessary information to support its proportionate share of the collective OPEB liability, deferred outflows of resources, deferred inflows of resources and expense and the timing of the audited allocation schedules. We recommend starting discussions early among the plan's administrator - RHBT, participating employers and their auditors to discuss the following topics:

- Timing and frequency of measurement of the net liability
- Determination of deferred outflows of resources and deferred inflows of resources
- Method of allocation
- Notes disclosures and required supplementary information

The auditor of the employer will also be required to test the actuarial assumptions used to calculate the liability. This could create a difficult transition if the new auditor is not in agreement with the assumptions utilized by RHBT when GASB 74 was adopted. EY is uniquely positioned and has already audited those assumptions and is in agreement with them. By selecting EY, you will not have a difference of opinion which could result in delays to the State's audit timeline.

The auditor of the employer is also required to test the census data. Based on the responses to the questions to the CRFP, we are assuming that the auditor of RHBT will perform the census data testing necessary and provide an attest report to the State's auditor. To avoid any implications to the timeline, this should be addressed during the interim phase of the audit.

Again, we are uniquely positioned as we have already been working with FARS and RHBT on the adoption of this standard because of the adoption of GASB 74 in FY 2017. To minimize the challenges and any impact to the timeline, as soon as we are engaged for the FY 2018 audit, we would be able to assist FARS in leading those discussions and provide technical support and best practices to make it a smooth transition. No other firm has our experience.

GASB Statement No. 83 - Certain Asset Retirement Obligations

The objective of this Statement is to address accounting and financial reporting for certain asset retirement obligations (AROs). This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and requires the current value of a government's AROs to be adjusted for the effect of general inflation or deflation at least annually.

This Statement is effective for fiscal year 2019. Based on the CRFP, the State does not plan to early-adopt this standard. Consistent with other standards adopted in prior years, we would be able to assist FARS in educating State personnel about the new standards and the potential State implications. This would assist FARS in identifying arrangements that meet the definitions related to this standard so those arrangements can be appropriately recorded and disclosed.

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GASB Statement No. 84 – Fiduciary Activities

The principle objective this Statement establishes is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Except for disclosures related to cumulative amounts paid or received in relation to a nonexchange financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a nonexchange financial guarantee may be applied prospectively.

One the biggest challenges with this statement will be ensuring that all activities are properly identified and evaluated even at the component unit level. It will be critical for the State to begin implementation and education to the State agencies. With EY being familiar with your agencies, we would be able to brainstorm with the State to identify component units that may be impacted by this statement so they can receive additional guidance and coaching from FARS. The Statement is effective for fiscal year 2019, which the State has elected not to early-adopt per the CRFP. Consistent with other standards adopted in prior years, we can assist FARS in educating State personnel about the new standards and the potential State implications. This would assist FARS in identifying arrangements that meet the definitions related to this standard so those arrangements can be appropriately recorded and disclosed.

GASB Statement No. 85 – Omnibus 2017

The principle objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). Specifically, this Statement addresses the following topics: blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation; reporting amounts previously reported as goodwill and "negative" goodwill; classifying real estate held by insurance entities; measuring certain money market investments and participating interest-earning investment contracts at amortized cost; timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus; recognizing on-behalf payments for pensions or OPEB in employer financial statements; presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB; classifying employer-paid member contributions for OPEB; and simplifying certain aspects of the alternative measurement method for OPEB Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The Statement is effective for fiscal year 2018.

Consistent with other standards adopted in prior years, we can assist FARS in educating State personnel about the new standards and the potential State implications. This would assist FARS in identifying arrangements that meet the definitions related to this standard so those arrangements can be appropriately recorded and disclosed.

GASB Statement No. 86 – Certain Debt Extinguishment Issues

The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is deceased in substance. This Standard is effective for fiscal year 2019.

Consistent with other standards adopted in prior years, we can assist FARS in educating State personnel about the new standards and the potential State implications. This would assist FARS in identifying arrangements that meet the definitions related to this standard so those arrangements can be appropriately recorded and disclosed.

GASB Statement No. 87 – Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases and governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement is effective for fiscal year 2020.

This standard is going to require some lead time and EY and FARS will work on an implementation timeline. Based on the responses to the CRFP questions, FARS noted that the State has approximately 200 leases. One of the biggest challenges will be making sure the State has a complete lease population for consideration and the appropriate training is provided to the agency personnel (both audited and unaudited). With EY being familiar with your agencies, we would be able to

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brainstorm with the State to identify agencies/component units that may be impacted by this statement so they can receive additional guidance and coaching from FARS. Consistent with other standards adopted in prior years, we can assist FARS in educating State personnel about the new lease standard and the potential State implications. This would assist FARS in identifying lease agreements that meet the definitions related to this standard so those leases can be appropriately recorded and disclosed.

Delays and other potential problems and their resolutions

Additionally, based on our experience serving the State, we are aware of the following matters that could cause delays in meeting some of the State's targeted completion dates:

- **Completion of client assistance** – In previous years, one of the biggest challenges facing FARS in compiling the financial information for the CAFR and completing the Single Audit has been obtaining required information and an accurate SEFA from certain agencies/departments in a timely manner. The timing improved in fiscal year 2017 and the State met the fiscal year 2017 reporting deadlines.
- **Receipt of closing book forms and financial statement audits** – FARS' compilation of the CAFR including the footnote disclosures is dependent upon the timely receipt of closing book forms and financial statement audits of state agencies. There have been significant delays in FARS' receipt of this information. Once received, FARS still has to review the information and/or financial statements and determine the impact on the State's CAFR. Significant delays in the process results in FARS' timeline being compressed and the issuance of the CAFR also being delayed.

As you know based on our discussions during the prior-year audit, we are proactive in thinking about ways to continue to condense the timeframe and minimize delays. We understand the impact that the timeline has on your staffing resources. We will leverage our past experiences and work with FARS to develop the best approach. In the current year, we will continue to focus on the importance of timely communication so that management can be in control of the timeline and reallocate resources as the need arises, and we have summarized some of the more significant ideas:

- Upon being engaged, EY will continue the conversation with FARS regarding areas that can be accelerated so that unforeseen delays can be addressed later in the process. We suggested accelerating the timetable for areas such as environmental liabilities and utilizing data analytics to minimize the detailed transaction testing. We will also have early meetings with RHBT and FARS to discuss the timeline for the issuance of the OPEB allocation schedule and work with RHBT's auditors in satisfying the employer auditor requirements. This dialogue will continue through the term of the contract so that new accounting pronouncements can be implemented and documented earlier and minimize the impact on the audit timeline.
- EY and FARS will develop a timetable beginning with the report date and working back to the date that the contract is awarded, identifying key milestones and critical success factors to complete the project by the deadline. Utilizing the timeline and key milestones, EY and FARS will develop realistic deadlines in the client assistance package.
- EY will participate in FARS Closing Book Form Trainings, to communicate the protocol for agencies communicating delays and significant issues to FARS.
- EY and FARS will utilize the EY Canvas Client Portal to exchange and track open items on the client assistance package. This will reduce the amount of administrative time that is spent updating and emailing traditional open item lists.
- EY will notify management of delays in receiving the information in a timely manner through our formal "Red, Yellow, Green" letter and meetings. We will keep the Secretary of the DOA informed of all significant issues impacting the State's timeline. As in the prior years, he will be able to work with his peers at the respective agencies to reinforce the importance of the timeline to minimize the delays.
- EY will conduct opening meetings with the key personnel for each major program, so that all parties have a clear understanding of the client assistance and timing with respect to each major program. EY will also hold weekly update calls with key agencies, like DHHR, so everyone is aware of the open items and status. Closing meetings will also be held to discuss any findings with respect to the programs. This communication with the key owners of the major programs will enable the respective audits to be completed timely. FARS will be invited to participate in all meetings with proper notification.
- EY and FARS will establish a protocol for communication about other meetings. It's important that the key decision-makers are informed so that changes can be made and resources can be committed to complete the project. Meeting participants should include key State personnel that have the authority to reallocate state staffing resources so deadlines can be met. This is important so management can make decisions regarding the allocation of agency staffing resources by focusing on the critical items.

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As in the past, our schedule will remain flexible to allow us to work concurrently with the FARS group as information becomes available, including working with draft financial statements of separately audited agencies until final drafts become available. By working together as a team, this process should allow for a smooth path to completion of the CAFR.

As we have demonstrated in the past, to offset the impact of agency/departmental delays, we will maintain flexibility in our staff model to deploy the necessary additional resources upon receipt of the information to work with state personnel towards deadlines. We are committed to your audit and Susan is committed to staffing your audit when you need the resources. Susan has the ability to deliver EY resources when you need them to complete your audit and she will continue that level of commitment. Susan and the engagement executives are also available for face-to-face meetings to address accounting and auditing issues as they arise. Our on-site, timely reviews by our partners is critical to the timeframe. Susan will continue that practice, and Susan and Lou Roberts will conduct their reviews of the CAFR at your location. This condenses our partner review process and eliminates surprises late in the audit. Our local presence and commitment of resources has enabled us to not cause the State further delays.

While the above are some areas for potential problems, our project management approach is designed to address unforeseen issues as well. We believe that timely communication and accessibility are keys to a successful project of this magnitude.

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Attachment B: Mandatory specification checklist

Section 4, Subsection 5.1: The firm must be independent and licensed to practice in West Virginia.

Independence and no conflict of interest

As the State is an existing audit client, there are no additional independence matters to clarify or cumbersome client acceptance procedures to undergo.

Independence is a responsibility of both EY and our clients, and it is something we take very seriously. It is critical that we not only establish independence at the onset of an engagement, but that it is maintained throughout the relationship. Our independence process, which was developed under the scrutiny of regulators, requires thorough investigation of our firm's independence from the State in business and relationship matters.

We have deployed independence assessment procedures and guidance for our audit client relationships – from inception up to and through our annual audit process. We continually remind all of our people that compliance with our independence policies is essential and that noncompliance has consequences. All of our people are required to confirm their compliance with the independence rules each quarter. Our Ethics Oversight Board evaluates potential breaches of independence regarding financial and business relationships and, where appropriate, dispenses disciplinary, remedial and/or other sanctions.

To assist our professionals with independence, we developed the EY Global Monitoring System (GMS). This automated tool for partners and principals, in addition to client-serving personnel, helps monitor personal independence requirements. The system allows our professionals to record family, business and financial relationships (e.g., loans, deposits, investments, securities). To help confirm ongoing compliance, GMS confirms quarterly or annual compliance with our Independence Policy.

Newly hired personnel are also required to complete an independence confirmation upon being hired. This confirmation process is necessary for EY to comply with various professional, regulatory and other independence requirements and is an important element of the quality control processes.

Because we take independence very seriously at EY, additional tools and resources are made available to our professionals, including:

- Service Offering Resource Tool (SORT) is a global tool that provides quality and risk management information about all EY services. SORT helps our professionals determine allowable and prohibited non-audit services to remain compliant.
- Independence consultants are available to assist our professionals with questions about independence matters.

As your current auditor, we confirm that EY and proposed subcontractor firms are independent of the State and its component units under the requirements of auditing standards generally accepted in the United States and the GAO *Government Auditing Standards* (Yellow Book). As a service provider to the State, EY will continue to take the steps necessary to make certain of our independence with respect to the State. **In retaining EY and our proposed subcontractor firms, you will not have to wait, while a new firm would go through the arduous independence process before beginning any work.**

Our independence standards are governed by the AICPA and the government audit auditing standards. We are required to be independent to the State of West Virginia as outlined in mandatory requirement Section 4, Subsection 5.1: The firm must be independent and licensed to practice in West Virginia. Per the AICPA *Audit Guide State and Local Governments, - .127 The "Indemnification of an Attest Client" interpretation (AICPA, Professional Standards, ET sec. 1.228.020) indicates that a member's independence would be impaired in an attestation engagement if, as a condition to being retained, the member (or the auditor's firm) was requested by the client or potential client to indemnify the client or potential client for damages, losses, or costs arising from lawsuits, claims, or settlements that relate, directly or indirectly, to client acts. Governments often include such clauses in requests for proposals for audit services and proposed audit contracts. Therefore, auditors should carefully review requests for proposals and proposed audit contracts for such clauses to ensure that they are not agreeing to such provisions.*

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As such, in order to maintain our independence so we can perform the services requested in the CRFP, we respectfully are unable to agree to the indemnification clause as it is currently written in the CRFP.

Neither EY nor our proposed subcontractor firms have any interest nor shall acquire any interest, direct or indirect, which would compromise the performance of its services hereunder. Any such interests would be promptly presented in detail to DOA, Finance Division.

License to practice in West Virginia

EY is licensed to operate in every state in the United States, including West Virginia. EY's Federal ID, Department of Labor Registered Vendor Number is 346565596. Our proposed subcontractor firms are also properly licensed to practice in West Virginia. S&S' Federal ID, Department of Labor Registered Vendor Number is 55-0538163. Dearien & Company's Federal ID, Department of Labor Registered Vendor Number is 20-0025425.

In addition, all key assigned audit professional staff of EY and proposed subcontractor firms that are certified public accountants are properly licensed by the West Virginia Board of Accountancy to practice in the State.

Furthermore, EY and proposed subcontractor firms meet the requirements imposed by the State and other local laws, rules and regulations, and are registered resident vendors authorized to transact business with the State.

Section 4, Subsection 5.2: The principal supervisory and management staff shall be certified public accountants with the required continuing professional education within the preceding two years. Once awarded, the Agency must be informed in writing of any changes in staffing at the supervisory level and above. Also, the Agency retains the right to approve or reject replacements based upon their qualifications, experience or performance.

Within our response to the CRFP, we have included resumes of our team members in Appendix 3. Please note that all Assurance Services practice executive and management team members are certified public accountants. All team members have met the required continuing professional education within the preceding two years. Please see Appendix 4 for applicable documentation.

We understand the importance of team continuity and the impact it can have on the success of our business relationship. We are committed to recruiting and retaining the most knowledgeable professionals in our GPS practice. We pledge to make a conscientious effort to provide staffing continuity at every level of the State's service team. Should events bring about a personnel change, we will keep you informed of these matters in writing. One hundred percent of our team included in this proposal has experience with the State. We understand that the DOA retains the right to approve or reject replacements based upon their qualifications, experience or performance. Additionally, if the State requests a change in staffing, we will respond appropriately.

Section 4, Subsection 5.3: The firm and its staff must meet the qualifications to perform audits in accordance with the requirements of the Single Audit Act of 1996, OMB Circular A-133, and Uniform Guidance.

EY and our proposed subcontractor firms are qualified to perform audits in accordance with the requirements of the Single Audit Act of 1996, OMB Circular A-133, and Uniform Guidance. Furthermore, the proposed staff also meet the requirements as they have met the appropriate CPE requirements. As discussed in our response to Section 4.4.1, we have a long history of completing these audits and a proven track record with the State. We have a robust methodology that makes certain all aspects of the audit and risks are addressed. In March 2018, we received notice from the Office of Inspector General that the June 30, 2017 Single Audit conducted by EY met federal audit requirements. See section 4, subsection 5.8 below for additional documentation.

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Section 4, Subsection 5.4: The firm must have experience auditing other State governments. The firm must submit a list of State audits performed.

Industry focus is the cornerstone of our firm's approach to professional services. We realize that experience and insight are required to serve the demands of today's governments, and we are dedicated to delivering ideas and measurable results help our clients achieve their missions and overcome their challenges. Addendum 1 to the CFRP clarified the following:

Q11. Mandatory requirement 5.4 – please provide clarification on the state audit requirement. Does the firm need to have experience with specifically auditing entire state governments or does experience auditing state agencies and departments qualify?

A11. The audit firm must have experience being the primary auditor for a State government and have issued an audit opinion on the State's CAFR. Experience auditing only state agencies and departments does not quality.

EY meets this requirement and satisfies **Goal/Objective 1-Firm with Statewide auditing experience** through our experience in being the primary auditor for the State of West Virginia, which includes issuing an audit opinion on the State's CAFR.

- State of West Virginia CAFR
- State of West Virginia Uniform Guidance Audit

Section 4, Subsection 5.5: The subcontractors, contracted for any work related to the CAFR must have experience auditing other State Agencies with preference given to WV State agencies. The subcontractor must submit a list of State audits performed.

Not applicable; neither Suttle & Stalnaker nor Dearien & Company are being contracted to work on the State's CAFR audit. However, Suttle & Stalnaker will be working on the audit of the State Rail and their government financial statement audit experience is in Section 4, Subsection 4.3.

Section 4, Subsection 5.6: All subcontractors, contracted for any work related to the Single Audit must have experience performing audits in accordance with the requirements of the Single Audit Act of 1996, OMB Circular A-133, and Uniform Guidance.

As mentioned throughout our proposal, both our subcontractors have extensive experience performing audits in accordance with the requirements of the Single Audit Act of 1996, OMB Circular A-133 and Uniform Guidance. Please see the select list for each subcontractor below:

Suttle & Stalnaker's

- Uniform Guidance Audit of the State of West Virginia
- Tyler County Board of Education
- Summers County Board of Education
- Doddridge County Board of Education
- Boone County Board of Education
- Roane County Board of Education
- Ohio Valley University, Inc.
- Kanawha Valley Senior Services, Inc.
- City of Charleston
- City of Parkersburg
- Community Resources, Inc.
- Coalfield Community Action Partnership, Inc.

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Dearien & Company

Uniform Guidance Audit of the State of West Virginia

Section 4, Subsection 5.7: The firm shall submit a copy of one (1) Single Audit and CAFR report issued in the last five (5) years.

A copy of the 2017 State of West Virginia CAFR, Single Audit Report, West Virginia State Rail Authority (State Rail) report and the West Virginia Enterprise Resource Planning Board (wvOASIS) Control 1 (SOC 1) Report can be found in Appendix 2 for your reference. EY, Suttle & Stalnaker and Dearien & Company were part of the 2017 audit of the State. We have also included the 2017 State Rail report and the SOC 1 report to evidence our experience with these reports that are also part of this CRFP.

Section 4, Subsection 5.8: The firm shall submit a copy of its most recent external quality control review report and the results of any Federal or State desk reviews or its audits during the past three years.

KPMG completed the peer review of EY's non-SEC audit practice for the year ended June 30, 2016 and issued a report dated December 2, 2016 with a peer review rating of pass with **no deficiencies** identified. The peer review results confirm that our firm's system of quality control for our accounting and auditing practice applicable to non-SEC issuers meets the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and is being complied with, providing the firm with reasonable assurance of compliance with applicable professional standards. KPMG's report is included in Appendix 1.

Kelly, Galloway, and Company, PSC completed the peer review of S&S's non-SEC audit practice for the year ended May 31, 2017, and issued a report dated December 6, 2017 with a peer review rating of pass with **no deficiencies** identified. The peer review results confirm that S&S's system of quality control for the accounting and auditing practice applicable to non-SEC issuers meets the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and is being complied with, providing the firm with reasonable assurance of compliance with applicable professional standards. The most recent S&S report is included within Appendix 1.

Perry & Associates, CPA's, A.C. completed the peer review of Dearien & Company's non-SEC audit practice for the year ended June 30, 2017, and issued a report dated November 3, 2017 with a peer review rating of pass with **no deficiencies** identified. The peer review results confirm that Dearien & Company's system of quality control for the accounting and auditing practice applicable to non-SEC issuers meets the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and is being complied with, providing the firm with reasonable assurance of compliance with applicable professional standards. The most recent Dearien & Company report is included within Appendix 1.

In March 2018, we received notice from the Office of Inspector General (OIG) that the June 30, 2017 State of West Virginia Uniform Guidance Audit conducted by EY met federal requirements. In July 2017, we received notice from the OIG that the June 30, 2016 State of West Virginia Uniform Guidance Audit conducted by EY met federal audit requirements. In July 2016, we received notice from the OIG that the June 30, 2015 State of West Virginia Single Audit conducted by EY met federal audit requirements. See Appendix 1.

Our subcontractor firms have not had any federal desk reviews during the past three years; there have been no issues found through state desk reviews in the past three years.

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Section 4, Subsection 5.9: All requirements must also be met by joint proposers.

As clarified in Addendum 1, response to Question 35, "However, mandatory 5.9 should read: Requirements 5.1, 5.2, 5.5, 5.6, and 5.8 must be met by subcontractors." As discussed throughout our proposal, both of our proposed subcontractors, S&S and Dearien & Company, as well as the professionals from these organizations selected to serve the State, meet or exceed all of the requirements specified throughout the Request for Proposal.

By signing below, I certify that I have reviewed this Request for Proposal in its entirety; understand the requirements, terms and conditions, and other information contained herein; that I am submitting this proposal for review and considerations; that I am authorized by the bidder to execute this bid or any documents related thereto on the bidder's behalf; that I am authorized to bind the bidder in a contractual relationship; and that, to the best of my knowledge, the bidder has properly registered with any State agency that may require registration.

Ernst & Young LLP
(Company)

Partner
(Representative Name, Title)

Phone: +1 304 357 5974 / Fax: +1 304 357 5993
(Contact Phone/Fax Number)

April 17, 2018
(Date)

Suttle & Stalnaker, PLLC
(Company)

(Representative Name, Title)

Phone: +1 304 343 4126 / Fax: +1 304 343 8008
(Contact Phone/Fax Number)

April 17, 2018
(Date)

Dearien & Company, A.C.
(Company)

(Representative Name, Title)

Phone: +1 304 344 2281 / Fax: +1 304 344 2283
(Contact Phone/Fax Number)

April 17, 2018
(Date)

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Attachment C: Cost sheet

Our cost information is as detailed in the Request for Proposal and is submitted in a separate sealed envelope, as requested.

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REQUEST FOR PROPOSAL
Finance, DOA and RFP FAR180000005

By signing below, I certify that I have reviewed this Request for Proposal in its entirety; understand the requirements, terms and conditions, and other information contained herein; that I am submitting this proposal for review and consideration; that I am authorized by the bidder to execute this bid or any documents related thereto on bidder's behalf; that I am authorized to bind the bidder in a contractual relationship; and that, to the best of my knowledge, the bidder has properly registered with any State agency that may require registration.

Ernst & Young LLP

(Company)

(Representative Name, Title)

+1 304 357 5974 / +1 304 357 5993

(Contact Phone/Fax Number)

April 17, 2018

(Date)

Attachment D: Entities audited on a stand-alone basis

AGENCY NAME

Alcohol Beverage Control Administration
Board of Risk and Insurance Management
Board of Treasury Investments
Consolidated Public Retirement Board
Economic Development Authority
Educational Broadcasting Authority
Workforce West Virginia
Water Pollution Control Revolving Fund (DEP) A-133 version also
Housing Development Fund
Insurance Commission/Workers' Compensation Fund
Jobs Investment Trust
West Virginia Lottery
Parkways Authority
Public Employees Insurance Agency
Retiree Health Benefit Trust Fund
WV College Prepaid Tuition and Smart 529 Savings Program
Public Defender Corporations (18)
Racing Commission
Regional Jail and Correctional Authority
School Building Authority
Solid Waste Management Board
Division of Highways
Tobacco Settlement Finance Authority
Water Development Authority
Drinking Water Treatment Revolving Fund (WDA) (loan funds)
Drinking Water Treatment Revolving Fund (DHHR) (set-aside funds) every three years (2018)
WV Infrastructure & Jobs Development Council
WV Investment Management Board
WV State Rail Authority
Higher Education (18 institutions, including WVNET and Higher Education Policy Commission)
Municipal Pension Oversight Board

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Attachment E: Timetable for completion of audit

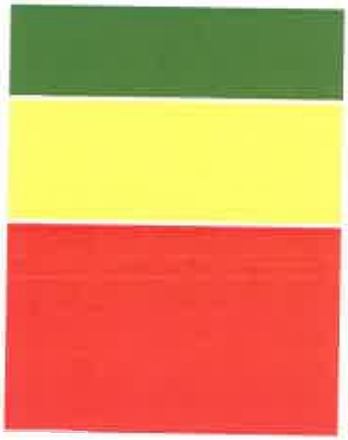
EY and its proposed subcontractor firms understand better than any other firm the importance and nature of your timing requirements. We are prepared to "hit the ground running" as we continue together. Engaging new auditors would require significant investment in time (and money) by all state parties involved, as new auditors attempt to develop an understanding of all significant GAAP audit segments and major programs. This is in addition to your time incurred supporting the evaluation of significant accounts and processes. This could result in delays to your timeline. As your current auditors, we carry forward voluminous amounts of accumulated audit knowledge documented in permanent files, including walk-throughs of significant processes that are widespread across the State, as well as significant knowledge of the State's information technology systems.

We understand your timeline below and due to our history with the State, we believe we are the only firm with the ability to meet your requirements, thus satisfying the State's **Goal/Objective 4 Completed CAFR audit by December 21, 2018 and Single Audit by January 31, 2019**

Required submission/event	Required completion/ submission date
Entrance conference	Within three (3) weeks of award of contract
Any interim work must be completed	June 30, 2018
Detailed audit plan	June 30, 2018
Fieldwork to begin (no later than) - Federal awards - CAFR	 August 1, 2018 August 1, 2018
Tests of federal awards substantially complete	October 26, 2018
Closing conferences with agencies substantially complete	November 1, 2018
Draft CAFR audit report	November 17, 2018
Draft single audit findings and other management comments	December 9, 2018
Final CAFR audit report	December 21, 2018
Final single audit findings	January 2, 2019
Final single audit reports	January 31, 2019

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We will be proactive in monitoring this timeline in order to make certain that all requirements are met. If issues are encountered that pose a threat to the timeline being met, we will communicate such items timely through our "Red, Yellow, Green" letter. As is consistent with the prior year, this letter identifies areas of concern and categorizes them into three categories:



Low level of concern. Management's progress to date is on schedule, and sufficient resources and time appear to have been dedicated for the State's remaining efforts.

More than a low level of concern. A significant amount of work remains, and the time schedule will be tight. If delays occur in this area, management may not be able to meet the reporting deadline.

Significant concern. Management is facing a significant risk of not meeting the reporting deadline. The State appears behind schedule in this area and a significant amount of work remains. The State needs to immediately re-evaluate the project plan and timetable, dedicate additional resources to the project and accelerate progress going forward. If progress is not accelerated, management likely will not be able to meet the reporting deadline.

In addition, we will also have status meetings with key personnel from FARS and various agencies throughout the audit process to communicate/address issues and findings in a timely manner.

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WV-10
Approved / Revised
08/01/15

State of West Virginia
VENDOR PREFERENCE CERTIFICATE

Certification and application is hereby made for Preference in accordance with ***West Virginia Code***, §5A-3-37. (Does not apply to construction contracts). ***West Virginia Code***, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the ***West Virginia Code***. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Vendor Preference, if applicable.

1. **Application is made for 2.5% vendor preference for the reason checked:**
☐ Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; **or,**
☐ Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; **or,**
☐ Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; **or,**

2. **Application is made for 2.5% vendor preference for the reason checked:**
☒ Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; **or,**

3. **Application is made for 2.5% vendor preference for the reason checked:**
☐ Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; **or,**

4. **Application is made for 5% vendor preference for the reason checked:**
☐ Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; **or,**

5. **Application is made for 3.5% vendor preference who is a veteran for the reason checked:**
☐ Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; **or,**

6. **Application is made for 3.5% vendor preference who is a veteran for the reason checked:**
☐ Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.

7. **Application is made for preference as a non-resident small, women- and minority-owned business, in accordance with *West Virginia Code* §5A-3-59 and *West Virginia Code of State Rules*.**
☐ Bidder has been or expects to be approved prior to contract award by the Purchasing Division as a certified small, women- and minority-owned business.

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) reject the bid; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Under penalty of law for false swearing (West Virginia Code, §61-5-3), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: Ernst & Young LLP / Suttle & Stalnaker, PLLC / Dearien & Company, A.C. **Signed:** [signature]

Date: April 17, 2018 **Title:** Partner / Member / Owner

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

CONSTRUCTION CONTRACTS: Under W. Va. Code § 5-22-1(i), the contracting public entity shall not award a construction contract to any bidder that is known to be in default on any monetary obligation owed to the state or a political subdivision of the state, including, but not limited to, obligations related to payroll taxes, property taxes, sales and use taxes, fire service fees, or other fines or fees.

ALL OTHER CONTRACTS: Under W. Va. Code §5A-3-10a, no contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

EXCEPTION: The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. Code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Employer default" means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceed five percent of the total contract amount.

AFFIRMATION: By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (*W. Va. Code* §61-5-3) that: (1) for construction contracts, the vendor is not in default on any monetary obligation owed to the state or a political subdivision of the state, and (2) for all other contracts, that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

WITNESS THE FOLLOWING SIGNATURE:

Vendor's Name: Ernst & Young LLP

Authorized Signature: _____ Date: 04/17/2018

State of West Virginia

County of Kanawha, to-wit:

Taken, subscribed, and sworn to before me this 17 day of April, 2018.

My Commission expires November 18, 2019.

AFFIX SEAL HERE

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SUSAN JARRETT
Ernst & Young LLP
[illegible]
My Commission Expires November 18, 2019

NOTARY PUBLIC _____

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

CONSTRUCTION CONTRACTS: Under W. Va. Code § 5-22-1(i), the contracting public entity shall not award a construction contract to any bidder that is known to be in default on any monetary obligation owed to the state or a political subdivision of the state, including, but not limited to, obligations related to payroll taxes, property taxes, sales and use taxes, fire service fees, or other fines or fees.

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EXCEPTION: The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. Code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Employer default" means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceed five percent of the total contract amount.

AFFIRMATION: By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (*W. Va. Code* §61-5-3) that: (1) for construction contracts, the vendor is not in default on any monetary obligation owed to the state or a political subdivision of the state, and (2) for all other contracts, that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

WITNESS THE FOLLOWING SIGNATURE:

Vendor's Name: Suttle & Stalnaker, PLLC

Authorized Signature: _____ Date: 04/17/2018

State of West Virginia

County of Kanawha, to-wit:

Taken, subscribed, and sworn to before me this 17 day of April, 2018.

My Commission expires November 18, 2019.

AFFIX SEAL HERE

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SUSAN JARRETT
Ernst & Young LLP
[illegible]
Charleston, WV 25301
My Commission Expires November 18, 2019

NOTARY PUBLIC _____

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

CONSTRUCTION CONTRACTS: Under W. Va. Code § 5-22-1(i), the contracting public entity shall not award a construction contract to any bidder that is known to be in default on any monetary obligation owed to the state or a political subdivision of the state, including, but not limited to, obligations related to payroll taxes, property taxes, sales and use taxes, fire service fees, or other fines or fees.

ALL OTHER CONTRACTS: Under W. Va. Code §5A-3-10a, no contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

EXCEPTION: The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. Code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Employer default" means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceed five percent of the total contract amount.

AFFIRMATION: By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (*W. Va. Code* §61-5-3) that: (1) for construction contracts, the vendor is not in default on any monetary obligation owed to the state or a political subdivision of the state, and (2) for all other contracts, that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

WITNESS THE FOLLOWING SIGNATURE:

Vendor's Name: Dearien & Company, A.C.

Authorized Signature: _____ Date: 04/17/2018

State of West Virginia

County of Kanawha, to-wit:

Taken, subscribed, and sworn to before me this 17 day of April, 2018.

My Commission expires November 18, 2019.

AFFIX SEAL HERE

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SUSAN JARRETT
Ernst & Young LLP
[illegible] United Center 500 Virginia St. E.
Charleston, WV 25301
My Commission Expires November 18, 2019

NOTARY PUBLIC _____

West Virginia Ethics Commission

Disclosure of Interested Parties to Contracts

(Required by *W. Va. Code* § 6D-1-2)

Contracting Business Entity: Ernst & Young LLP **Address:** 900 United Center
500 Virginia Street East
Charleston, WV 25301

Authorized Agent: Susan P. Wheeler **Address:** Same as Conracting Business Entity

Contract Number: FAR1800000005 **Contract Description:** An audit of the Single Audit of the State of West Virginia and the State Comprehensive Annual Financial Report (CAFR)

Governmental agency awarding contract: State of West Virginia

☐ **Check here if this is a Supplemental Disclosure**

List the Names of Interested Parties to the contract which are known or reasonably anticipated by the contracting business entity for each category below *(attach additional pages if necessary)*:

1. **Subcontractors or other entities performing work or service under the Contract**
   ☐ Check here if none, otherwise list entity/individual names below.
   Suttle & Stalnaker, PLLC
   Dearien & Company, A.C.
2. **Any person or entity who owns 25% or more of contracting entity (not applicable to publicly traded entities)**
   ☒ Check here if none, otherwise list entity/individual names below.
3. **Any person or entity that facilitated, or negotiated the terms of, the applicable contract (excluding legal services related to the negotiation or drafting of the applicable contract)**
   ☒ Check here if none, otherwise list entity/individual names below.

Signature: Susan Wheeler **Date Signed:** 04/17/2018

Notary Verification

State of West Virginia, County of Kanawha:

I, Susan P. Wheeler, the authorized agent of the contracting business entity listed above, being duly sworn, acknowledge that the Disclosure herein is being made under oath and under the penalty of perjury.

Taken, sworn to and subscribed before me this 17 day of April, 2018.

Susan Jarrett
Notary Public's Signature

To be completed by State Agency:

Date Received by State Agency: _____

Date submitted to Ethics Commission: _____

Governmental agency submitting Disclosure: _____

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SUSAN JARRETT
Ernst & Young LLP
[illegible]
My commission expires [illegible]

STATE OF WEST VIRGINIA
State Tax Department, Taxpayer Services
P.O. Box 885
Charleston, WV 25323-0885

Dale W. Steager, State Tax Commissioner

U.S. ACCOUNTING
ERNST & YOUNG U S LLP
1201 MAIN ST STE 1400
DALLAS TX 75202-5943

Letter Id: L1089281728
Issued: 04/09/2018

West Virginia State Tax Department

Statement of Good Standing

EFFECTIVE DATE: April 9, 2018

A review of tax accounts indicates that the above named taxpayer is in good standing as of the effective date of this document.

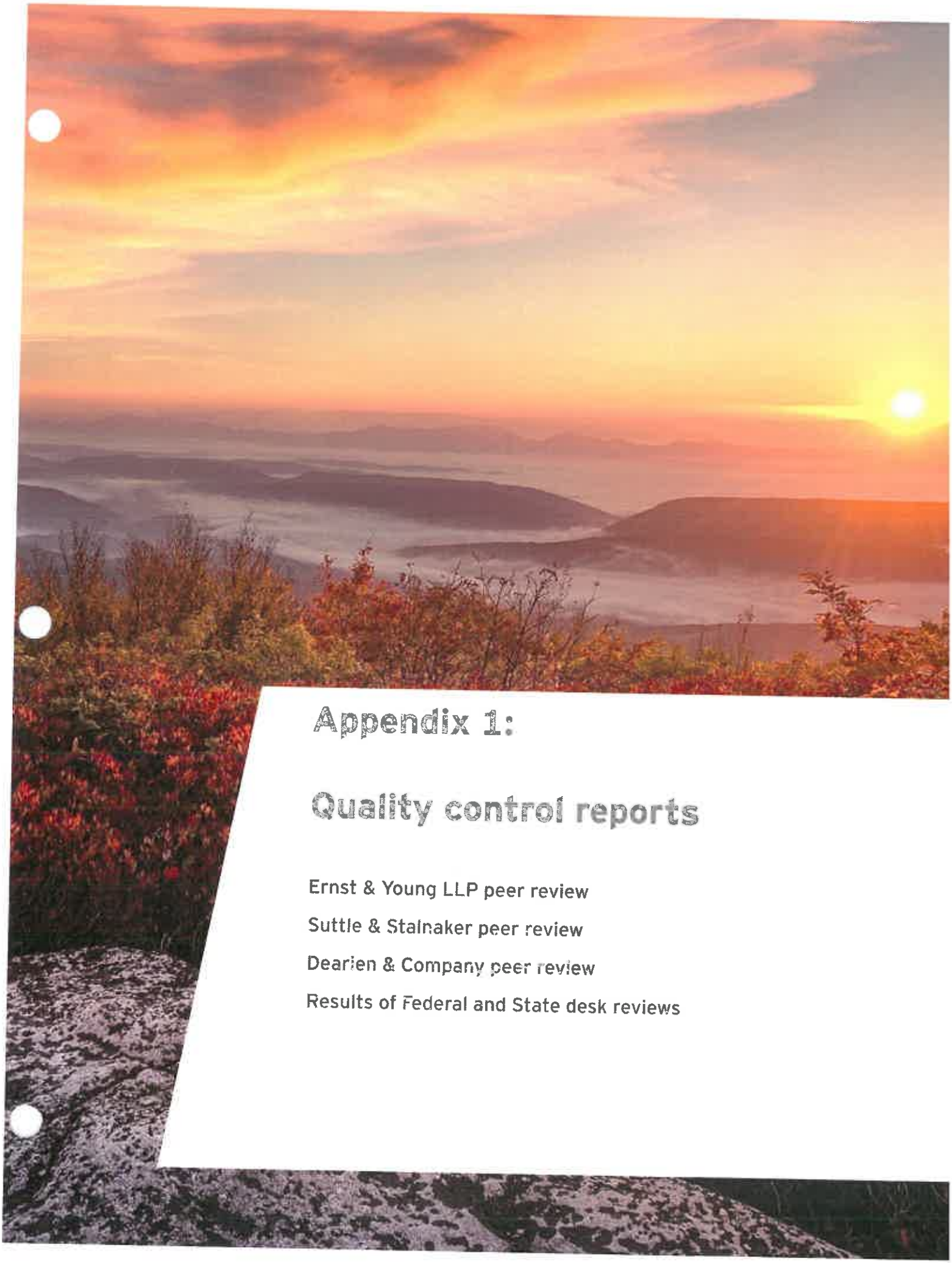
The issuance of this Statement of Good Standing shall not bar any audits, investigations, assessments, refund or credits with respect to the taxpayer named above and is based only on a review of the tax returns and not on a physical audit of records.

Sincerely,

Nicole Grant

Nicole Grant, Tax Unit Supervisor
Taxpayer Services Division

atL103 v.25



Appendix 1:

Quality control reports

Ernst & Young LLP peer review

Suttle & Stalnaker peer review

Dearien & Company peer review

Results of Federal and State desk reviews

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

System Review Report

To the Partners of Ernst & Young LLP
And the National Peer Review Committee of the AICPA Peer Review Board

We have reviewed the system of quality control for the accounting and auditing practice of Ernst & Young LLP (the Firm) applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended June 30, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The Firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the Firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, audits of carrying broker-dealers, and examinations of service organizations [Service Organization Control (SOC) 1 and SOC 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Ernst & Young LLP, applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended June 30, 2016, has been suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass, pass with deficiency(ies)* or *fail*. Ernst & Young LLP has received a peer review rating of *pass*.

KPMG LLP

December 2, 2016

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

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AICPA **Peer Review Program**
Administered by the National Peer Review Committee

American Institute of CPAs
220 Leigh Farm Road
Durham, NC 27707-8110

December 8, 2016

Stephen R Howe Jr
Ernst & Young LLP
5 Times Sq
New York, NY 10036

Dear Mr. Howe:

It is my pleasure to notify you that on December 8, 2016 the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is December 31, 2019. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Michael Fawley
Chair—National PRC
nprc@aicpa.org 919 4024502

cc: Scott Reynold Szabo; Martin G Shannon

Firm Number: 10019648 Review Number 462474

Letter ID: 1131948A

T: 1 919 402 4502 | F: 1 919 402 4478 | nprc@aicpa.org

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Kelley Galloway
Smith Goolsby, PSC
Certified Public Accountants and Advisors

1200 Corporate Court • P. O. Box 990 • Ashland, Kentucky 41105
• Phone (606) 329-1811 (606) 329-1171 • Fax (606) 329-8756 (606) 325-0590
• Web www.kgsgcpa.com Member of Allinial GLOBAL

Report on the Firm's System of Quality Control

To the Members of Suttle & Stalnaker, PLLC
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Suttle and Stalnaker, PLLC (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, and audits of employee benefit plans.

As part of our review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Suttle & Stalnaker, PLLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Suttle & Stalnaker, PLLC has received a peer review rating of *pass*.

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
December 6, 2017

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AICPA **Peer Review Program**
Administered by the National Peer Review Committee

American Institute of CPAs
220 Leigh Farm Road
Durham, NC 27707-8110

March 16, 2018

Robert Newton
Suttle & Stalnaker, PLLC
1411 Vrginia St E Ste 100
Charleston, WV 25301

Dear Robert Newton:

It is my pleasure to notify you that on March 14, 2018, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is November 30, 2020. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation and support of the profession's practice-monitoring programs.

Sincerely,

Michael Fawley
Chair - National PRC
nprc@aicpa.org 919-402-4502
National Peer Review Committee

CC: Phillip Layne, Christopher Deweese

Firm Number: 900010069900 Review Number: 551907

T 1.919.402.4502 | F 1.919.402.4876 | nprc@aicpa.org

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313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1368

Report on the Firm's System of Quality Control

November 3, 2017

To the Owner of Dearien & Company, A.C. and
the Peer Review Committee of the Illinois CPA Society

We have reviewed the system of quality control for the accounting and auditing practice of **Dearien & Company, A.C.** (the firm) in effect for the year ended June 30, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

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Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards* and a compliance audit under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Dearien & Company, A.C. in effect for the year ended June 30, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass, pass with deficiency(ies)* or *fail*. Dearien & Company, A.C. has received a peer review rating of *pass*.

Perry & Associates CPA's, A.C.
Marietta, Ohio

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AICPA

AICPA Peer Review Program

Administered in Illinois by the Illinois CPA Society for the following:

Illinois CPA Society | Iowa Society of CPAs | Kentucky Society of CPAs
South Carolina Association of CPAs | West Virginia Society of CPAs | Wisconsin Institute of CPAs

ILLINOIS CPA SOCIETY

February 08, 2018

Steven Dearien
Dearien & Company A.C.
405 Capitol St Ste 605
Charleston, WV 25301 1778

Dear Steven Dearien:

It is my pleasure to notify you that on February 08, 2018, the Illinois Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is December 31, 2020. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation and support of the profession's practice-monitoring programs.

Sincerely,

Paul Pierson

Paul Pierson, CPA
Senior Director, Peer Review and Professional Standards
peerreview@icpas.org 800-993-0407, then dial 6
Illinois CPA Society

CC: Jodey Altier

Firm Number: 900003869550 Review Number: 550397

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

OFFICE OF AUDIT SERVICES
NATIONAL EXTERNAL AUDIT REVIEW CENTER
1100 WALNUT STREET, SUITE 850
KANSAS CITY, MO 64106

MAR 30 2018

Report Number: A-03-18-33304

DAVE W. MULLINS,
ACTING FINANCE DIRECTOR
STATE OF WEST VIRGINIA
2101 WASHINGTON STREET EAST
BUILDING 17 3RD FLOOR
CHARLESTON, WEST VIRGINIA 25305

Dear Mr. Mullins:

We have completed our initial review of the audit report on the State for the period July 1, 2016, through June 30, 2017. The report was accepted by the Federal Audit Clearinghouse on March 1, 2018, (identification number 177452). Based on our initial review, we believe the audit, performed by ERNST AND YOUNG LLP, Certified Public Accountants, met Federal audit requirements.

As cognizant agency, we have distributed the audit results to other Federal departments whose programs are covered by the report.

Please refer to Attachment A, where we have summarized the findings and recommendations and identified the Federal department responsible for resolution. Other Federal departments will notify you with respect to resolution of their findings. Final determinations with respect to actions to be taken on Department of Health and Human Services (HHS) recommendations will be made by the HHS resolution agency identified on Attachment A. You may receive separate communications from the resolution agencies requesting additional information to resolve the findings.

Any questions or correspondence related to the findings identified on Attachment A should be directed to the following HHS resolution official address. The above report number should be referenced in any correspondence relating to this report.

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HHS RESOLUTION OFFICIAL

Please respond to this email address: auditresolution@hhs.gov
(please include the report number in the email subject line)

Department of Health and Human Services
Audit Resolution Division
HHH Building, Room 549D
200 Independence Avenue SW.
Washington, DC 20201

In accordance with the principles of the Freedom of Information Act (Public Law No. 90-23), reports issued on the Department's grantees and contractors are made available, if requested, to members of the press and general public to the extent that information contained therein is not subject to exemptions in the Act which the Department chooses to exercise. (See 45 CFR Part 5 Section 5.21 of the Department's Public Information Regulations.)

If you have any questions, please contact our office at (800) 732-0679.

Sincerely,



Patrick J. Cogley
Regional Inspector General for Audit Services

Enclosure

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ATTACHMENT A
Page 1 of 2

Report Number
A-03-18-33304

Recommendation Codes	*Page*	*Amount*	*Resolution Agency*	*Recommendations*
Auditors' Reports				
	4, 6, 28-37	N/A	Agriculture	2017-001, 2017-002, 2017-003, 2016-017.
212905100	6, 33-35	N/A	HHS/ARD	2017-002, 2016-017. DHHR Information System and Related Business Process Controls. This is a material weakness and a repeat finding. We recommend procedures be implemented to ensure 1) benefit payments are reviewed by the appropriate personnel and the review and approval be adequately documented and 2) system duties are adequately segregated.
211928100	6, 33-35	N/A	HHS/ARD	
217918100	4, 36-37	N/A	HHS/ARD	2017-003, Procurement Procedures. This is an instance of material noncompliance. We recommend procedures be strengthened to ensure procurement transactions are properly approved prior to the execution of contracts.
*306918100	4, 36-37	$3,204	HHS/CDC	- CDC: CFDA #93.074 $610, CFDA #93.758 $2,591.
	4, 6, 38-46	$5,953	Education	2017-004 through 2017-009, 2016-010, 2016-008, 2016-006, 2016-012.
306905100	6, 47-48	N/A	HHS/ACF	2017-010, 2016-016. TANF – Special Tests and Provisions – Sanction Controls. This is a material weakness and a repeat finding. We recommend procedures be implemented to ensure the supervisor's review and approval of sanctions is adequately documented and maintained.
*306901100	49-50	$665	HHS/ACF	2017-011, 2016-018. LIHEAP – Allowability and Eligibility. This is a repeat finding. We recommend procedures be strengthened to ensure benefit payment forms are approved prior to payment and any unallowable costs be determined and returned.

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ATTACHMENT A
Page 2 of 2

Report Number
A-03-18-33304

Recommendation Codes	*Page*	*Amount*	*Resolution Agency*	*Recommendations*
209905100	6, 51-52	N/A	HHS/ACF	2017-012, 2016-019. LIHEAP – Reporting Documentation. This is a material weakness and a repeat finding. We recommend procedures be implemented to ensure the data in the Annual Report on Households is accurate and reconciled to the supporting documentation.
212913100	6, 53	N/A	HHS/ACF	2017-013, 2016-020. CCDF Cluster – Disaster Recovery Plan. This is a material weakness and a repeat finding. We recommend formal policies and procedures be developed and implemented to ensure all regional child care agencies have a disaster recovery plan.
212923100	4, 7, 54	N/A	HHS/ACF	2017-014, 2016-021. CCDF Cluster – Special Tests and Provisions – Fraud Detection and Repayment. This is an instance of material noncompliance, a material weakness and a repeat finding. We recommend procedures be developed and implemented to ensure fraudulent claims are properly identified and reported in the appropriate period.
*306901101	4, 7, 55-56	$7,530	HHS/ACF	2017-015, 2016-022. Adoption Assistance – Eligibility Documentation. This is an instance of material noncompliance, a material weakness and a repeat finding. We recommend procedures be strengthened to ensure eligibility is properly determined and adoption case files contain the required eligibility documentation.
*306905101	57	$102	HHS/CMS	2017-016, Eligibility. We recommend procedures be strengthened to ensure eligibility determinations are properly documented and maintained in case files.
	4, 7, 58-66	N/A	DHS	2017-017 through 2017-021, 2016-024, 2016-027, 2016-025.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

OFFICE OF AUDIT SERVICES
NATIONAL EXTERNAL AUDIT REVIEW CENTER
1100 WALNUT STREET, SUITE 850
KANSAS CITY, MO 64106

JUL 21 2017

Report Number: A-03-17-32020

DAVE W. MULLINS
ACTING FINANCE DIRECTOR
STATE OF WEST VIRGINIA
2101 WASHINGTON STREET EAST
BUILDING 17 3RD FLOOR
CHARLESTON, WEST VIRGINIA 25305

Dear Mr. Mullins:

We have completed our initial review of the audit report on the State for the period July 1, 2015, through June 30, 2016. The report was accepted by the Federal Audit Clearinghouse on May 19, 2017, (identification number 177452). Based on our initial review, we believe the audit, performed by ERNST AND YOUNG LLP, Certified Public Accountants, met Federal audit requirements.

Uniform Guidance regulations at 2 CFR §200.512 requires recipients of Federal funding to submit copies of the audit report with completed reporting package and data collection form to the Federal Audit Clearinghouse (the Clearinghouse) within nine months after the end of the audit period. Please ensure future audits are performed and submitted to the Clearinghouse in a timely manner.

As cognizant agency, we have distributed the audit results to other Federal departments whose programs are covered by the report.

Please refer to Attachment A, where we have summarized the findings and recommendations and identified the Federal department responsible for resolution. Other Federal departments will notify you with respect to resolution of their findings. Final determinations with respect to actions to be taken on Department of Health and Human Services (HHS) recommendations will be made by the HHS resolution agency identified on Attachment A. You may receive separate communications from the resolution agencies requesting additional information to resolve the findings.

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Any questions or correspondence related to the findings identified on Attachment A should be directed to the following HHS resolution official address. The above report number should be referenced in any correspondence relating to this report.

HHS RESOLUTION OFFICIAL

Please respond to this email address: auditresolution@hhs.gov
(please include the report number in the email subject line)

Department of Health and Human Services
Audit Resolution Division
HHH Building, Room 549D
200 Independence Avenue SW.
Washington, DC 20201

In accordance with the principles of the Freedom of Information Act (Public Law No. 90-23), reports issued on the Department's grantees and contractors are made available, if requested, to members of the press and general public to the extent that information contained therein is not subject to exemptions in the Act which the Department chooses to exercise. (See 45 CFR Part 5 Section 5.21 of the Department's Public Information Regulations.)

If you have any questions, please contact our office at (800) 732-0679.

Sincerely,



Patrick J. Cogley
Regional Inspector General for Audit Services

Enclosure

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ATTACHMENT A
Page 1 of 3
Report Number
A-03-17-32020

Recommendation Codes	*Page*	*Amount*	*Resolution Agency*	*Recommendations*
Auditors' Report				
209908100	2, 29	N/A	HHS/ARD	2016-001, 2015-003. Financial Statement Close Process. This is a material weakness and a repeat finding. We recommend procedures be strengthened to ensure the financial statements are properly prepared in a timely manner.
004922100	2, 30-31	N/A	HHS/ARD	2016-002, 2015-004. Schedule of Expenditures of Federal Awards (SEFA). This is a material weakness and a repeat finding. We recommend procedures be implemented to ensure the SEFA is accurately prepared in a timely manner.
	4, 6, 32-36	N/A	DOL	2016-003, 2016-004, 2016-005.
	6, 37-48	N/A	Education	2016-006 through 2016-013, 2015-015, 2015-018, 2015-020.
*399927100	49-50	$42,951	HHS/CDC	2016-014. Schedule of Expenditure of Federal Awards/Misappropriation of Assets. We recommend procedures be developed and implemented to ensure 1) assets are adequately safeguarded and 2) any unallowable amounts are refunded.
*399901100	51	$301	HHS/ACF	2016-015. TANF – Eligibility. We recommend procedures be implemented to ensure benefit payments are allowable.
306905100	6, 52-53	N/A	HHS/ACF	2016-016, 2015-024. TANF – Special Tests and Provisions – Sanction Controls. This is a material weakness and a repeat finding. We recommend procedures be strengthened to ensure the issuance and/or removal of sanctions is adequately documented.

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ATTACHMENT A
Page 2 of 3
Report Number
A-03-17-32020

Recommendation Codes	*Page*	*Amount*	*Resolution Agency*	*Recommendations*
212905100	6, 54-57	N/A	HHS/ARD	2016-017, 2015-025. DHHR Information System and Related Business Process Controls. This is a material weakness and a repeat finding. We recommend procedures be implemented to ensure 1) benefit payments are reviewed by the appropriate personnel and the review and approval be adequately documented and 2) system duties are adequately segregated.
211928100	6, 54-57	N/A	HHS/ARD	
	6, 54-57	N/A	Agriculture	2016-017.
*306901100	4, 6, 58	$4,707	HHS/ACF	2016-018, 2015-026. LIHEAP – Allowability and Eligibility. This is an instance of material noncompliance, a material weakness and a repeat finding. We recommend procedures be strengthened to ensure 1) benefit payments are allowable and any unallowable costs be determined and returned and 2) participant files contain complete and required documentation.
306905101	4, 6, 58	N/A	HHS/ACF	
209905100	6, 59-60	N/A	HHS/ACF	2016-019. LIHEAP – Reporting Documentation. This is a material weakness. We recommend procedures be strengthened to ensure the Annual Report on Household is supported by adequate documentation.
212913100	6, 61-62	N/A	HHS/ACF	2016-020, 2015-027. CCDF Cluster – Disaster Recovery Plan. This is a material weakness and a repeat finding. We recommend procedures be developed and implemented to ensure all regional child care agencies have a disaster recovery plan.
212923100	6, 63-64	N/A	HHS/ACF	2016-021. CCDF Cluster – Special Tests and Provisions - Fraud Detection and Repayment Controls. This is a material weakness. We recommend procedures be implemented to ensure fraudulent claims are properly identified and reported.

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ATTACHMENT A
Page 3 of 3
Report Number
A-03-17-32020

Recommendation Codes	*Page*	*Amount*	*Resolution Agency*	*Recommendations*
*306901101	5, 6, 65	$4,039	HHS/ACF	2016-022, 2015-029. Adoption Assistance – Eligibility Documentation. This is an instance of material noncompliance, a material weakness and a repeat finding. We recommend procedures be strengthened to ensure eligibility is properly determined and adoption case files contain the required eligibility documentation.
	66	N/A	SSA	2016-023.
	4, 6, 67-76	N/A	DHS	2016-024 through 2016-029.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

OFFICE OF AUDIT SERVICES
NATIONAL EXTERNAL AUDIT REVIEW CENTER
1100 WALNUT STREET, SUITE 850
KANSAS CITY, MO 64106

JUL 29 2016

Report Number: A-03-16-30246

DAVE W. MULLINS
ACTING FINANCE DIRECTOR
STATE OF WEST VIRGINIA
2101 WASHINGTON STREET EAST
BUILDING 17 3RD FLOOR
CHARLESTON, WEST VIRGINIA 25305

Dear Mr. Mullins:

We have completed our initial review of the audit report on the State for the period July 1, 2014, through June 30, 2015. The report was received by the Federal Audit Clearinghouse on May 27, 2016, (identification number 177452). Based on our initial review, we believe the audit, performed by ERNST AND YOUNG LLP, Certified Public Accountants, met Federal audit requirements.

Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations" and 2 CFR 200 (Uniform Guidance) require recipients of Federal funding to submit copies of the audit report along with Form SF-SAC, "Data Collection Form for Reporting on Audits of States, Local Governments and Non-Profit Organizations", to the Federal Audit Clearinghouse (the Clearinghouse) within nine months after the end of the audit period. Please ensure future audits are performed and submitted to the Clearinghouse in a timely manner.

As cognizant agency, we have distributed the audit results to other Federal departments whose programs are covered by the report.

Please refer to Attachment A, where we have summarized the findings and recommendations and identified the Federal department responsible for resolution. Other Federal departments will notify you with respect to resolution of their findings. Final determinations with respect to actions to be taken on Department of Health and Human Services (HHS) recommendations will be made by the HHS resolution agency identified on Attachment A. You may receive separate communications from the resolution agencies requesting additional information to resolve the findings.

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Any questions or correspondence related to the findings identified on Attachment A should be directed to the following HHS resolution official address. The above report number should be referenced in any correspondence relating to this report.

HHS RESOLUTION OFFICIAL

Please respond to this email address: auditresolution@hhs.gov
(please include the report number in the email subject line)

Department of Health and Human Services
Audit Resolution Division
HHH Building, Room 549D
200 Independence Avenue SW.
Washington, DC 20201

In accordance with the principles of the Freedom of Information Act (Public Law No. 90-23), reports issued on the Department's grantees and contractors are made available, if requested, to members of the press and general public to the extent that information contained therein is not subject to exemptions in the Act which the Department chooses to exercise. (See 45 CFR Part 5 Section 5.21 of the Department's Public Information Regulations.)

If you have any questions, please contact our office at (800) 732-0679.

Sincerely,

Patrick J. Cogley
Regional Inspector General for Audit Services

Enclosure

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ATTACHMENT A
Page 1 of 3
Report Number
A-03-16-30246

Recommendation Codes	*Page*	*Amount*	*Resolution Agency*	*Recommendations*
Single Audit				
	31	N/A	Footnote A	2015-001, 2014-001. Tax Receipts and Refunds.
	32	N/A	EPA	2015-002.
209908100	2,33-34	N/A	HHS/ARD	2015-003, 2014-004. Financial Statement Close Process. This repeat finding is a material weakness. We recommend procedures be strengthened to ensure the financial statements are properly prepared.
004922100	2,35-36	N/A	HHS/ARD	2015-004, 2014-005. Schedule of Expenditures of Federal Awards (SEFA). This repeat finding is a material weakness. We recommend procedures be strengthened to ensure the SEFA is accurately prepared and is timely.
	37-38	N/A	Agriculture	2015-005, 2015-006.
212908100	39	N/A	HHS/ACF	2015-007. Subrecipient Information. We recommend procedures be strengthened to ensure subrecipients are provided all Federal awards information accurately and timely.
	40-42	N/A	Labor	2015-008 through 2015-010.
	43-44	$29,001	Transportation	2015-011, 2015-012.
	45-56	N/A	Education	2015-013 through 2015-021.
	55	N/A	SSA	2015-020.
332905100	57	N/A	HHS/ACF	2015-022. TANF: Work Participation Rate. We recommend procedures be strengthened to ensure the work participation rate review is supported by adequate documentation.
211901100	7,58	N/A	HHS/ACF	2015-023. TANF: Sanctions. This finding is a material weakness. We recommend procedures be implemented to ensure the information in RAPIDS is accurate and consistent.

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ATTACHMENT A
Page 2 of 3

Report Number
A-03-16-30246

Recommendation Codes	*Page*	*Amount*	*Resolution Agency*	*Recommendations*
306905100	7,59-60	N/A	HHS/ACF	2015-024, 2014-019. TANF: Sanctions Controls. This repeat finding is a material weakness. We recommend procedures be strengthened to ensure the issuance and removal of sanctions is adequately documented.
211928100	7,61-64	N/A	HHS/ARD	2015-025, 2014-016. DHHR Information System and Related Business Process Controls. This repeat finding is a material weakness. We recommend procedures be developed and implemented to ensure adequate segregation of duties exist and review policies are established over the FACTS and RAPIDS systems.
*306905101	4,7,65	$4,188	HHS/ACF	2015-026, 2014-021. LIHEAP: Allowability and Eligibility. This repeat finding is an instance of material noncompliance and a material weakness. We recommend procedures be strengthened to ensure benefit payments are allowable and are supported by adequate documentation.
212913100	7,66	N/A	HHS/ACF	2015-027, 2014-022. CCDF Cluster: Disaster Recovery Plan. This repeat finding is a material weakness. We recommend policies and procedures be developed and implemented to ensure all regional child care agencies have adequate disaster recovery procedures.
322905101	67	N/A	HHS/ACF	2015-028, 2014-023. Foster Care: Payment Rate Setting and Application. This is a finding. We recommend policies and procedures be implemented to ensure group residential rates are approved and supporting documentation is properly maintained.
*306905102	4,7,68	$2,469	HHS/ACF	2015-029, 2014-024. Adoption Assistance: Eligibility Documentation. This repeat finding is an instance of material noncompliance and a material weakness. We recommend procedures be strengthened to ensure the adoption assistance case files contain adequate documentation.

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ATTACHMENT A
Page 3 of 3
Report Number
A-03-16-30246

Recommendation Codes	*Page*	*Amount*	*Resolution Agency*	*Recommendations*
299919100	7,69-70	N/A	HHS/ACF	2015-030, 2015-025. SSBG: Earmarking. This repeat finding is a material weakness. We recommend procedures be developed and implemented to track and ensure compliance with the earmarking requirement.
#	#	#	#	Footnote A: This finding and related recommendation has not been identified for formal Federal resolution by HHS. Appropriate corrective action should be taken by the State as recommended by the auditors. This action could involve necessary financial adjustments to Federal program accounts and reports.

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NEAR Report Summary Sheet

Printed: 6/25/2015

Region: 03 **CIN Number: 20526** **Report ID: 104743** **Received: 6/14/2015**

Auditee: STATE OF WEST VIRGINIA
2101 WASHINGTON STREET EAST
BUILDING 17 3RD FLOOR
CHARLESTON, WV 25305

Auditee ID: 1026 EIN: 1556000771
Type: ST Cognizant: HHS

Message: W:\TOOLS\MISCELLANEOUS\GENERAL\STATE-INFO.DOC.

Primary Contact: DAVE W. MULLINS
Title: DEPUTY DIRECTOR OF F
Phone: (304) 558-6161
Fax: (304) 558-1950

Auditor: ERNST & YOUNG LLP
900 UNITED CENTER
500 VIRGINIA STREET EAST
CHARLESTON, WV 25301

Auditor ID: 1847
Type: O

Message:

Report Contact:
Title:
Phone: (304) 343-8971
Fax: (304) 357-6994

Audit Period 7/1/2013 through 6/30/2014

Coverage Code: A - GOVERNMENT - HHS COGNIZANT

Total Audited: $15,358,626,000
Federal Amount: $6,793,293,910
HHS Amount: $2,854,757,710

Source: C
MA Code: N
NEAR Alert: No
Fraud Memo: No

MR Findings: 0
WP Review: None
FAC Downloaded: Yes
FAC obkey: 177452
FAC File Version: 1

HHS Questioned / Avoided

By Auditors: $0 By Reviewers: $0

Program ID Codes:

0202, 0302, 0402, 0502, 0802, 1502, 0207, 0902
0803, 0403, 0314, 0309, 0307, 0304, 0207, 0306

Desk Review Codes:

Audit Lead Codes:

Report Messages:

Action	Finding Code	Amount
14	004922100	$0
14	209905100	$0
03	211922100	$0
14	211926100	$0
03	212913100	$0
14	213905100	$0
14	220923100	$0
03	299910100	$0
03	306905100	$0
03	306905101	$0
03	306905103	$0
02	306908160	$0
03	309922100	$0
03	332905100	$0

Reviewer: JD **Issue Code: NR** **Issue Date: 6/23/2015**

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Page 1 of 1

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Appendix 2:

Sample reports requested in section 4, paragraph 5.4

In accordance with Section 4.5.4 of the Mandatory Specification Checklist which states "the firm shall submit a copy of one (1) report issued in the last five (5) years that is similar to the engagement described in this CRFP," we have enclosed the following audit reports:

- West Virginia Comprehensive Annual Financial Report
- West Virginia State Single Audit
- West Virginia State Rail Authority
- West Virginia Enterprise Resource Planning (ERP) Board Service Organization Controls 1 Report

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West Virginia

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017

West Virginia

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2017



Jim Justice
Governor

John Myers
Cabinet Secretary
Department of Administration

David Mullins
Acting Finance Director
Department of Administration

Prepared by the Financial Accounting and Reporting Section



Governor Jim Justice

Jim Justice

Governor of West Virginia

To the Honorable Members of the West Virginia Legislature
and the Citizens of West Virginia:

I am pleased to provide you with the State of West Virginia's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2017. An independent certified public accounting firm has audited the basic financial statements contained in this report.

The CAFR demonstrates West Virginia's commitment to financial accountability and national standards. This document provides the Legislature and citizens of West Virginia with the state's financial data. It can be accessed on the Internet at www.finance.wv.gov.

This report was compiled with the help of individuals throughout state government. Each state agency provided clear, concise information to ensure the highest level of financial accountability.

Sincerely,

Jim Justice
Governor

State Capitol | 1900 Kanawha Blvd., East, Charleston, WV 25305 | (304) 558-2000

ACKNOWLEDGMENTS

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Taylor Cole
Sarah Long
Luke Murray

Special appreciation is given to all personnel throughout the State whose extra effort to contribute accurate, timely financial data for their agencies made this report possible. The technical support of West Virginia Our Advanced Solution with Integrated Systems (wvOASIS) has been invaluable. Thanks to the Division of Tourism for their pictorial and technical assistance.

We invite you to visit our website: http://www.finance.wv.gov.

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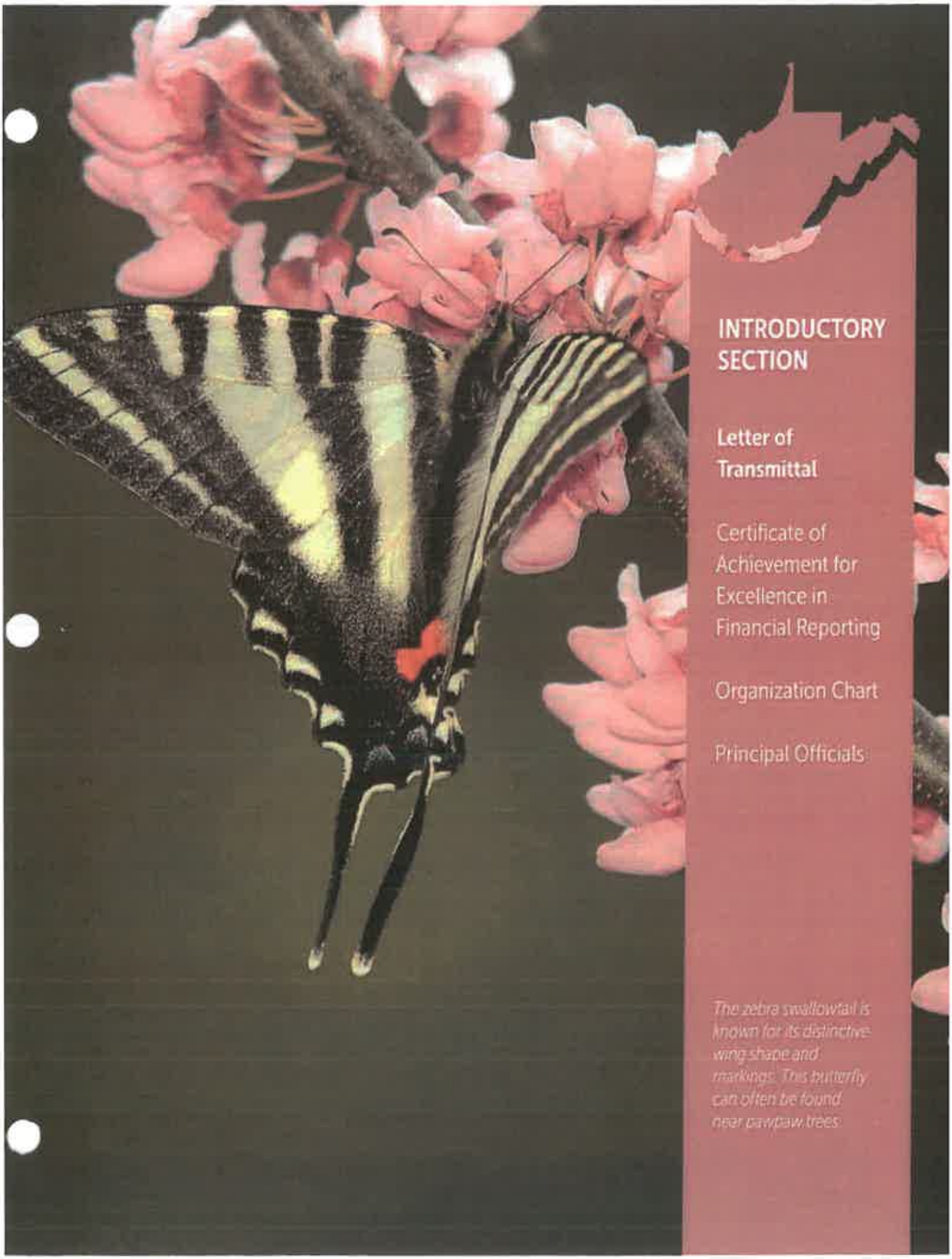
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STATE OF WEST VIRGINIA
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INTRODUCTORY SECTION

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

Organization Chart

Principal Officials

The zebra swallowtail is known for its distinctive wing shape and markings. This butterfly can often be found near pawpaw trees.

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION

JIM JUSTICE
GOVERNOR

JOHN A. MYERS
CABINET SECRETARY

December 31, 2017

The Honorable Jim Justice, Governor
The Honorable Members of the West Virginia Legislature
Citizens of the State of West Virginia

Dear Governor, Senators, Delegates and Citizens:

I am pleased to present the 2017 Comprehensive Annual Financial Report (2017 CAFR) of the State of West Virginia for the fiscal year ended June 30, 2017. This report was prepared by the Financial Accounting and Reporting Section (FARS) within the Finance Division of the Department of Administration (Management).

The 2017 CAFR was prepared in conformity with the reporting model outlined by the Governmental Accounting Standards Board (GASB) Statements No. 34 and No. 35, as amended, and other related statements. This reporting model's objective is to provide a clear picture of the government as a single, unified entity as well as to provide traditional fund-based financial statements. The State of West Virginia's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with generally accepted accounting principles in the United States (GAAP).

This independent audit of the financial statements of the State of West Virginia is part of a broader, federally mandated "Single Audit" designed to meet the requirements of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the basic financial statements, but also on West Virginia's internal controls and compliance with requirements applicable to major programs.

GAAP requires that Management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The State's MD&A can be found immediately following the Report of the Independent Auditors.

The 2017 CAFR consists of Management's representations concerning the financial information of the State of West Virginia. Consequently, Management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, Management of the State has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficiently reliable information for the preparation of the State's financial statements in conformity with GAAP. Because the cost of internal controls

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should not outweigh their benefits, the State's comprehensive framework of internal controls is designed to provide reasonable, rather than absolute, assurance that these financial statements are free from material misstatements. As Management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The State of West Virginia's financial statements were audited by Ernst & Young LLP. The independent auditors concluded, based upon their audit and the reports of other auditors, that there was a reasonable basis for rendering an unmodified opinion.

Profile of the Government

The State of West Virginia provides a full range of services including education, social and health services, transportation, public safety, conservation of natural resources, and economic development. In addition to general government activities, this report includes financial information regarding various discretely presented component units which are financially accountable to the State, or for which the nature and significance of their relationship with the State are such that their exclusion would cause this report to be misleading or incomplete. The criteria used to determine financial accountability of a particular entity are the appointment by a state official of a voting majority of the entity's governing body and (1) the ability of the State to impose its will on that entity or (2) the potential for the entity to provide specific financial benefits to or impose specific financial burdens on the State. See Note 1 (Summary of Significant Accounting Policies) for a comprehensive discussion of the criteria used in determining the State's financial reporting entity.

Budgetary control is maintained through legislative appropriations and the Executive Branch quarterly allotment process. Agencies submit budgetary requests to the State Budget Office. The State Budget Office compiles the Executive Budget on behalf of the Governor, who submits it to the Legislature. After the approval of the budget, the State Budget Office maintains control over the spending patterns of the State at the activity level and by use of the quarterly allotments. The State Auditor exercises control over spending at the annual appropriation level. All appropriations, except funds which are reappropriated, expire 31 days after fiscal year-end.

Economic Review

West Virginia leads the nation with its commitment to energy research and a diverse energy portfolio that includes not only coal, but natural gas, wind, hydroelectric, geothermal, biomass and solar.

The State has long been, and remains today, one of America's leading net exporters of electricity. West Virginia is a net supplier of electricity to the regional grid, and is among the five

top states in the nation in net interstate sales of electricity. West Virginia remains a leader in low cost energy.

The State is the second largest natural gas exporter in the region. This substantial increase in production can be attributed to the discovery of vast gas reserves in the Marcellus and Utica Shale formations beneath portions of the Appalachian region and the utilization of horizontal drilling techniques to access those reserves. The region's 6,000-foot-deep Marcellus Shale gas fields, extending from New York to West Virginia, are believed to contain more than 84 trillion cubic feet of recoverable natural gas, one of the world's largest natural gas fields.

West Virginia's cost of doing business is among the lowest in the country and ranks fourth best in CNBC's America's Top States for Business 2017 "cost of doing business" category. CNBC considers the competitiveness of each state's tax climate, state-sponsored incentives, utilities, wages, and rental costs for office and industrial space when determining a state's cost of doing business. West Virginia has the 19th most competitive tax code in the nation, according to the Tax Foundation's 2018 State Business Tax Climate Index.

West Virginia continues to diversify its economy, which includes industries such as chemicals and polymers, automotive, manufacturing, natural gas, aerospace, metals, identity technology, fulfillment distribution and building products.

Since the start of 2017, more than $1.5 billion has been invested in the State's economy through business attraction and expansion. During this same period, more than 4771 jobs were created or retained.

Global companies and organizations have selected West Virginia for their expansion because of its business climate and productive workforce. Below are examples of this economic growth in the State:

- China Energy has signed a Memorandum of Understanding (MOU) to invest $83 billion in shale gas development and chemical manufacturing projects in West Virginia. The projects will focus on power generation, chemical manufacturing, and underground storage of natural gas liquids and derivatives. Planning for the projects is underway and will proceed in phases over the course of 20 years. The MOU between China Energy and the State of West Virginia was the single largest investment in a series of recently announced projects in U.S. corporations and other states totaling a reported $250 billion of investment in the United States.
- Since opening in 1996, Toyota Motor Manufacturing West Virginia has demonstrated its confidence in West Virginia with numerous expansions and

millions in investment. Most recently, TMMWV announced it will invest $115.3 million to add a hybrid transaxle product line to the facility in Buffalo. These hybrid transaxles will be the first built outside of Japan. Production of the transaxles is scheduled to begin at the Buffalo, West Virginia, Toyota engine and transmission plant in 2020. This latest investment will ensure the company — and its more than 1,000 West Virginia employees — can continue to perform competitively well into the future.

- Hino Motors Manufacturing U.S.A. plans to expand its truck manufacturing and assembly operations in West Virginia. Hino Motors produces Class 6 and 7 conventional body style trucks. The company will move from its current 245,000-square-foot site in Williamstown into the significantly larger 962,000-square-foot former Coldwater Creek facility in Mineral Wells. The new facility will house several operations, including cab assembly currently handled in Japan. The plant is expected to be operational by 2019 and to create an estimated 250 new jobs by early 2020. The expansion represents a total investment of approximately $100 million.

- US Methanol has begun construction for its new methanol production facility in Institute in Kanawha County. The Liberty One plant will convert natural gas into methanol. The plant is expected to produce approximately 200,000 metric tons of methanol a year. US Methanol plans to supply high quality, made-in-the USA methanol to industrial customers by barge, rail and truck. High-grade methanol is valuable as a feedstock for resin and as material in the production of a wide range of products such as carpeting and plastic water bottles. The plant is expected to create up to 50 jobs. The West Virginia plant is US Methanol's first in the United States.

- The West Virginia Great Barrel Company revealed plans to build a manufacturing facility in Greenbrier County. The company will produce barrels from West Virginia white oak. The goal is to produce 125,000 barrels a year to serve the bourbon, whiskey and rye distilling industry. The West Virginia Great Barrel Company will create 113 new jobs in its manufacturing plant and another 25 new jobs in a stave mill and log yard. The 90,000-square-foot plant will be situated on a 23-acre site in White Sulphur Springs. The total project funding will be more than $30 million.

- Armacell, a world leader in engineered foams, will expand its crosslinked polyethylene block or "bun" manufacturing capabilities. The company will move from its 40,000-square-foot space to a 103,000-square-foot facility in

the city of Spencer. The new facility is scheduled to begin production during 2018. The expansion will add 20 new jobs, increasing the Spencer facility's workforce to 90 employees. The West Virginia plant will help support Armacell's East Coast customers.

- The Armstrong Flooring Corporation will add 85,000 square feet to its facility in the city of Beverly to create a distribution center. The expansion will allow the company to streamline its distribution capabilities by storing its finished flooring products on-site. Construction is expected to be completed by summer 2019. The Armstrong facility is the largest pre-finished hardwood flooring plant in the United States, producing oak, hickory and maple flooring.

- Solvay Technology Solutions has committed to doubling the manufacturing facility capacity of its Technology Solutions global business unit's high molecular weight (HMW) hindered amine light stabilizers (HALS) production facility in Willow Island in Pleasants County. Solvay will construct a second, fully independent HMW HALS manufacturing unit to complement its existing line at Willow Island. The $70 million investment is expected to create as many as 40 new jobs over the next two to three years. Construction is expected to be completed by mid-2019. The Solvay products provide ultraviolet light stabilization polymers that are used to extend the life and performance of plastic in outdoor conditions, outdoor construction and other uses.

- Italian-based TeMa North America plans to build its first North American manufacturing facility in the Burr Business Park in Kearneysville. The 42,000-square-foot plant is expected to create 30 jobs. The $10 million facility will produce insulation and drainage systems for residential, commercial and industrial use. Parent company TeMa Group is a European leader in the insulation, drainage and geotechnical sector.

- ROXUL announced plans to build a $150 million plant in Jefferson County. The 463,000 square-foot manufacturing facility will produce wool insulation for building insulation, customized solutions for industrial applications, acoustic ceilings and other applications. The plant is scheduled to be in production in 2020 and to create up to 150 new jobs. ROXUL is part of the ROCKWOOL Group, North America's largest producer of stone wool insulation. The West Virginia facility will be the second facility ROXUL has opened in the United States.

These investments reflect the increasingly diversified nature of the economy that West Virginia is building. West Virginia is well positioned as the ideal location for new and expanding companies that want to create good jobs in the State. West Virginia provides access to:

- A skilled and flexible workforce that has earned a reputation for dedication, loyalty and low turnover rate;
- A cost of doing business that is among the lowest in the country;
- Electricity rates that are 12 percent below the national average;
- A strategic location within an eight-hour drive to half the U.S. population and a third of the Canadian market;
- A community and technical college system that is highly responsive to business and workforce needs; and
- A high quality of life, low cost of living and unparalleled outdoor recreational activities.

Major Initiatives

The State of West Virginia focused on several major initiatives during FY 2017. Some of these initiatives are outlined below:

Pro-Growth Tax Reforms

West Virginia enacted significant business tax reductions between 2006 and 2011 to help boost future investment in the state's economy. The Corporation Net Income Tax rate was reduced from 9 percent to 6.5 percent. In addition, West Virginia eliminated the Business Franchise Tax, the Corporate Charter Tax, the Telecommunications Tax and a Business Registration Fee renewal requirement. The latest estimates project a net reduction of more than 70 percent in Corporation Net Income Tax for businesses over a decade.

Roads and Highways

During Fiscal Year 2017, the Department of Transportation ("DOT") continued work on several of its major initiatives around the State including Corridor H, Rock Creek Development Park, the New River Parkway, and the Route 11 Connector (to name a few). In conjunction with improvement of the road system through construction and upgrading, DOT has emphasized roadway and bridge preservation and renovation, with Highway construction and improvement

projects totaling 813, statewide. Rugged mountainous terrain and numerous streams and rivers characterize the topography of the State; consequently, West Virginia's road system includes 7,024 vehicular bridges. The DOT's bridge program, enhanced by a state-funded program that started in 1988, has allowed for the replacements, repairs and overlays of 34 bridges, including the Bridge Street Bridge in Grafton, the Yon-Peraldo Memorial Bridge in Bramwell, the Philippi Covered Bridge, the Phil G. McDonald Bridge along I-64 in Raleigh County, and the Birch River Bridge in Nicholas County (to name a few). Other accomplishments this year included the completion of 294 resurfacing projects of nearly 1,140 miles at a cost of approximately $129 million.

DOT also continued to improve the operating efficiency of its heavy equipment road maintenance fleet through the procurement of approximately $15 million in new replacement units during the fiscal year. The DOT continues to prioritize replacing equipment involved in its core maintenance functions.

State Park Enhancements

- The West Virginia state park system is a recognized leader in park systems in the United States, and features a multitude of full service restaurants, developed campgrounds, vacation lodges, golf courses, cabins ranging from pioneer to contemporary styles, conference centers, a tourist railroad, aerial tramways, rail trails, an island and a major ski resort.
- The system is comprised of 35 state parks, nine state forests, the Greenbrier River Trail, and the North Bend Rail Trail. The parks section manages or assists in managing more than 160,885 acres of public land and sees up to seven million visitors annually. Facility inventory includes 798 lodge rooms, 358 cabins, 1546 campsites, 144 picnic shelters and 549 playground units. More than 1,400 miles of hiking trails are provided across 46 areas.
- The park system serves as a strong foundation for the growing tourism industry as destination locations. According to the Outdoor Industry Association research, the outdoor recreation economy in West Virginia contributes 82,000 direct state jobs resulting in $2 billion in wages and salaries. Consumers spend $7.6 billion annually on outdoor recreation. The West Virginia State Park system helps make West Virginia a leader in outdoor recreation and the associated economic impact it provides.
- According to the Institute for Service Research, FY15 research study of the Economic Significance and Impacts of West Virginia's State Parks and Forests:

- In FY15, West Virginia State Parks and Forests attracted 7.1 million visitors.
- The total economic impact of West Virginia State Parks and Forests during FY15 was between $160.5 million and $189.5 million. Economic impact is a measure of fresh money infused into the state's economy that likely would have not be generated in the absence of the park system.
- Economic activity stimulated by visitation to West Virginia State Parks and Forests was associated with approximately $140.9 million in value-added effects, which is a measure of the park system's contribution to the gross domestic product of the state.

- Visitors to West Virginia's state parks and forests have an overwhelmingly safe and satisfying experience. The agency is constantly assuring the appropriate operations of complex facilities such as trams, excursion boats, marinas, historic structures, pools, lakes, dams, water and sewage systems, and similar facilities necessary for a pleasant visitor experience. Comment cards show a 94 percent excellent or good rating, demonstrating outstanding guest service.
- Since 1993 State Park operations have added 38 cabins; three major conference centers at Blackwater Falls, Cacapon and Pipestem; one major campground at Little Beaver; Chief Logan Lodge & Conference Center; a new 27-room lodge wing at Twin Falls; a lodge construction at Canaan with 160 guest rooms; overhaul of ski operations at Canaan Valley and major renovation of the sled run at Blackwater Falls.
- The West Virginia State Park system is continually focused on their mission of protecting natural resources, promoting outdoor recreation such as hiking, fishing, biking and canoeing, and educating visitors about the natural world through interpretative services and activities.

Workers' Compensation Reforms

West Virginia continues to reduce its workers' compensation rates. The loss costs have decreased for twelve consecutive filings since the privatization in January 2006. Employers will have saved $373 million since July 2006. The workers' compensation market is competitive, with more than 273 carriers providing workers' compensation.

Prior to the privatization, the unfunded liability for the State's Workers' Compensation Fund exceeded $3 billion. A plan was adopted to eliminate the unfunded liability and dedicate revenues from severance taxes, personal income taxes and specific lottery proceeds to eliminate the debt. During FY 2017, the State allocated approximately $8 million to reduce the unfunded liability. As of June 30, 2017, the unfunded liability for the Old Fund was $29 million.

Environmental Protection Initiatives

In Fiscal Year 2017, the West Virginia Department of Environmental Protection's Rehabilitation Environmental Action Plan (REAP) awarded 28 Recycling Assistance grants totaling more than $1.85 million to local governments, universities, private and nonprofit organizations for the purpose of planning, initiating, expanding, or upgrading recycling programs, providing related public education programs, and assisting in recycling market procurement efforts; 14 Covered Electronic Devices Recycling grants totaling more than $108,000 to conduct electronic collection events and programs; and 24 Litter Control grants totaling over $65,500 to initiate, continue, or expand local litter control programs.

The Abandoned Mine Lands and Reclamation Division (AMLR) completed 27 reclamation projects totaling $8.7 million; 4 waterline projects totaling $8.1 million; and 33 Emergency projects totaling $9.6 million. AMLR solicited bids for 32 AML reclamation projects at a cost of $12.3 million and 6 waterline construction projects at a cost of $16.8 million. These waterline projects brought drinking water to citizens whose drinking water was affected by mining activity that occurred before enactment of the Federal Mining Act in 1977. The Act requires companies to reclaim the land when mining ceases.

Through the Clean Water State Revolving Fund, DEP disbursed more than $66.8 million to communities for municipal sewer projects under construction; $280,404 to nonpoint source pollution control projects; $41.2 million in closing new loans on nine municipal construction projects; and issued fifteen additional preliminary binding commitment letters for future loans worth $79.5 million.

Long Term Financial Planning and Relevant Financial Policies

In order to continue disciplined financial management, the State adheres to certain financial policies and prepares a long-term financial plan.

Long-Term Financial Planning

The State's Six Year Financial Plan includes information on anticipated General and Lottery Funds revenues and expenditures over a six-year horizon with the goal of providing policymakers

and citizens a clear understanding of not only the current budget, but also the larger, long-term implications of budget decisions on the State's future fiscal outlook.

Financial Policies

Under current law, the State is required to deposit the first 50% of all surplus from the General Fund accrued during the fiscal year just ended into its Rainy Day Fund until the aggregate amount of the fund is equal to 13% of total appropriations from the fiscal year just ended. In Fiscal Year 2018, the State deposited $38 million in the State's Rainy Day Fund, which was 50% of the State's Fiscal Year 2017 General Fund surplus.

Strong Financial Performance

In 2017, fiscal accountability and unwavering policies enabled the State of West Virginia to operate through challenging national economic times. By staying the course of efficient business practices, West Virginia closed its 2017 fiscal year with a General Fund surplus of $76 million, after successfully closing a mid-year budget gap of $120 million with a combination of budget cuts, special revenue excess cash, and the use of reserve funds. West Virginia's Rainy Day Fund ranked fourth best in the country as a percentage of the State's General Revenue appropriations at 15.2 percent.

Conclusion

West Virginia continues to aggressively address the fiscal challenges associated with a changing economy. During Fiscal Year 2017, the State was able to manage its budgetary demands in a challenging economic environment. The collaborative work of the Governor and the members of the State Legislature ensured that financial and strategic decisions were made for the betterment of the State's citizens so that programs and services continue to operate efficiently. Meanwhile, our State's leadership also maintains a competitive atmosphere for current and future businesses to ignite job growth.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of West Virginia for its CAFR for the fiscal years ended June 30, 1997 through 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements. We are again submitting it to the GFOA for consideration. Other State entities that have been awarded the Certificate of Achievement include the Board of Risk and Insurance Management, the Consolidated Public Retirement Board, the Department of Transportation, the Housing Development Fund, the Parkways Authority, the West Virginia Lottery, the Board of Treasury Investments and the West Virginia Prepaid College Plan.

Acknowledgments

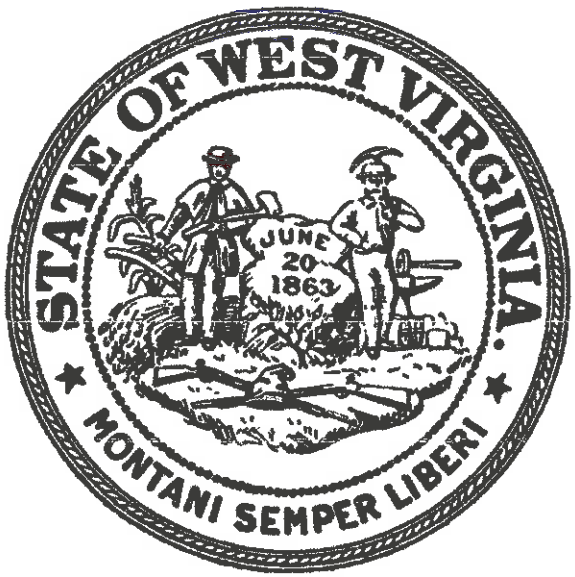
The annual budget document, prepared by the State Budget Office, provides additional information related to budget priorities and goals, including acknowledgement of significant accomplishments of various agency programs. The budget document has received the GFOA's Award for Distinguished Budget Presentation Program for the fiscal years 1997 through 2017 budgets.

The 2017 CAFR is an example of Governor Justice's unwavering belief in, and commitment to, the State's fiscal responsibility and accountability. Acknowledgment is given to the State Legislature and its leadership for their shared commitment to sound budgeting and to meeting the financial obligations of the State. This report would not be possible without the support of all West Virginia state agencies. The State's continued success directly depends on their cooperation and support.

Sincerely,

John A. Myers

JM/cjn


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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of West Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

ORGANIZATION CHART



Legislative

- Senate
- House of Delegates
- Legislative Auditor
- Legislative Services

Executive

- Governor
  Jim Justice
- Treasurer
  John D. Perdue
- Auditor
  J.B. McCuskey
- Attorney General
  Patrick Morrisey
- Agriculture
  Kent Leonhardt
- Secretary of State
  Mac Warner

Judicial

- Supreme Court
- Circuit Courts
- Magistrate Courts
- Family Courts

- Dept. of Administration
  John Myers
  Cabinet Secretary
- Dept. of Education and the Arts
  Gayle Manchin
  Cabinet Secretary
- Dept. of Health and Human Resources
  Bill Crouch
  Cabinet Secretary
- Dept. of Military Affairs and Public Safety
  Jeff Sandy
  Cabinet Secretary
- Dept. of Revenue
  Dave Hardy
  Cabinet Secretary
- Dept. of Transportation
  Tom Smith
  Cabinet Secretary
- Dept. of Commerce
  Woody Thrasher
  Cabinet Secretary
- Dept. of Environmental Protection
  Austin Caperton
  Cabinet Secretary
- Dept. of Veterans Assistance
  Dennis Davis
  Deputy Cabinet Secretary
- Bureau of Senior Services
  Robert Roswall
  Commissioner
- Dept. of Education
  Steven Paine
  Superintendent of Schools
- Community and Technical College Education
  Sarah Armstrong Tucker, Ph. D.
  Chancellor
- Higher Education Policy Commission
  Dr. Paul Hill
  Chancellor
- Regulatory Boards and Commissions

State of WEST VIRGINIA

Principal Officials

Executive Branch

Governor
Jim Justice

Agriculture Commissioner
Kent Leonhardt

Attorney General
Patrick Morrisey

State Auditor
J.B. McCuskey

Secretary of State
Mac Warner

State Treasurer
John D. Perdue

Legislative Branch

Senate President
Mitch Carmichael

Speaker of the House
Tim Armstead

Chairman
Senate Finance
Craig Blair

Chairman
House Finance
Eric Nelson

Judicial Branch

Supreme Court Chief Justice
Allen H. Loughry, II

Supreme Court Justice
Robin Jean Davis

Supreme Court Justice
Menis E. Ketchum, II

Supreme Court Justice
Beth Walker

Supreme Court Justice
Margaret Workman



FINANCIAL SECTION

Report of Independent Auditors

Management's Discussion and Analysis

West Virginia's state animal, the black bear, is the smallest and most widely distributed bear species in North America.

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Report of Independent Auditors

The Honorable Jim Justice, Governor
of the State of West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of West Virginia (the State), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain entities or funds within the governmental activities, the business-type activities, the aggregate discretely presented component units, certain major funds, and the aggregate remaining fund information, which represent 59 percent of total assets, 73 percent of net position, and 12 percent of total revenues for the governmental activities; 100 percent of total assets, 100 percent of net position, and 99 percent of total revenue for the business-type activities; 100 percent of total assets, net position, and revenues for the aggregate discretely presented component units; 95 percent of total assets, 90 percent of fund balance, and 98 percent of revenues of the major Transportation Special Revenue Fund; 100 percent of total assets, fund balance/net position, and revenues of each of the following major funds—Tobacco Settlement Finance Authority, Workers' Compensation, Unemployment Compensation, and West Virginia Infrastructure and Jobs Development Council; and 93 percent of total assets, 94 percent of net position/fund balance, and 59 percent of the total revenues/additions for the aggregate remaining fund information, respectively. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for certain entities or funds within the governmental activities, business-type activities, aggregate discretely presented component units, certain major funds, and certain entities or funds within the aggregate remaining fund information, is based solely on the reports

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of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of West Virginia, at June 30, 2017, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, budgetary comparison, Schedule of the State's Proportionate Share of the Net Pension Liability, Schedules of State Contributions and Schedules of Changes in the State's Net Pension Liability, and Related Ratios on pages 201 through 218 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained

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during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The combining and individual nonmajor fund financial statements, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Ernst + Young LLP

December 30, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the State of West Virginia's Comprehensive Annual Financial Report presents management's discussion and analysis of the State's financial performance during the fiscal year ended June 30, 2017. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and the State's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-wide:

The assets and deferred outflows of resources of the primary government exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $7 billion, reported as net position. Governmental activities reported $4.9 billion in net position, a $96.8 million increase, up 2% from last year, while the business-type activities reported net position of $2.1 billion, a $149 million increase.

Fund Level:

At year-end, the governmental funds reported combined fund balances of $836 million, a decrease of $3.4 million, or 0.41% lower than the prior year. The unrestricted fund balance, including the committed, assigned, and unassigned balances, was $(203) million. The nonspendable balance was $737 million, and $302 million was restricted to capital projects, debt service, general government operations, development tourism and recreation, education, health and social services, public protection, and transportation. General Revenue cash surpluses allowed $38 million to be transferred to the Revenue Shortfall Reserve Fund (Rainy Day Fund); this transfer was up from the previous year by $23.6 million.

Long-Term Obligations:

There was a net increase in the State's long-term obligations of $894 million. The Governmental Activities increased by $991 million and the Business-type Activities decreased by $97 million. The net increase of $894 million consisted of an increase in net pension liability in the amount of $829 million, a reduction of payments on bonds, capital leases, and notes payable in the amount of $13 million, an increase in accrued and other liabilities in the amount of $166 million, and a reduction in insurance and compensation benefits in the amount of $88 million. The increase in accrued and other liabilities is related to a $149 million increase in Medicaid, a $41 million increase for mine reclamation, an increase in other accrued liabilities of $7 million, an increase in tax refunds of $6 million, and an offset of $37 million in claims & judgments.

The insurance and compensation benefits liability decreased approximately $88 million. The decrease consisted of $4 million at the Board of Risk and Insurance Management due to a decrease in estimated claims expense, $55 million in the Workers' Compensation Fund due to the decrease in the claims liability of the closed fund, $16 million at the Public Employee's Insurance Agency due to a decrease in the premium deficiency reserve, and

$13 million in Unemployment Compensation due to a projected decrease in claims. See Note 14 for a more detailed explanation about risk management.

See Notes 10 and 11 for more information relating to bonds, capital leases, and notes payable.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the State of West Virginia's basic financial statements. The basic financial statements include: the government-wide financial statements, fund financial statements, and notes to the financial statements.

The basic financial statements include two kinds of statements that present different views of the State. The statement of net position and the related statement of activities are *government-wide financial statements* that provide both long-term and short-term information about the State's overall financial status. The remaining statements are *fund financial statements* that focus on individual parts of the State's government, reporting the State's operations in more detail than the government-wide statements. The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that presents budgetary comparisons and pension information as required by the Governmental Accounting Standards Board (GASB). In addition to these required elements, we have included *combining financial statements and schedules* section that provides details about our nonmajor governmental funds, nonmajor proprietary funds, fiduciary funds, and nonmajor discretely presented component units, each of which are added together and presented in single columns in the basic financial statements.

Government-wide Statements (Reporting the State as a Whole)

The statement of net position and the statement of activities together comprise the government-wide statements, which report information about the State as a whole using the full accrual basis of accounting similar to those used by private-sector companies. This means all revenues and expenses are recognized regardless of whether cash has been received or paid, and all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term debt, are reported at the entity level.

The government-wide statements report the State's *net position*, the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources, and how they have changed from the prior year. In evaluating the State's overall condition, additional nonfinancial factors should be considered, such as the State's economic outlook, changes in its demographics, and the condition of its capital assets, including infrastructure.

The activities on the government-wide financial statements are divided into three categories:

- *Governmental activities* – Most of the State's basic services are included under these activities, such education, health and human resources, military affairs and public safety, judicial, and administration. Personal income taxes and consumer sales taxes finance most of these activities.

- *Business-type activities* – The State charges fees to customers to help it cover all or a significant portion of the costs of certain services it provides. The Public Employees' Insurance Agency and the Board of Risk and Insurance Management, among other funds, are examples of these activities.

- *Component units* – The State includes several other entities in its report for which it is financially accountable, such as the West Virginia Housing Development Authority; West Virginia Lottery; Parkways Authority; and Higher Education. Separately issued financial statements are also available for the component units.

Fund Financial Statements

The fund financial statements provide more detailed information about the State's *major funds*, not the State as a whole. Funds are accounting devices that the State uses to track specific sources of funding and spending for particular purposes. Certain funds are required by the West Virginia Constitution and others are required by bond covenants. The State Legislature establishes other funds to control and manage money for particular purposes or to show that certain taxes and grants are used properly.

The State has three kinds of funds:

- *Governmental funds* – Most of the State's basic services are included in governmental funds, which focus on (1) *cash and other financial assets* that may readily be converted to cash flow in and out and (2) the balances left at year-end available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view to help determine whether there are more or fewer financial resources that may be spent in the near future to finance the State's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the pages immediately following each statement, explaining the relationship (or differences) between them and the government-wide statements.

- *Proprietary funds* – Proprietary funds include enterprise funds and internal service funds. They account for state activities that are operated in a manner similar to private-sector businesses. Like the government-wide statements, proprietary fund statements are presented using the accrual basis of accounting and provide both long- and short-term financial information. Services for which the State charges external customers a fee are generally reported in enterprise

funds. Activities where customers are mostly other state agencies are accounted for in internal service funds. The internal service funds are consolidated with the governmental activities on the government-wide statements because they predominantly benefit the governmental rather than business-type activities.

- *Fiduciary funds* – Fiduciary funds account for assets held for the benefit of parties outside of state government. The State is the trustee, or *fiduciary*, for its employees' pension plans and other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The State is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the State's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position, where applicable. These funds are excluded from the State's government-wide financial statements because the State cannot use these assets to finance its operations.

Reconciliation Between Government-wide and Fund Statements

The financial statements contain schedules that reconcile the differences between the government-wide financial statements (long-term focus, accrual accounting) and the fund financial statements (short-term focus, modified accrual accounting). The following summarizes the primary differences between modified accrual to accrual accounting:

- Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements.

- Capital outlay spending results in expenditures on the governmental fund statements; however, on the statement of activities, the cost of capital assets is allocated over their useful lives as depreciation expense. The excess of capital outlay over depreciation expense is included on the government-wide statement of activities.

- Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces the long-term liabilities on the government-wide statement of net position.

- Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net revenue of the internal service funds are reported with governmental activities on the government-wide statements.

- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statements, but are deferred inflows of resources on the governmental fund statements.

- Some revenues and expenses reported in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as revenues and expenditures in the funds.

- Net pension liabilities or assets along with related deferrals are reported on the government-wide statements, but not reported in the funds.

Notes to the Financial Statements

The notes provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

Required Supplementary Information

Following the basic financial statements is the required supplementary information related to budgetary comparison schedules for the governmental funds with legally adopted annual budgets and pension information for pension plans along with notes with explanatory information.

Combining Financial Statements and Schedules

The combining financial statements and schedules include combining statements for the State's nonmajor governmental funds, nonmajor proprietary funds, fiduciary funds, and nonmajor discretely presented component units.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Comparing June 30, 2017 to June 30, 2016, government-wide balances, current and other assets increased $176 million due to an increase of $170 million in Due From Other Governments because of new Medicaid programs which increased the Federal Match. Current and other liabilities from June 30, 2016 to June 30, 2017, increased $136 million due to an increase in accrued and other liabilities of $149 million mainly due to Medicaid liability and a decrease of $10 million in Accounts Payable. The changes in deferred outflows and inflows of resources are due to the allocation of pensions. Significant changes in capital assets and long-term liabilities are discussed later in the management's discussion and analysis.

The State's combined net position, governmental and business-type, increased $246 million over the course of this fiscal year's operations. The net position of the governmental activities increased $97 million, and the net position of the business-type activities increased $149 million.

Net Position as of June 30 (Expressed in Thousands)	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016 *(Restated)	2017	2016	2017	2016 *(Restated)
Current and Other Assets	$ 4,253,582	$ 4,106,848	$ 4,193,111	$ 4,164,338	$ 8,446,693	$ 8,271,186
Capital Assets	9,570,027	9,520,204	2,863	2,940	9,572,890	9,523,144
Total Assets	13,823,609	13,627,052	4,195,974	4,167,278	18,019,583	17,794,330
Deferred Outflows of Resources	1,512,447	736,974	3,723	3,693	1,516,170	740,667
Current and Other Liabilities	3,372,266	3,187,960	380,848	428,726	3,753,114	3,616,686
Long-term Liabilities	6,728,432	5,888,460	1,723,187	1,791,078	8,451,619	7,679,538
Total Liabilities	10,100,698	9,076,420	2,104,035	2,219,804	12,204,733	11,296,224
Deferred Inflows of Resources	292,779	441,784	373	5,269	293,152	447,053
Net Position:						
Net Investment in Capital Assets	8,996,053	8,986,789	2,863	2,940	8,998,916	8,989,729
Restricted	402,490	422,147	1,809,614	1,741,004	2,212,104	2,163,151
Unrestricted (Deficit)	(4,455,964)	(4,563,114)	282,812	201,954	(4,173,152)	(4,361,160)
Total Net Position	$ 4,942,579	$ 4,845,822	$ 2,095,289	$ 1,945,898	$ 7,037,868	$ 6,791,720

* See Note 2 for restatement.

Net Position

The largest component of the State's net position is the amount invested in capital assets (e.g., land, buildings, equipment, infrastructure, and others), less any related debt outstanding needed to acquire or construct the assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. Capital assets are used to provide services to citizens; therefore, they are not available for future spending or to pay off their related liabilities. Net position unrestricted, increased $188 million. This is due to an increase in grants and contributions primarily in the following agencies: Health and Human Resources, Homeland Security and Emergency Management, and Department of Agriculture.

Restricted net position comprises 31.43% of total net position and is subject to constitutional, legal, or external constraints on how they can be used. Net position that is restricted include funds for construction projects, debt service, lending activities, insurance activities, transportation, public protection, and economic development and tourism programs of the State.

Changes in Net Position

The chart below represents financial information derived from the government-wide statement of activities and reflects the State's total revenues, expenses, and changes in net position for the years ended June 30, 2017 and 2016 (expressed in thousands):

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues:						
Charges for Services	$ 431,105	$ 428,877	$ 1,008,535	$ 1,230,111	$ 1,439,640	$ 1,658,988
Operating Grants and Contributions	5,151,321	4,774,274	—	—	5,151,321	4,774,274
Capital Grants and Contributions	531,826	456,222	—	—	531,826	456,222
General Revenues:						
Personal Income Tax	1,830,106	1,849,056	—	—	1,830,106	1,849,056
Consumer Sales Tax	1,312,353	1,291,813	—	—	1,312,353	1,291,813
Business Taxes	581,896	640,081	—	—	581,896	640,081
Transportation Taxes	593,158	605,403	—	—	593,158	605,403
Other Taxes	627,091	526,348	—	—	627,091	526,348
Lottery Revenue	336,294	342,702	31,500	42,735	367,794	385,437
Other Revenues	241,504	226,837	173,543	37,652	415,047	264,489
Total Revenues	11,636,654	11,141,613	1,213,578	1,310,498	12,850,232	12,452,111
Program Expenses:						
Legislative	24,189	25,766	—	—	24,189	25,766
Judicial	134,351	133,702	—	—	134,351	133,702
Executive	176,485	139,580	—	—	176,485	139,580
Administration	262,684	234,542	—	—	262,684	234,542
Commerce	166,225	166,129	—	—	166,225	166,129
Environmental Protection	173,689	84,533	—	—	173,689	84,533
Employment Programs	55,231	48,173	—	—	55,231	48,173
Education	2,777,727	2,708,236	—	—	2,777,727	2,708,236
Health and Human Resources	5,810,783	5,352,930	—	—	5,810,783	5,352,930
Military Affairs and Public Safety	502,408	417,604	—	—	502,408	417,604
Revenue	89,178	78,504	—	—	89,178	78,504
Transportation	1,153,708	1,183,397	—	—	1,153,708	1,183,397
Veterans Assistance	20,572	20,588	—	—	20,572	20,588
Regulatory Board and Commissions	41,934	47,680	—	—	41,934	47,680
Senior Services	53,909	44,037	—	—	53,909	44,037
Interest on Long-term Debt	110,722	112,273	—	—	110,722	112,273
Workers' Compensation Fund	—	—	134,443	202,406	134,443	202,406
Unemployment Compensation	—	—	169,197	509,796	169,197	509,796
West Virginia Infrastructure and Jobs Development Council	—	—	23,941	60,622	23,941	60,622
Water Pollution Control Revolving Fund	—	—	3,467	4,745	3,467	4,745
Public Employees' Insurance Agency	—	—	552,882	542,825	552,882	542,825
Board of Risk and Insurance Management	—	—	66,152	67,650	66,152	67,650
Other Nonmajor Business-type Activities	—	—	98,901	103,294	98,901	103,294
Total Expenses	11,553,795	10,797,674	1,048,983	1,491,338	12,602,778	12,289,012
Increase (Decrease) in Net Position, Before Transfers	82,859	343,939	164,595	(180,840)	247,454	163,099
Transfers	15,204	(108,778)	(15,204)	108,778	—	—
Increase (Decrease) in Net Position	98,063	235,161	149,391	(72,062)	247,454	163,099
Net Position, Beginning of Year as Originally Reported	4,845,822	4,610,661	1,945,898	2,017,960	6,791,720	6,628,621
Restatement (Note 2)	(1,306)	—	—	—	(1,306)	—
Net Position, Beginning of Year, as Restated	4,844,516	4,610,661	1,945,898	2,017,960	6,790,414	6,628,621
Net Position, End of Year	$ 4,942,579	$ 4,845,822	$ 2,095,289	$ 1,945,898	$ 7,037,868	$ 6,791,720

Governmental Activities

For the year ended June 30, 2017, the State's change in net position before transfers decreased by $261 million for governmental activities. Revenues were higher by $495 million and expenses were higher $756 million comparing the years ending June 30, 2017 and 2016. Overall tax revenue increased $47 million from the previous year. This is due primarily to an increase in severance tax caused by a rebound in oil and natural gas prices. This increase was offset by a decrease in business taxes due to the closing of older plants and lower profits particularly from the depressed energy sector, thus less tax was collected. There was also an increase in operating grants and contributions of $377 million, which is related to Department of Health and Human Resources (DHHR) for Medicaid and other DHHR programs. There was an increase in capital grants and contributions of approximately $76 million of which $74 million was for the Department of Transportation and was related to Fixing America's Surface Transportation Act (FAST).

Program expenses increased $756 million in total. DHHR expenses were up $458 million due to an increase in eligibility in Medicaid, partially due to the Affordable Care Act. In addition, the Department of Environmental Protection expenses were up $89 million in part due to mine reclamation, Military Affairs and Public Safety had an increase in expenses of $85 million, along with the Department of Education which had an increase in expenses of $69 million for construction and maintenance of school facilities both related to the damage incurred with the 2016 flooding.

The charts on the next page depict revenues and expenses, respectively, of the governmental activities for the fiscal year. Approximately 37.1% of the total revenues came from personal income, consumer sales, business taxes, and transportation taxes, while 48.8% was in the form of grants and contributions (see Chart A). The State's governmental activities expenses include 50.8% for health and human resources and 24.3% for education (see Chart B).

Chart A

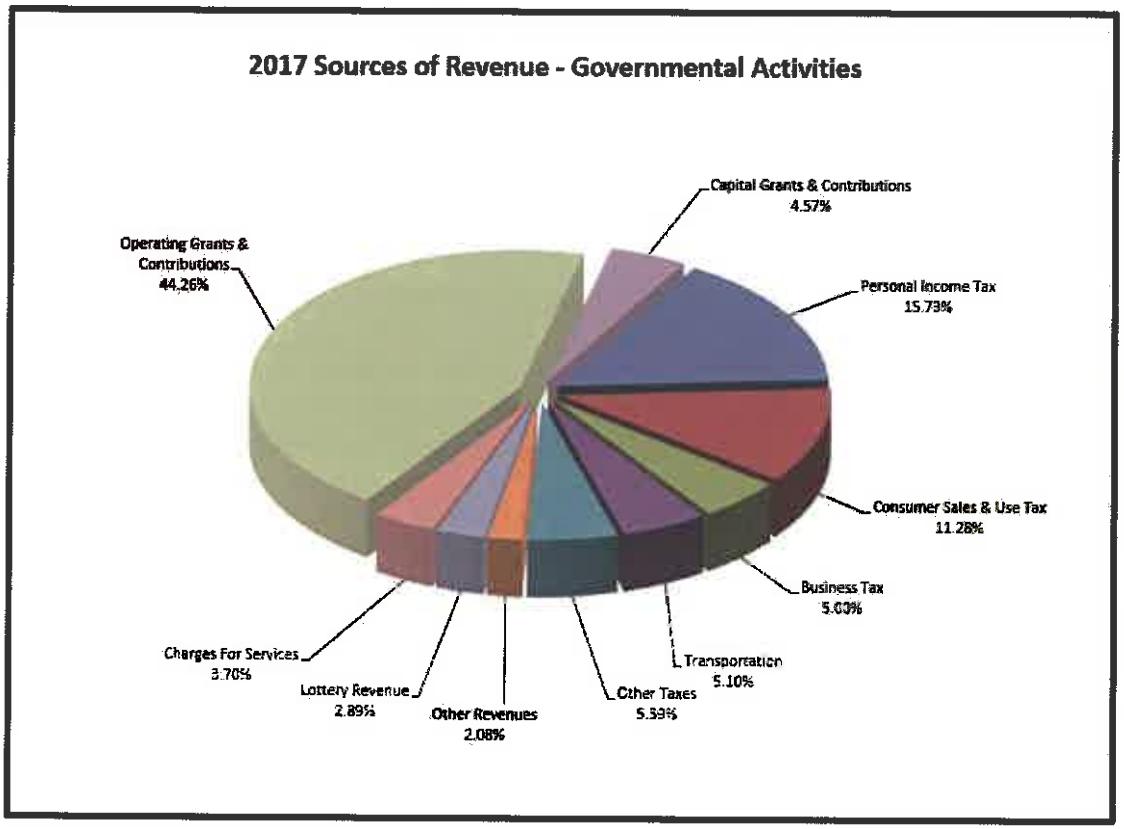
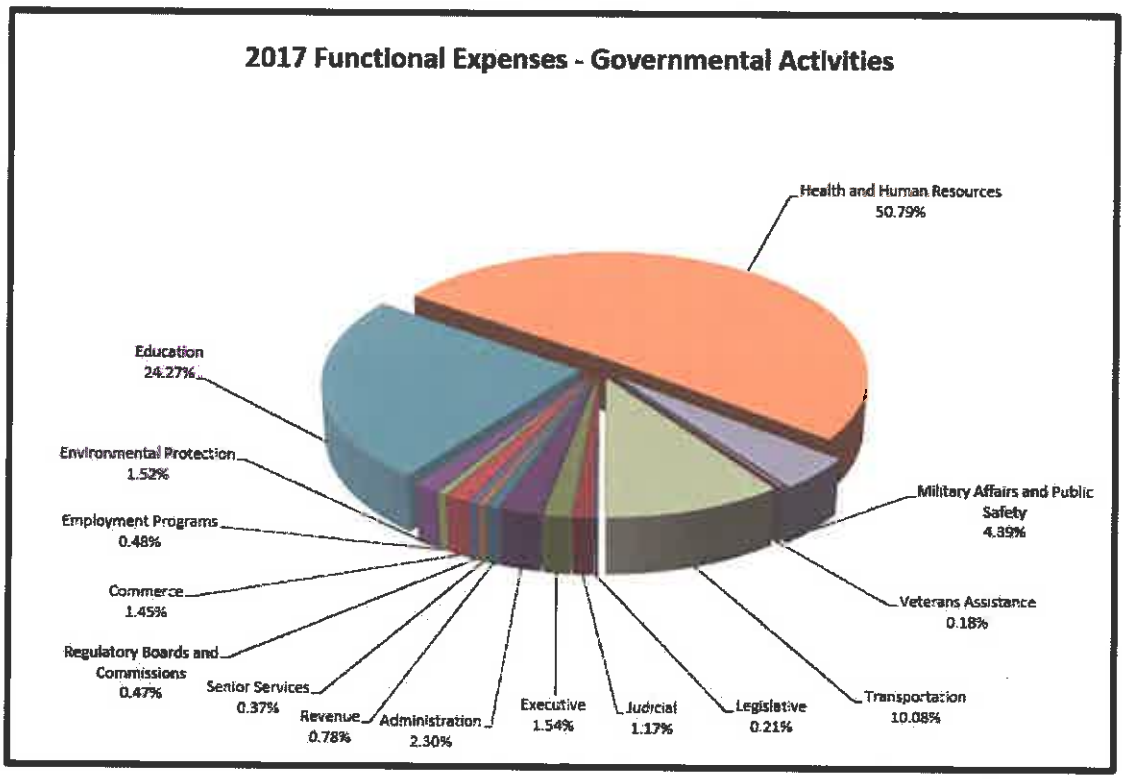


Chart B



Business-type Activities

For fiscal year 2017, business-type activities increased the State's net position by $165 million before transfers. Significant contributors to this change were:

- The Unemployment Compensation Fund had a $113 million increase in net position before transfers. Revenues were lower by $227 million and expenses were lower by $340 million comparing the years ending June 30, 2017 and 2016.

- The Workers' Compensation Fund (WCF) had a $112 million increase in net position before transfers. Revenues were lower by $70 million and expenses were lower by $68 million comparing the years ending June 30, 2017 and 2016. This change is, among other factors, due to the net of increase of $115 million in investment income from FY 2016, due to changes in fair values of investment.

- West Virginia Infrastructure and Jobs Development Council had a $28 million increase in net position before transfers. The receipt of excess lottery revenues was $10 million less than prior year and infrastructure & economic development expenses decreased $40 million, and loss on uncollectible loans decreased $1.5 million.

- West Virginia Public Employees Insurance Agency saw a $73 million increase in net position before transfers. Revenues increased $69 million due to insurance premium increases, and expenses increased $10 million due to an increase in drug claims expenses. Investment Income also increased $14 million. This is due to investment appreciation because of a favorable market experience.

- West Virginia Board of Risk and Insurance Management (BRIM) recorded an increase in net position before transfers of $10 million. This was due to an increase in premiums of $6 million, a decrease in expenses of $4 million for claims and adjustments.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements.

At the end of the current fiscal year, the State's governmental funds reported a fund balance of $836 million, a decrease of $3 million in comparison to that of the prior year.

There was a net increase in revenue of $502 million. Total tax revenues increased by $50 million, as previously described; federal revenues increased $428 million, primarily from increases in the Medicaid program and Transportation revenues from FAST; other revenue decreased $25 million; investment earnings increased $50 million; motor vehicle registration increased $15 million. Expenditures were up by $472 million, primarily due to the Health and Human Resources and Military Affairs and Public Safety functions as described previously.

At year end, nonmajor governmental funds had a net decrease in fund balance of approximately $22 million. The capital projects fund balance decreased approximately $1.7 million due to construction of ongoing projects for the state parks, capital complex, and higher education institutions. The special revenue fund balance decreased by a net of $21 million. This decrease was primarily due to the Environmental Protection function having an increase in their revenues. Restricted fund balance is $187 million, of which $54 million was available for debt service, $11 million to fund capital projects, $64 million for development, tourism, and recreation, $57 million for public protection, and $1 million for education. Committed fund balance is $268 million, $2 million for general government operations and $266 million for public protection.

Governmental Fund Balances at June 30, 2017
(Expressed in Thousands)

	General Fund	Transportation	Tobacco Settlement Finance Authority
Nonspendable	$ 139,874	$ 52,845	$ 543,598
Restricted	3,289	12,737	99,498
Unrestricted			
Committed	700,944	–	–
Assigned	–	67,439	–
Unassigned	(1,231,719)	–	–
Total	$ (387,612)	$ 133,021	$ 643,096

The General Fund is the chief operating fund of the State. At the end of the current fiscal year, the General Fund maintained a committed fund balance of $701 million, nonspendable fund balance of $140 million offset by an unassigned fund balance of $(1.2) billion and a total fund balance of $(388) million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents (12.2)% of total General Fund expenditures, while total fund balance represents (3.8)% of the same amount.

Cash and cash equivalents in the General Fund were up $119 million, primarily due to the Investment Earnings on Investments at BTI. General fund revenues increased in fiscal year 2017 from 2016 by $467 million. This is due primarily to a $389 million increase in federal revenue, as discussed earlier, from the expansion of Medicaid. Revenues were $47 million less than expenditures. Expenses for the health and human resource function were up $439 million in 2017.

At year end, Transportation had a $13 million restricted fund balance and a nonspendable fund balance of $53 million in inventory. Total fund balance was higher by approximately $65 million from 2016, primarily due to an increase in federal revenue and motor vehicle registration revenues.

The Tobacco Settlement Finance Authority's fund balance decreased by $21 million due to the amortization of the deferred inflows of resources being recognized as an expenditure. Required bond interest in the amount of $53 million was paid during the year.

Proprietary Funds

The State's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Proprietary funds are comprised of enterprise and internal service funds. Enterprise funds are used when services the State provides are charged to external customers. Internal service funds are used when services are provided to other state agencies. The six major enterprise funds include the Water Pollution Control Revolving Fund, Workers' Compensation Fund, Unemployment Compensation, West Virginia Infrastructure and Jobs Development Council, Public Employees' Insurance Agency, and the Board of Risk and Insurance Management.

Other factors concerning the finances of the major enterprise funds have already been addressed in the discussion of business-type activities.

GENERAL REVENUE FUND BUDGETARY HIGHLIGHTS

The Final amended budget revenues were lower than the amount originally anticipated. The general revenue fund budget to actual overall revenue variance was negative by $21 million due to decreases in revenue collection in several tax categories. Personal income taxes decreased by $100 million, consumer sales taxes decreased by $63 million, corporate income and business franchise taxes decreased $25 million. Other revenue increased $109 million and interest income decreased $2 million.

The positive variance of the excess of revenues over expenditures was approximately $134 million, which resulted primarily from the State's fiscal policies.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the State had invested $9.6 billion, net of accumulated depreciation, in a broad range of capital assets shown below. Depreciation expense for the year totaled $383 million.

Capital Assets at Year-End
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land and Improvements	$ 1,351,433	$ 1,277,171	$ 611	$ 611	$ 1,352,044	$ 1,277,782
Building and Improvements	1,036,689	993,267	818	883	1,037,507	994,150
Equipment	98,090	101,183	1,136	1,240	99,226	102,423
Library Holdings	610	733	–	–	610	733
Intangibles	108,204	99,310	298	206	108,502	99,516
Construction in Progress	766,406	910,931	–	–	766,406	910,931
Infrastructure	6,208,595	6,137,609	–	–	6,208,595	6,137,609
Totals	$ 9,570,027	$ 9,520,204	$ 2,863	$ 2,940	$ 9,572,890	$ 9,523,144

The total increase, net of disposals and accumulated depreciation, in the State's net investment in capital assets for the current fiscal year, approximated $49.7 million. The most significant changes in capital assets during the year were in the Transportation and Administration functions. Transportation continues to expand the state road system, focusing primarily on upgrading existing roadways and completion of Appalachian Highway Corridors. Although transportation had significant construction projects, infrastructure capital asset additions of $375 million were higher than the prior year amount, resulting in a net increase of $71 million in infrastructure, due to depreciation of $304 million. Transportation and the Division of Natural Resources had net increases of $62 million and $12 million, respectively, in land acquisition. The $145 million decrease in construction in progress was due primarily to a $91 million net decrease for Transportation's completion of the Prichard Intermodal Facility and other various projects as well as a $54 million net decrease for the Building Commission's completion of the renovations to Building 3 and the Clarksburg Building. The net increase of $43 million in buildings is due to the completion of renovations to Building 3 and the Clarksburg Building, the acquisition of the Surplus Building, and the addition of various building improvements for the Division of Natural Resources and the Public Service Commission, offset by depreciation expense. Additional information concerning the State's capital assets can be found in Note 9 of this report and under the capital assets heading in Note 1.

Long-Term Debt

At year-end the State had $9.9 billion in bonds, capital leases, notes payable, claims and judgments, compensated absences, net pension liability, and other long-term obligations outstanding, as shown in the following table. The State's general obligation bonds are rated AA by Fitch Investors Service, Moody's Investors Service rating is Aa2 and Standard and Poor's Corporation have an AA- rating.

The increase in accrued and other liabilities of $166 million is related to a $149 million increase for Medicaid, a $41 million increase for mine reclamation, an increase in tax refunds of $6 million, and an increase of $7 million in miscellaneous other liabilities, and an offset of $37 million due to claims and judgments, More detailed information related to the State's overall debt position is presented in Note 10 to the financial statements.

The State's general obligation debt must be authorized by constitutional amendment. A proposed amendment must be approved by two-thirds of both the Senate and the House of Delegates before it can be ratified or rejected by the voters. Once the amendment has voter approval, the Legislature must pass specific legislation authorizing the issuance of the general obligation debt. Revenue bonds are issued pursuant to specific statutory provisions enacted by the Legislature primarily for the purpose of financing capital construction. Neither the West Virginia Constitution nor its statutes establish a general limit on any type of debt, although certain agencies have debt limits in their specific Code sections.

Outstanding Debt at June 30
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	$ 359,261	$ 393,089	$ —	$ —	$ 359,261	$ 393,089
Revenue Bonds	1,182,921	1,142,347	185,290	191,049	1,368,211	1,333,396
Capital Leases	274,534	287,135	—	—	274,534	287,135
Notes Payable	14,589	16,783	—	—	14,589	16,783
Accrued and Other Liabilities	1,409,169	1,238,537	76,289	80,593	1,485,458	1,319,130
Insurance and Compensation Benefits	—	—	1,804,193	1,892,926	1,804,193	1,892,926
Compensated Absences	89,703	88,990	614	640	90,317	89,630
Net Pension Liability	4,537,800	3,710,290	4,444	2,770	4,542,244	3,713,060
Totals	$ 7,867,977	$ 6,877,171	$ 2,070,830	$ 2,167,978	$ 9,938,807	$ 9,045,149

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The general revenue estimate for FY 2018 is predicted to be $4.50 billion, or $318 million above the FY 2017 official revenue estimate, and lottery revenues available for appropriation are expected to decrease by $3 million. FY 2018 general revenue fund collections are expected to be $192 million short of estimate by year-end. To help balance the FY 2018 budget and provide for FY 2018 supplemental appropriations, $21.3 million of excess spending authority and cash from various

special revenue funds are proposed to be expired to the FY 2018 general revenue surplus balance. In addition, $101.7 million of Rainy Day funds are proposed to be used.

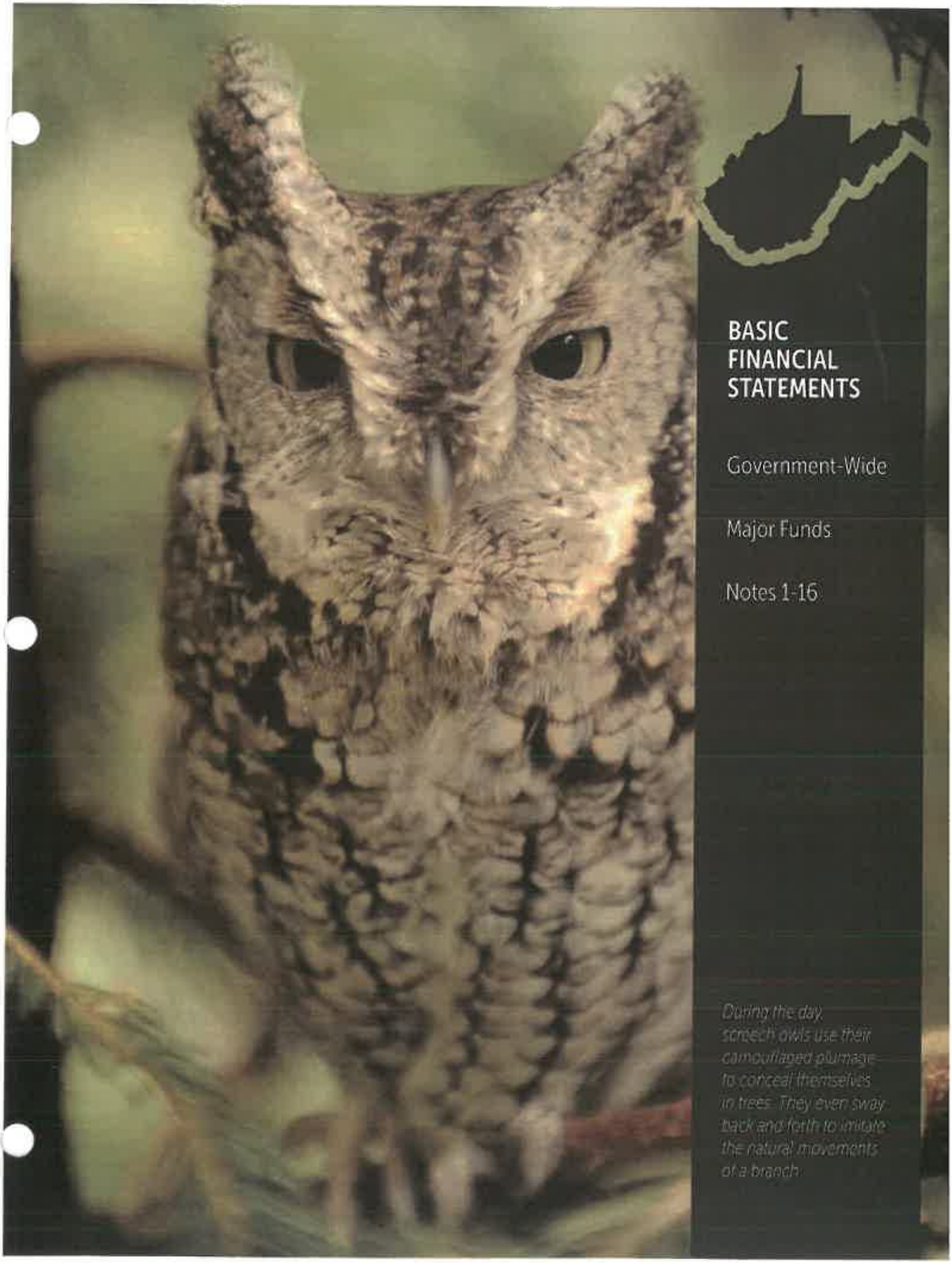
The budget for FY 2018 includes increases for the State's share of Medicaid funding, required contributions to Retirement Systems, and a pay raise for classroom teachers various social programs. The out-years beyond FY 2018 continue to show manageable budget gaps that will require additional structural adjustments.

The FY 2018 budget includes a six-year plan showing the projected revenues and expenditures through FY 2022. The goal of the six-year plan is to provide the West Virginia Legislature and citizens a clear understanding of not only the FY 2018 budget, but also the larger implications of today's decisions on the State's future. Careful budgetary planning, with an eye on the future budget requirements, will continue to be a fundamental part of our approach to maintaining balanced budgets while providing necessary services.

On October 26, 2017, the Division of Highways issued the Surface Transportation Improvements Special Obligation Notes Series 2017 A bonds in the amount of $219,985,000. The proceeds were used to fund bridge replacement and interstate rehabilitation projects.

CONTACTING THE STATE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Financial Accounting and Reporting Section, 2101 Washington St. East, Building 17, 3rd Floor, Charleston, WV 25305.



BASIC FINANCIAL STATEMENTS

Government-Wide

Major Funds

Notes 1-16

During the day, screech owls use their camouflaged plumage to conceal themselves in trees. They even sway back and forth to imitate the natural movements of a branch.

Statement of Net Position
June 30, 2017
(Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets:				
Current Assets:				
Cash and Cash Equivalents	$ 1,638,088	$ 2,051,800	$ 3,689,888	$ 935,919
Investments	784,750	100,332	885,082	218,933
Receivables, Net	825,327	167,673	993,000	207,151
Capital Leases Receivable from Primary Government	—	—	—	16,120
Due from Other Governments	618,499	411	618,910	—
Due from Primary Government	—	—	—	9,503
Due from Fiduciary Funds	171	1,449	1,620	6
Due from Component Units	122,796	1,096	123,892	—
Internal Balances	(3,133)	3,133	—	—
Inventories	64,863	1,883	66,746	10,237
Prepaid Insurance	—	—	—	129
Other Assets	2,202	19,374	21,576	13,764
Restricted Assets:				
Cash and Cash Equivalents	1,077	10,168	11,245	108,135
Investments	—	—	—	29,038
Receivables, Net	—	643	643	3,606
Other Restricted Assets	—	193,352	193,352	8
Total Current Assets	4,054,640	2,551,314	6,605,954	1,552,549
Noncurrent Assets:				
Cash and Cash Equivalents	—	—	—	67,987
Investments	—	294,433	294,433	528,696
Receivables, Net	—	1,274,344	1,274,344	296,923
Capital Leases Receivable from Primary Government	—	—	—	244,835
Other Assets	223	206	429	79,573
Advance to Component Units	125,319	—	125,319	—
Net Pension Asset	53,745	—	53,745	—
Restricted Assets:				
Cash and Cash Equivalents	19,655	19,973	39,628	67,212
Investments	—	52,841	52,841	109,438
Receivables, Net	—	—	—	839,813
Other Restricted Assets	—	—	—	5,875
Land and Other Capital Assets Not Being Depreciated	2,092,844	611	2,093,455	448,596
Capital Assets, Being Depreciated (Net of Accumulated Depreciation)	7,477,183	2,252	7,479,435	3,547,965
Total Noncurrent Assets	9,768,969	1,644,660	11,413,629	6,236,913
Total Assets	13,823,609	4,195,974	18,019,583	7,789,462
Deferred Outflows of Resources:				
Accumulated Decrease in Fair Value of Hedging Derivative	—	—	—	1,031
Deferred Loss on Bond Refundings	6,152	1,064	7,216	46,248
Related to Pensions	1,506,295	2,659	1,508,954	38,235
Total Deferred Outflows of Resources	1,512,447	3,723	1,516,170	85,514

The accompanying notes are an integral part of the financial statements.

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Liabilities:				
Current Liabilities:				
Accounts Payable	320,720	10,021	330,741	95,581
Interest Payable	2,265	—	2,265	14,992
Accrued Tuition Contract Benefits	—	16,023	16,023	—
Accrued and Other Liabilities	999,270	14,585	1,013,855	257,836
Due to Other Governments	298,567	2,173	300,740	—
Due to Primary Government	—	—	—	123,892
Due to Fiduciary Funds	1,600,156	4,374	1,604,530	387,969
Due to Component Units	9,292	211	9,503	—
Unearned Revenue	1,637	16,426	18,063	79,134
Insurance and Compensation Benefits Obligations	—	310,014	310,014	—
General Obligation Debt	35,207	—	35,207	—
Revenue Bonds Payable	24,150	6,895	31,045	149,357
Capital Leases and Other Debt	7,589	—	7,589	8,872
Capital Leases Payable to Component Units	16,120	—	16,120	—
Compensated Absences	57,293	126	57,419	49,220
Total Current Liabilities	3,372,266	380,848	3,753,114	1,166,853
Noncurrent Liabilities:				
Accrued Tuition Contract Benefits	—	45,681	45,681	—
Accrued and Other Liabilities	409,899	—	409,899	167,518
Due to Other Governments	84	—	84	—
Unearned Revenue	—	—	—	769
Insurance and Compensation Benefits Obligations	—	1,494,179	1,494,179	—
Advances from Primary Government	—	—	—	125,319
Liabilities Payable from Restricted Assets	—	—	—	81,881
General Obligation Debt	324,054	—	324,054	—
Revenue Bonds Payable	1,158,771	178,395	1,337,166	2,511,225
Capital Leases and Other Debt	20,579	—	20,579	118,944
Capital Leases Payable to Component Units	244,835	—	244,835	—
Net Pension Liability	4,537,800	4,444	4,542,244	80,859
Compensated Absences	32,410	488	32,898	4,554
Total Noncurrent Liabilities	6,728,432	1,723,187	8,451,619	3,091,069
Total Liabilities	10,100,698	2,104,035	12,204,733	4,257,922
Deferred Inflows of Resources:				
Fair Value of Hedging Derivative Instrument	—	—	—	633
Related to Pensions	292,779	373	293,152	7,797
Service Concession Arrangements	—	—	—	38,538
Grants and Contributions	—	—	—	1,144
Total Deferred Inflows of Resources	292,779	373	293,152	48,112
Net Position:				
Net Investment in Capital Assets	8,996,053	2,863	8,998,916	2,783,731
Restricted for:				
Capital Projects	29,166	—	29,166	27,217
Debt Service	179,862	—	179,862	544,103
General Government Operations	1,254	1,872	3,126	—
Permanent Funds:				
Nonexpendable	1,000	—	1,000	262,405
Expendable	889	—	889	—
Lending Activities	—	1,494,822	1,494,822	98,876
Insurance Activities	—	312,920	312,920	—
Development, Tourism, and Recreation	65,656	—	65,656	—
Education	180	—	180	—
Health and Social Services	527	—	527	—
Public Protection	111,219	—	111,219	—
Transportation	12,737	—	12,737	—
Specific Fund/Component Unit Purposes	—	—	—	211,644
Unrestricted (Deficit)	(4,455,964)	282,812	(4,173,152)	(359,034)
Total Net Position	$ 4,942,579	$ 2,095,289	$ 7,037,868	$ 3,568,942

Statement of Activities
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Legislative	$ 24,189	$ 1,268	$ 309	$ —
Judicial	134,351	1,768	2,899	—
Executive	176,485	18,002	24,812	—
Administration	262,684	42,766	—	1,563
Commerce	166,225	41,017	60,378	—
Environmental Protection	173,689	53,209	87,674	—
Employment Programs	55,231	—	49,288	—
Education	2,777,727	—	440,701	—
Health and Human Resources	5,810,783	70,812	4,319,051	—
Military Affairs and Public Safety	502,408	16,018	130,128	2,128
Revenue	89,178	42,421	2,645	—
Transportation	1,153,708	101,562	—	526,571
Veterans Assistance	20,572	—	8,208	1,564
Senior Services	41,934	3	22,318	—
Regulatory Boards and Commissions	53,909	42,259	2,910	—
Interest on Long-Term Debt	110,722	—	—	—
Total Governmental Activities	11,553,795	431,105	5,151,321	531,826
Business-type Activities:				
Water Pollution Control Revolving Fund	3,467	5,995	—	—
Workers' Compensation Fund	134,443	35,738	—	—
Unemployment Compensation	169,197	204,496	—	—
West Virginia Infrastructure and Jobs Development Council	23,941	3,095	—	—
Public Employees' Insurance Agency	552,882	576,153	—	—
Board of Risk and Insurance Management	66,152	64,587	—	—
Other Activities	98,901	118,471	—	—
Total Business-type Activities	1,048,983	1,008,535	—	—
Total Primary Government	12,602,778	1,439,640	5,151,321	531,826
Component Units:				
West Virginia Lottery	1,090,428	1,079,517	—	—
Economic Development Authority	7,685	8,690	—	—
Housing Development Authority	100,552	39,427	72,124	—
Parkways Authority	87,470	100,109	—	—
Water Development Authority	11,413	12,680	—	—
Higher Education	1,961,364	948,492	449,030	52,031
Regional Jail Authority	97,586	90,478	2,788	—
School Building Authority	66,463	—	(2,069)	—
Other Component Units	59,244	11,094	2,024	—
Total Component Units	$ 3,482,205	$ 2,290,487	$ 523,897	$ 52,031
General Revenues:				
Taxes:				
Personal Income				
Consumer Sales				
Business				
Medicaid				
Transportation				
Other				
Grants and Contributions not Restricted to Specific Programs				
Unrestricted Investment Earnings				
Tobacco Settlement Revenue				
Payments from State of West Virginia				
Lottery Revenues				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position, Beginning of Year, as Restated				
Net Position, End of Year				

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (22,612)	$ —	$ (22,612)	$ —
(129,684)	—	(129,684)	—
(133,671)	—	(133,671)	—
(218,355)	—	(218,355)	—
(64,830)	—	(64,830)	—
(32,806)	—	(32,806)	—
(5,943)	—	(5,943)	—
(2,337,026)	—	(2,337,026)	—
(1,420,920)	—	(1,420,920)	—
(354,134)	—	(354,134)	—
(44,112)	—	(44,112)	—
(525,575)	—	(525,575)	—
(10,800)	—	(10,800)	—
(19,613)	—	(19,613)	—
(8,740)	—	(8,740)	—
(110,722)	—	(110,722)	—
(5,439,543)	—	(5,439,543)	—
—	2,528	2,528	—
—	(98,705)	(98,705)	—
—	35,299	35,299	—
—	(20,846)	(20,846)	—
—	23,271	23,271	—
—	(1,565)	(1,565)	—
—	19,570	19,570	—
—	(40,448)	(40,448)	—
(5,439,543)	(40,448)	(5,479,991)	—
—	—	—	(10,911)
—	—	—	1,005
—	—	—	10,999
—	—	—	12,639
—	—	—	1,267
—	—	—	(511,811)
—	—	—	(4,320)
—	—	—	(68,532)
—	—	—	(46,126)
—	—	—	(615,790)
1,830,106	—	1,830,106	—
1,312,353	—	1,312,353	—
581,896	—	581,896	—
217,665	—	217,665	—
593,158	—	593,158	—
409,426	—	409,426	—
—	—	—	1,293
73,552	167,076	240,628	65,429
61,426	—	61,426	—
—	—	—	592,668
336,294	31,500	367,794	—
106,526	6,467	112,993	66,917
15,204	(15,204)	—	—
5,537,606	189,839	5,727,445	726,307
98,063	149,391	247,454	110,517
4,844,516	1,945,898	6,790,414	3,458,425
$ 4,942,579	$ 2,095,289	$ 7,037,868	$3,568,942


STATE OF WEST VIRGINIA
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GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

Major Funds

General This Fund is used as the State's operating fund. It accounts for the financial resources and transactions that are not accounted for in other funds. The revenues are from taxes and other general revenues.

Transportation The governmental fund types of the Department of Transportation (Transportation) are included in this Fund. The Division of Highways has statutory responsibility for the construction, maintenance, and improvement of all state roads. Transportation expenditures funded by registration fees, license fees, and automobile privilege taxes (fees and taxes) are recorded in the State Road Fund within the Division of Highways. These fees and taxes, among other revenue sources, are collected by the Division of Motor Vehicles, which is also in Transportation. Transportation also includes the Division of Public Transit, which administers all federal and state programs that develop public transportation facilities, services, equipment, and methods; the West Virginia Aeronautics Commission, which has general supervision and controls commercial, state, and municipal airports; and the West Virginia Public Port Authority.

The Tobacco Settlement Finance Authority The Authority was created to issue revenue bonds related to the State's portion of the tobacco receipts from the Master Settlement Agreement between tobacco manufacturers and the covered states. The revenue bonds were sold June 26, 2007. See Note 10 for more information.

Nonmajor governmental funds are presented, by fund type, beginning on page 222.

Balance Sheet
Governmental Funds
June 30, 2017
(Expressed in Thousands)

	Major Special Revenue				
	General	Transportation	Tobacco Settlement Finance Authority	Other Governmental Funds	Total
Assets:					
Cash and Cash Equivalents	$ 1,035,742	$ 145,848	$ 28,327	$ 402,891	$ 1,612,808
Investments	569,272	23,392	71,181	120,905	784,750
Receivables, Net	591,574	187,047	28,506	7,563	814,690
Due from Other Governments	616,066	—	—	2,433	618,499
Due from Other Funds	952	12,146	—	64	13,162
Due from Component Units	121,270	326	—	1,055	122,651
Advance to Component Units	125,319	—	—	—	125,319
Inventories	11,113	52,845	—	15	63,973
Other Assets	1,545	591	—	—	2,136
Restricted Assets:					
Cash and Cash Equivalents	—	—	—	1,470	1,470
Total Assets	3,072,853	422,195	128,014	536,396	4,159,458
Deferred Outflows of Resources:					
Deferred Payments to Tobacco Settlement Finance Authority	—	—	543,588	—	543,588
Total Deferred Outflows of Resources	—	—	543,588	—	543,588
Total Assets and Deferred Outflows of Resources	$ 3,072,853	$ 422,195	$ 671,602	$ 536,396	$ 4,703,046
Liabilities:					
Accounts Payable	$ 181,680	$ 95,630	$ 10	$ 26,605	$ 303,925
Accrued and Other Liabilities	966,853	17,181	—	22,166	1,006,200
Unearned Revenue	7,764	14,438	—	—	22,202
Due to Other Governments	287,523	1,492	—	9,314	298,329
Due to Other Funds	1,420,572	160,301	—	30,421	1,611,294
Due to Component Units	9,160	132	—	—	9,292
Total Liabilities	2,873,552	289,174	10	88,506	3,251,242
Deferred Inflows of Resources:					
Tax Revenue	43,325	—	—	—	43,325
Tobacco Settlement Revenue	—	—	28,496	—	28,496
Advances to Tobacco Settlement Finance Authority	543,588	—	—	—	543,588
Total Deferred Inflows of Resources	586,913	—	28,496	—	615,409

The accompanying notes are an integral part of the financial statements.

	General	Major Special Revenue: Transportation	Major Special Revenue: Tobacco Settlement Finance Authority	Other Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Inventories	11,113	52,845	—	15	63,973
Permanent Fund	—	—	—	1,000	1,000
Receivables	128,761	—	543,598	—	672,359
Restricted for:					
Capital Projects	—	—	—	10,658	10,658
Debt Service	—	—	99,498	54,123	153,621
General Government Operations	500	—	—	—	500
Development, Tourism, and Recreation	1,768	—	—	63,888	65,656
Education	180	—	—	889	1,069
Health and Social Services	527	—	—	—	527
Public Protection	314	—	—	57,160	57,474
Transportation	—	12,737	—	—	12,737
Committed to:					
General Government Operations	4,771	—	—	1,642	6,413
Rainy Day	663,061	—	—	—	663,061
Development, Tourism, and Recreation	2,246	—	—	—	2,246
Education	24,126	—	—	—	24,126
Health and Social Services	5,020	—	—	—	5,020
Public Protection	1,720	—	—	265,899	267,619
Assigned to:					
Public Protection	—	—	—	6,226	6,226
Transportation	—	67,439	—	—	67,439
Unassigned	(1,231,719)	—	—	(13,610)	(1,245,329)
Total Fund Balances (Deficit)	(387,612)	133,021	643,096	447,890	836,395
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$3,072,853	$ 422,195	$ 671,602	$ 536,396	$ 4,703,046

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2017
(Expressed in Thousands)

Total Fund Balances - Governmental Funds		$ 836,395
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets (excluding Internal Service Funds) consist of:		
Land	$ 1,312,347	
Construction in Progress	758,383	
Infrastructure Assets	12,775,910	
Buildings, Equipment, and Other Depreciable Assets	1,847,924	
Intangibles	47,514	
Accumulated Depreciation	(7,450,161)	
Total Capital Assets		9,291,917
The Net Pension Asset is not recognized at the fund level.		53,745
Certain tax and other revenues are earned but not available and therefore are deferred inflows in the funds.		71,821
Deferred inflows for pensions (excluding internal service funds) are reported in the statement of net position, but not reported in the funds.		(286,588)
Internal Service Funds are used by management to charge the costs of certain activities, such as building rental and information services, to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position.		229,129
Bonds issued by the State have associated costs that are paid from current available financial resources in the funds. However, these costs are amortized over the life of the bond on the statement of net position.		223
Deferred Outflows of Resources – related to pensions and loss on bond refundings.		1,499,602
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities (excluding Internal Service Funds) consist of:		
General Obligation Bonds	(359,261)	
Revenue Bonds	(1,182,921)	
Capital Leases	(213,762)	
Compensated Absences	(87,961)	
Net Pension Liability	(4,525,752)	
Accrued Interest Payable and Other Liabilities	(384,008)	
Total Long-Term Liabilities		(6,753,665)
Net Position of Governmental Activities		$ 4,942,579

The accompanying notes are an integral part of the financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)

	General	Major Special Revenue: Transportation	Major Special Revenue: Tobacco Settlement Finance Authority	Other Governmental Funds	Total
Revenues:					
Taxes:					
Personal Income	$1,846,638	$ —	$ —	$ —	$ 1,846,638
Consumer Sales and Use	1,317,452	—	—	—	1,317,452
Severance	360,801	—	—	—	360,801
Corporate Net Income	120,728	—	—	—	120,728
Business and Occupation	110,240	—	—	—	110,240
Medicaid	215,558	—	—	—	215,558
Gasoline and Motor Carrier	—	389,753	—	—	389,753
Automobile Privilege	—	203,405	—	—	203,405
Other	405,681	3,955	—	—	409,636
Intergovernmental	4,469,721	526,571	—	134,094	5,130,386
Licenses, Permits, and Fees	111,573	5,576	—	113,422	230,571
Motor Vehicle Registration	—	109,047	—	—	109,047
Charges for Services	123,423	—	—	89	123,512
Lottery Revenues	319,930	—	—	10,659	330,589
Food Stamp Revenue	490,483	—	—	—	490,483
Investment Earnings	53,370	996	3,970	25,581	83,917
Other	78,597	27,478	64,039	7,221	177,335
Total Revenues	10,024,195	1,266,781	68,009	291,066	11,650,051
Expenditures:					
Current:					
Legislative	22,657	—	—	1,804	24,461
Judicial	139,774	—	—	—	139,774
Executive	176,493	—	—	—	176,493
Administration	148,014	—	116	3	148,133
Commerce	196,448	—	—	209	196,657
Environmental Protection	1,479	—	—	146,660	148,139
Employment Programs	—	—	—	51,546	51,546
Education	2,831,189	—	—	—	2,831,189
Health and Human Resources	5,869,748	—	—	—	5,869,748
Military Affairs and Public Safety	525,009	—	—	1	525,010
Revenue	71,656	—	—	23,510	95,166
Transportation	5,775	888,634	—	—	894,409
Veterans Assistance	21,035	—	—	1	21,036
Senior Services	42,029	—	—	—	42,029
Regulatory Boards and Commissions	19,626	—	—	22,555	42,181
Capital Outlay	—	362,610	—	1,708	364,318
Debt Service:					
Principal	—	15,225	15,090	45,300	75,615
Interest	—	8,479	53,355	29,404	91,238
Total Expenditures	10,070,932	1,274,948	68,561	322,701	11,737,142
Excess of Revenues Over (Under) Expenditures	(46,737)	(8,167)	(552)	(31,635)	(87,091)
Other Financing Sources (Uses):					
Face Value of Long-Term Debt Issued	—	53,380	—	28,215	81,595
Premiums on Bonds Issued	—	4,833	—	3,807	8,640
Capital Lease Acquisition	13,568	—	—	—	13,568
Payments to Refunded Bond Escrow Agent	—	—	—	(32,022)	(32,022)
Transfers In	114,441	14,869	—	74,942	204,252
Transfers Out	(106,477)	—	(20,895)	(63,698)	(191,070)
Total Other Financing Sources (Uses)	21,532	73,082	(20,895)	11,244	84,963
Net Change in Fund Balance	(25,205)	64,915	(21,447)	(20,391)	(2,128)
Fund Balances, Beginning of Year, as Restated	(362,407)	68,106	664,543	468,281	838,523
Fund Balances, End of Year	$ (387,612)	$ 133,021	$ 643,096	$ 447,890	$ 836,395

The accompanying notes are an integral part of the financial statements.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2017

(Expressed in Thousands)

Net Change in Fund Balances – Total Governmental Funds		$ (2,128)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expenses. In the current period, these amounts are:		
Capital Outlay	$ 387,482	
Depreciation Expense	(346,256)	
Excess of Capital Outlay Over Depreciation Expense		41,226
Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability.		(13,568)
Accretion of interest related to capital appreciation bonds is an expense of the governmental activities.		(105,848)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. For the current year, these amounts consist of:		
Bond Principal Retirement	92,690	
Capital Lease Payments	25,499	
Total Long-Term Debt Repayment		118,189
Internal Service Funds are used by management to charge the costs of certain activities, such as building and vehicle maintenance and leasing, data processing, and investment and management of state moneys, to individual funds. The net increase in net position of the internal service funds is reported with governmental activities.		(6,006)
Revenues in the statement of activities that do provide current financial resources are not reported as revenues in the funds.		(32,220)
Gain on issuance of new refunding bonds in the current fiscal year, but was deferred on the statement of activities.		(2,232)
Retirement contributions (excluding internal service funds) to define benefit pension plans in The current fiscal year are not included on the statement of activities.		543,677
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Decrease in Accrued Interest (Asset)	(63)	
Increase in Compensated Absences	(975)	
Decrease in Accrued and Other Liabilities	3,994	
Increase in Net Pension Liability (Asset), net of deferrals	(452,395)	
Amortization in Bond Premiums/Discounts	6,412	
Total Change in Expenditures		(443,027)
Change in Net Position of Governmental Activities		$ 98,063

The accompanying notes are an integral part of the financial statements.


STATE OF WEST VIRGINIA
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PROPRIETARY FUNDS FINANCIAL STATEMENTS

Major Funds

Water Pollution Control Revolving Fund (Water Pollution) Low-interest loans are made to communities that need to upgrade an existing waste water system, establishing a new utility or cleaning up the State's water supply. The Water Pollution is to remain in perpetuity by recirculating the principal and interest earned from the loans.

Workers' Compensation Fund On December 31, 2005, the Workers' Compensation Commission (WCC) ceased to exist as a separate state entity. The WCC's regulatory powers transferred to the Offices of the Insurance Commissioner along with the residual assets and liabilities of the former WCC. Disbursements from the State's Workers' Compensation Fund are related to the liabilities and appropriate administrative expenses necessary for the administration of all claims, actual and incurred but not reported, for any claim with a date of injury on or before June 30, 2005.

Unemployment Compensation The Fund is administered by the Bureau of Employment Programs doing business as WORKFORCE West Virginia. The Fund receives contributions from employers and provides for the payment of benefits to eligible unemployed workers under provisions of the Federal Unemployment Tax Act.

West Virginia Infrastructure and Jobs Development Council The Council coordinates the review and funding of water, wastewater, and economic development projects in the State. The proceeds from the Council's bond programs provide financial assistance to infrastructure and economic development projects throughout the State. The primary source of repayment for the revenue and refunding bonds is the receipt of payments of principal and interest on a set of loans, known as defined loans, previously made to projects from general obligation and revenue bond proceeds.

Public Employees' Insurance Agency The Agency, a public entity risk pool, is responsible for providing health and life insurance to current and retired state and county employees. The Agency, empowered to set the premium rates charged to its participants, utilizes a third-party administrator to process claims and make payments to doctors and hospitals on a cost reimbursement basis.

Board of Risk and Insurance Management The Board, a public entity risk pool, is responsible for the self-insurance of all state buildings, automobiles, and legal and civil actions, as well as insuring various county and local governments and charitable organizations. The Board is funded from the premiums assessed to the organizations it insures.

Nonmajor proprietary funds are presented beginning on page 244.

Statement of Net Position
Proprietary Funds
June 30, 2017
(Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Water Pollution Control Revolving Fund	**Workers' Compensation Fund**	**Unemployment Compensation**	**West Virginia Infrastructure and Jobs Development Council**
Assets:				
Current Assets:				
Cash and Cash Equivalents	$ 97,757	$ 1,619,487	$ 68,378	$ 140,838
Investments	—	—	—	100,332
Receivables, Net	36,111	7,679	60,261	23,759
Due from Other Governments	—	—	411	—
Due from Other Funds	—	—	383	—
Due from Component Units	—	—	150	—
Inventories	—	—	—	—
Other Assets	—	—	—	—
Restricted Assets:				
Cash and Cash Equivalents	—	—	—	—
Receivables, Net	—	—	—	—
Other Restricted Assets	—	—	—	—
Total Current Assets	133,868	1,627,166	129,583	264,929
Noncurrent Assets:				
Investments	—	—	—	—
Receivables, Net	604,842	—	—	537,348
Other Assets	—	—	—	206
Restricted Assets:				
Cash and Cash Equivalents	—	—	—	—
Investments	—	—	—	—
Capital Assets, Net	—	—	—	—
Total Noncurrent Assets	604,842	—	—	537,554
Total Assets	738,710	1,627,166	129,583	802,483
Deferred Outflows of Resources:				
Deferred Loss on Bond Refundings	—	—	—	1,064
Related to Pensions	415	—	—	98
Total Deferred Outflows of Resources	415	—	—	1,162
Liabilities:				
Current Liabilities:				
Accounts Payable	57	—	—	35
Accrued Tuition Contract Benefits	—	—	—	—
Accrued and Other Liabilities	—	5,867	1,665	2,797
Unearned Revenue	—	—	—	—
Due to Other Governments	—	—	2,173	—
Due to Other Funds	353	—	—	—
Due to Component Units	—	—	—	168
Insurance and Compensation Benefits Obligations	—	170,100	21,952	—
Revenue Bonds Payable	—	—	—	6,895
Capital Leases and Other Debt	—	—	—	—
Capital Leases Payable to Component Units	—	—	—	—
Compensated Absences	72	—	—	—
Total Current Liabilities	482	175,967	25,790	9,895
Noncurrent Liabilities:				
Accrued Tuition Contract Benefits	—	—	—	—
Insurance and Compensation Benefits Obligations	—	1,347,900	—	—
Revenue Bonds Payable	—	—	—	178,395
Capital Leases and Other Debt	—	—	—	—
Capital Leases Payable to Component Units	—	—	—	—
Compensated Absences	24	—	—	—
Net Pension Liability	714	—	—	178
Total Noncurrent Liabilities	738	1,347,900	—	178,573
Total Liabilities	1,220	1,523,867	25,790	188,468
Deferred Inflows of Resources:				
Related to Pensions	47	—	—	19
Total Deferred Inflows of Resources	47	—	—	19
Net Position:				
Net Investment in Capital Assets	—	—	—	—
Restricted for:				
Capital Projects	—	—	—	—
General Government Operations	—	—	—	—
Lending Activities	737,858	—	—	593,751
Insurance Activities	—	132,305	103,793	—
Unrestricted (Deficit)	—	(29,006)	—	21,407
Total Net Position	$ 737,858	$ 103,299	$ 103,793	$ 615,158

The accompanying notes are an integral part of the financial statements.

Public Employees' Insurance Agency	Board of Risk and Insurance Management	Other Enterprise Funds	Total	Government Activities - Internal Service Funds
$ 44,177	$ 26,291	$ 54,872	$ 2,051,800	$ 25,280
—	—	—	100,332	—
28,668	1,271	9,924	167,673	10,637
—	—	—	411	—
4,364	—	1,253	6,000	7,035
870	—	76	1,096	145
—	—	1,883	1,883	890
—	—	19,374	19,374	66
—	10,168	—	10,168	754
—	643	—	643	—
—	193,352	—	193,352	—
78,079	231,725	87,382	2,552,732	44,807
153,908	91,500	49,025	294,433	—
—	—	132,154	1,274,344	—
—	—	—	206	—
19,973	—	—	19,973	18,508
—	52,841	—	52,841	—
247	—	2,616	2,863	278,110
174,128	144,341	183,795	1,644,660	296,618
252,207	376,066	271,177	4,197,392	341,425
—	—	—	1,064	—
575	458	1,113	2,659	12,845
575	458	1,113	3,723	12,845
4,805	1,272	3,852	10,021	16,795
—	—	16,023	16,023	—
3,610	418	228	14,585	661
7,252	9,174	—	16,426	—
—	—	—	2,173	322
2,466	503	2,470	5,792	12,021
34	—	9	211	—
64,649	47,713	5,600	310,014	—
—	—	—	6,895	—
—	—	—	—	6,547
—	—	—	—	1,290
—	—	54	126	—
82,816	59,080	28,236	382,266	37,636
—	—	45,681	45,681	—
19,973	117,206	9,100	1,494,179	—
—	—	—	178,395	—
—	—	—	—	10,764
—	—	—	—	56,760
—	107	357	488	1,742
903	766	1,883	4,444	12,048
20,876	118,079	57,021	1,723,187	81,314
103,692	177,159	85,257	2,105,453	118,950
44	37	226	373	6,191
44	37	226	373	6,191
247	—	2,616	2,863	205,395
—	—	—	—	18,508
—	—	1,872	1,872	754
—	—	163,213	1,494,822	—
—	61,063	15,759	312,920	—
148,799	138,265	3,347	282,812	4,472
$ 149,046	$ 199,328	$ 186,807	$ 2,095,289	$ 229,129

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Water Pollution Control Revolving Fund	Workers' Compensation Fund	Unemployment Compensation	West Virginia Infrastructure and Jobs Development Council
Operating Revenues:				
Charges for Services and Sales	$ —	$ —	$ 204,496	$ 3,095
Insurance Premiums	—	35,735	—	—
Tuition Contracts	—	—	—	—
Investment Earnings	2,942	—	—	—
Licenses, Permits, and Fees	3,053	—	—	—
Other	—	23	—	—
Total Operating Revenues	5,995	35,758	204,496	3,095
Operating Expenses:				
Cost of Sales and Services	—	—	—	—
Insurance Claims and Claims Adjustment	—	124,169	—	—
Tuition Contract Benefits and Expenses	—	—	—	—
Infrastructure and Economic Development	—	—	—	14,255
Unemployment Insurance Benefits	—	—	169,197	—
General and Administrative	3,406	10,274	—	776
Pension Expense	91	—	—	26
Depreciation and Amortization	—	—	—	—
Provisions for Uncollectible Loans	—	—	—	544
Other	—	—	—	—
Total Operating Expenses	3,497	134,443	169,197	15,601
Operating Income (Loss)	2,498	(98,685)	35,299	(12,506)
Nonoperating Revenues (Expenses):				
Gain (Loss) on Sale of Equipment	—	—	—	—
Interest and Other Investment Income (Loss)	1,109	135,019	1,405	1,016
Interest Expense	—	—	—	(8,340)
Lottery Revenues	—	5,500	—	26,000
Other Nonoperating Revenues	—	—	—	2
Other Nonoperating Expenses	—	—	—	—
Total Nonoperating Revenues (Expenses), Net	1,109	140,519	1,405	18,678
Income (Loss) Before Transfers	3,607	41,834	36,704	6,172
Capital Contributions and Transfers:				
Capital Contributions	—	—	—	—
Transfers In	24,995	2,731	—	225
Transfers Out	—	(22,692)	—	(1,662)
Total Capital Contributions and Transfers	24,995	(19,961)	—	(1,437)
Change in Net Position	28,602	21,873	36,704	4,735
Net Position, Beginning of Year	709,256	81,426	67,089	610,423
Net Position, End of Year	$ 737,858	$ 103,299	$ 103,793	$ 615,158

The accompanying notes are an integral part of the financial statements.

Public Employees' Insurance Agency	Board of Risk and Insurance Management	Other Enterprise Funds	Total	Governmental Activities Internal Service Funds
$ —	$ —	$ 101,709	$ 309,300	$ 131,834
576,163	64,687	12,901	689,486	—
—	—	115	115	—
—	—	—	2,942	—
—	—	3,794	6,847	—
4,861	—	1,426	6,310	—
581,024	64,687	119,945	1,015,000	131,834
—	—	75,908	75,908	113,737
534,717	59,149	9,769	727,804	—
—	—	1,548	1,548	—
—	—	—	14,255	—
—	—	—	169,197	—
10,542	4,116	10,317	39,431	9,494
120	84	282	603	2,164
54	—	401	455	19,536
—	—	—	544	—
7,483	—	760	8,243	—
552,916	63,349	98,985	1,037,988	144,931
28,108	1,338	20,960	(22,988)	(13,097)
—	—	(7)	(7)	(130)
12,808	9,841	5,878	167,076	43
—	—	—	(8,340)	(2,411)
—	—	—	31,500	5,705
—	—	162	164	299
—	(2,810)	—	(2,810)	—
12,808	7,031	6,033	187,583	3,506
40,916	8,369	26,993	164,595	(9,591)
—	—	—	—	1,563
10,000	—	7,611	45,562	8,030
—	—	(36,412)	(60,766)	(6,008)
10,000	—	(28,801)	(15,204)	3,585
50,916	8,369	(1,808)	149,391	(6,006)
98,130	190,959	188,615	1,945,898	235,135
$ 149,046	$ 199,328	$ 186,807	$ 2,095,289	$ 229,129

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Water Pollution Control Revolving Fund	**Workers' Compensation Fund**	**Unemployment Compensation**	**West Virginia Infrastructure and Jobs Development Council**
Cash Flows from Operating Activities:				
Receipts from Customers	$ 39,564	$ 35,201	$ 188,063	$ 28,490
Receipts from State Agencies	—	—	—	—
Payments to Suppliers	—	(10,748)	—	(1,229)
Payments to Employees	(1,279)	(20)	—	(305)
Payments to Beneficiaries	—	—	—	—
Payments for Loans Originated	(64,985)	—	—	(71,058)
Payments for Premiums	—	—	—	—
Payments to Claimants	—	(179,469)	(185,204)	—
Other Operating Cash Receipts	—	23	11,010	—
Other Operating Cash Payments	(2,371)	—	—	—
Net Cash Provided by (Used For) Operating Activities	(29,071)	(155,013)	13,869	(44,102)
Cash Flows from Noncapital Financing Activities:				
Proceeds from Sale of Operating Bonds and Other Debts	—	—	—	79,465
Repayment of Operating Debt	—	—	—	(83,805)
Interest Paid on Operating Debt	—	—	—	(8,482)
Transfers In	20,829	13,583	—	225
Transfers Out	—	(17,103)	—	—
Entitlements and Grants	—	—	—	—
Distributions or Subsidies from (to) Other Organizations	—	5,500	—	26,000
Net Cash Provided by (Used for) Noncapital Financing Activities	20,829	1,980	—	13,403
Cash Flows from Capital and Related Financing Activities:				
Proceeds from Sale of Capital Bonds and Other Debts	—	—	—	2
Repayment of Capital Debt	—	—	—	—
Interest Paid on Capital Debt	—	—	—	—
Acquisition and Construction of Capital Assets	—	—	—	—
Net Cash Provided by (Used for) Capital and Related Financing Activities	—	—	—	2
Cash Flows from Investing Activities:				
Purchase of Investments	—	—	—	(375,201)
Proceeds from Sale of Investments	—	—	—	377,663
Investment Earnings	1,109	135,019	1,405	953
Net Cash Provided by (Used for) Investing Activities	1,109	135,019	1,405	3,415
Net Increase (Decrease) in Cash and Cash Equivalents	(7,133)	(18,014)	15,274	(27,282)
Cash and Cash Equivalents, Beginning of Year	104,890	1,637,501	53,104	168,120
Cash and Cash Equivalents, End of Year	$ 97,757	$ 1,619,487	$ 68,378	$ 140,838

The accompanying notes are an integral part of the financial statements.

Public Employees' Insurance Agency	Board of Risk and Insurance Management	Other Enterprise Funds	Total	Governmental Activities Internal Service Funds
$ 569,323	$ 65,668	$ 130,692	$ 1,057,001	$ —
—	—	—	—	130,299
(26,491)	(2,887)	(77,674)	(119,029)	(104,970)
(1,303)	(1,413)	(6,465)	(10,785)	(25,632)
(577,899)	(62,665)	(10,825)	(651,389)	—
—	—	(16,264)	(152,307)	—
—	—	(6,376)	(6,376)	—
—	—	(8,839)	(373,512)	—
27,448	—	1,357	39,838	—
—	16,798	(2,911)	11,516	—
(8,922)	15,501	2,695	(205,043)	(303)
—	—	—	79,465	—
—	—	—	(83,805)	—
—	—	—	(8,482)	—
10,000	—	7,611	52,248	8,030
—	(2,810)	(36,412)	(56,325)	(6,008)
—	—	162	162	—
(8,474)	—	—	23,026	5,705
1,526	(2,810)	(28,639)	6,289	7,727
—	—	—	2	5,027
—	—	—	—	(7,891)
—	—	—	—	(2,411)
(137)	—	(267)	(404)	(26,402)
(137)	—	(267)	(402)	(31,677)
(86,362)	(20,650)	(994)	(483,207)	(864)
119,873	18,887	11,500	527,923	864
2,034	(415)	1,295	141,400	40
35,545	(2,178)	11,801	186,116	40
28,012	10,513	(14,410)	(13,040)	(24,213)
36,138	25,946	69,282	2,094,981	68,755
$ 64,150	$ 36,459	$ 54,872	$ 2,081,941	$ 44,542

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)
(Continued)

	Business-type Activities – Enterprise Funds			
	Water Pollution Control Revolving Fund	**Workers' Compensation Fund**	**Unemployment Compensation**	**West Virginia Infrastructure and Jobs Development Council**
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	$ 2,498	$ (98,685)	$ 35,299	$ (12,506)
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization	—	—	—	—
Provisions for Uncollectible Loans	—	—	—	544
Pension Expense	91	—	—	26
Changes in Assets and Liabilities and Deferred Outflow of Resources:				
Receivables	(31,416)	(534)	(7,971)	(30,290)
Inventories	—	—	—	—
Other Assets	—	—	—	(206)
Accounts Payable and Accrued Liabilities	(50)	(55,300)	(13,474)	(1,643)
Tuition Contracts Benefits and Expenses	—	—	—	—
Unearned Revenue	—	—	—	—
Escrow Deposits	—	—	—	—
Due to/from Other Funds	(43)	—	15	(5)
Unpaid Claims Liabilities	—	—	—	—
Other Liabilities	—	(494)	—	—
Compensated Absences	(24)	—	—	—
Deferred Outflows of Resources	(127)	—	—	(22)
Net Cash Provided by (Used for) Operating Activities	$ (29,071)	$ (155,013)	$ 13,869	$ (44,102)
Schedule of Noncash Capital and Financing Activities:				
Contribution of Capital Assets	$ —	$ —	$ —	$ —
Loans Originated with Principal Forgiveness Features	—	—	—	—
Unrealized Gain (Loss) on Investments	—	—	—	—

The accompanying notes are an integral part of the financial statements.

Public Employees' Insurance Agency	Board of Risk and Insurance Management	Other Enterprise Funds	Total	Governmental Activities – Internal Service Funds
$ 28,108	$ 1,338	$ 20,960	$ (22,988)	$ (13,097)
54	—	401	455	19,536
—	—	—	544	—
120	84	282	603	2,164
(11,081)	108	(8,801)	(89,935)	(1,537)
—	—	192	192	94
—	—	—	(206)	2
(10,696)	—	(1,327)	(82,490)	(5,362)
—	—	(9,370)	(9,370)	—
(1,650)	(64)	—	(1,714)	—
—	16,800	—	16,800	—
—	—	115	82	—
—	(3,516)	—	(3,516)	—
(13,642)	874	608	(12,654)	47
—	—	(18)	(42)	—
(185)	(123)	(347)	(804)	(2,150)
$ (8,922)	$ 15,501	$ 2,695	$ (205,043)	$ (303)
$ —	$ —	$ 701	$ 701	$ —
10,546	12,019	—	22,565	—
—	—	—	—	1,564


STATE OF WEST VIRGINIA
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FIDUCIARY FUNDS FINANCIAL STATEMENTS

Private Purpose Trust Fund This fund type is used to report a trust arrangement under which principal and income benefit individuals.

SMART 529 The West Virginia College Savings Program (the Program) operates under the West Virginia State Code Chapter 18, Article 30, and is administered by the Office of the State Treasurer under the direction of the Program's Board. All funds paid into or invested through the Program will be available for use at any two- year or four-year college or university in the country, with refund and transfer options available. Since the Program is an Internal Revenue Service Section 529 Qualified State Tuition Program, earnings on the funds are federally tax deferred until used for college.

The individual Pension and Other Employee Benefit Trust Funds, Investment Trust Funds, and Agency Funds descriptions and financial statements begin on page 254.

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017
(Expressed in Thousands)

	Pension and Other Benefit Trust Funds	Investment Trust Funds	SMART 529	Agency Funds
Assets:				
Cash and Cash Equivalents	$ 97,098	$ 313,519	$ —	$ 106,254
Investments:				
Equity Pooled Investment	15,580,775	—	—	9,007
Mutual Funds	470,828	—	2,461,913	—
Receivables, Net:				
Contributions	41,861	—	1,463	—
Participant Loans	2,977	—	—	—
Accrued Interest	—	—	—	109
Accounts	19,549	—	—	—
Due from Other Funds	66,669	—	—	—
Due from Component Units	345	—	—	—
Total Assets	16,280,102	313,519	2,463,376	$ 115,370
Deferred Outflows of Resources:				
Related to Pensions	339	—	—	—
Total Deferred Outflows of Resources	339	—	—	—
Liabilities:				
Accounts Payable	—	—	1,005	$ 32
Accrued and Other Liabilities	10,953	—	831	—
Due to Other Governments	—	—	—	6,397
Due to Other Funds	1,620	—	—	—
Due to Component Units	6	—	—	—
Insurance Claims Payable	21,057	—	—	—
Agency Liabilities	—	—	—	108,941
Net Pension Liability	512	—	—	—
Total Liabilities	34,148	—	1,836	$ 115,370
Deferred Inflows of Resources:				
Related to Pensions	25	—	—	
Total Deferred Inflows of Resources	25	—	—	
Net Position:				
Restricted for:				
Pension Benefits	15,422,357	—	—	
Other Postemployment Benefits	823,911	—	—	
Held in Trust for:				
External Investment Pool Participants	—	313,519	—	
Individuals and Organizations	—	—	2,461,540	
Total Net Position	$ 16,246,268	$ 313,519	$ 2,461,540	

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)

	Pension and Other Benefit Trust Funds	Investment Trust Funds	SMART 529
Additions:			
Contributions:			
Members	$ 262,228	$ —	$ —
Employer	467,091	—	—
Account Holder Contributions	—	—	194,260
Deposits, Pool Participants	—	556,298	—
Other	372,033	—	—
Total Contributions	1,101,352	556,298	194,260
Investment Income:			
Net Appreciation in Fair Value of Investments	2,046,910	1,710	129,956
Interest	146,096	—	135,088
Investment Expense	—	—	(5,695)
Net Investment Income	2,193,006	1,710	259,349
Transfers to Plans	259	—	—
Other	6,670	—	—
Total Additions	3,301,287	558,008	453,609
Deductions:			
Benefits Expense	1,469,289	—	—
Forfeitures	1,603	—	—
Payments in Accordance with Trust Agreements	—	—	218,642
Refunds of Contributions	38,859	—	—
Withdrawals	—	501,254	—
Pension Expense	25	—	—
Administrative Expense	14,412	—	5,968
Transfers from Plans	259	—	—
Total Deductions	1,524,447	501,254	224,610
Change in Net Position Held in Trust For:			
Pension Benefits	1,638,597	—	—
Other Postemployment Benefits	138,243	—	—
External Investment Pool Participants	—	56,754	—
Individuals and Organizations	—	—	228,999
Net Position, Beginning of Year	14,469,428	256,765	2,232,541
Net Position, End of Year	$ 16,246,268	$ 313,519	$ 2,461,540

The accompanying notes are an integral part of the financial statements.

DISCRETELY PRESENTED COMPONENT UNITS FINANCIAL STATEMENTS

Major Component Units

West Virginia Lottery The West Virginia Lottery's responsibilities include the distribution and sale of lottery tickets and the awarding of prizes. The West Virginia Lottery has a duty to establish rules for conducting games, to select the type and number of gaming systems or games, and to enter into contracts and agreements to operate in a highly efficient manner. The Lottery derives its revenues from instant, online, video-type games, and table games. To the extent available, remaining net profits are to be distributed to the State and local governments as required by law.

Economic Development Authority The Authority, responsible for developing and advancing the business prosperity and economic welfare of the State, is authorized to make loans and enter into direct financing and operating leases with industrial development agencies for the promotion and retention of new and existing commercial and industrial development. The Authority is empowered to borrow money and issue bonds, notes, commercial paper, and other debt instruments to furnish money for the enhancement of business development projects, and additionally maintains the discretionary ability to set loan terms and interest rates.

Housing Development Fund The Fund is responsible for providing residential housing programs for low and moderate income families, elderly persons, and other eligible persons and families, as well as financing certain nonresidential projects. The Fund is empowered to issue bonds payable from mortgage payments and to issue general obligation bonds payable from other assets. The bonds of the Housing Development Fund do not constitute debt of the State.

Parkways Authority The Authority is responsible for operation and maintenance of the State's turnpike and economic development and tourism projects approved by the Department of Transportation. The Authority is empowered to issue Parkway revenue refunding bonds and set rates for crossing the turnpike. The State has discretionary authority to reappropriate any surplus from the Authority.

Water Development Authority The Authority is responsible for assisting in the preservation, protection, improvement, and management of the State's water resources. The Authority oversees a loan pool program which provides low-interest financing to local governments for water and wastewater projects. The Authority issues bonds to fund the loan pool and uses the proceeds to purchase local government revenue bonds. The revenue bonds are payable solely from the revenues of the projects.

West Virginia Higher Education Fund The Fund is responsible for providing the delivery of postsecondary education, which is competitive, affordable, and has the capacity to deliver the programs and services necessary to meet the regional and statewide needs of young people and working-age adults. The focus and collaboration of the institutions within the Fund are to create a system of higher education that is equipped to increase the competitiveness and to diversify and to expand the State's workforce by increasing the number of college degrees produced. The Fund obtains revenues from state and federal student aid programs; tuition and fees; state and federal appropriations; sales and services of educational activities and auxiliary enterprises; federal, state, local, and nongovernmental grants and contracts; and gifts and contributions.

Regional Jail and Correctional Facility Authority The Authority is responsible for replacing individual county jails with regional jails. Along with the state correctional institutions, the Regional Jail Authority is part of the consolidated penal system of this State. Although the construction of additional jails is ongoing, the operating focus has become the confinement of prisoners and existing jail operations. A majority of the operations, as well as a majority of the debt service, are financed by per diem fees for prisoners and court fees rather than appropriations from the State. No bonds or other obligations may be issued until the Legislature has approved the purpose and amount of each project.

School Building Authority The Authority's responsibilities include providing state funds for the acquisition and construction of elementary and secondary public school facilities in order to satisfy the educational needs of the State's citizens in an efficient and economical manner. The Authority's programs are designed to provide modern, efficient public school facilities throughout the State by promoting the consolidation of elementary and secondary public schools, enabling the State to more efficiently utilize its educational resources.

Nonmajor component units are presented beginning on page 268.

Combining Statement of Net Position
Discretely Presented Component Units
June 30, 2017
(Expressed in Thousands)

	West Virginia Lottery	Economic Development Authority	Housing Development Fund	Parkways Authority
Assets:				
Current Assets:				
Cash and Cash Equivalents	$ 156,550	$ 59,749	$ 21,038	$ 7,994
Investments	—	—	—	—
Receivables, Net	26,125	17,791	1,349	3,601
Capital Leases Receivable from Primary Government	—	16,120	—	—
Due from Primary Government	8	—	1	19
Due from Component Units	1,400	—	—	—
Inventories	553	—	—	3,780
Prepaid Insurance	—	—	—	—
Other Assets	1,482	—	—	539
Restricted Assets:				
Cash and Cash Equivalents	—	1,689	39,822	27,126
Investments	—	—	—	25,542
Receivables, Net	—	—	2,980	—
Other Restricted Assets	—	—	—	—
Total Current Assets	186,118	95,349	65,190	68,601
Noncurrent Assets:				
Cash and Cash Equivalents	—	—	—	—
Investments	—	2,430	—	—
Receivables, Net	—	182,254	56,505	—
Capital Leases Receivable from Primary Government	—	244,835	—	—
Other Assets	—	—	174	—
Restricted Assets:				
Cash and Cash Equivalents	—	5,857	48,708	—
Investments	—	—	81,632	27,806
Receivables, Net	—	—	657,174	—
Other Restricted Assets	—	—	5,427	—
Capital Assets, Net	43,779	30,541	9,632	451,041
Total Noncurrent Assets	43,779	465,917	859,252	478,847
Total Assets	229,897	561,266	924,442	547,448
Deferred Outflows of Resources:				
Accumulated Decrease in Fair Value of Hedging Derivatives	—	—	—	633
Deferred Loss on Bond Refundings	—	—	—	1,441
Related to Pensions	2,795	247	2,070	6,052
Total Deferred Outflows of Resources	2,795	247	2,070	8,126

The accompanying notes are an integral part of the financial statements.

Water Development Authority	Higher Education	Regional Jail Authority	School Building Authority	Other Component Units	Total
$ 22,058	$ 412,721	$ 19,658	$ 180,124	$ 56,027	$ 935,919
—	142,667	—	73,756	2,510	218,933
11,177	132,225	13,262	370	1,251	207,151
—	—	—	—	—	16,120
195	8,932	—	—	354	9,509
—	4,614	—	—	—	6,014
—	4,342	1,543	—	19	10,237
—	—	—	129	—	129
—	11,726	—	—	17	13,764
—	—	21,402	—	18,096	108,135
3,496	—	—	—	—	29,038
—	—	—	—	626	3,606
8	—	—	—	—	8
36,934	717,227	55,865	254,379	78,900	1,558,563
—	67,987	—	—	—	67,987
1,200	521,135	—	—	3,931	528,696
9,414	45,743	—	—	3,007	296,923
—	—	—	—	—	244,835
206	79,105	—	—	88	79,573
12,647	—	—	—	—	67,212
—	—	—	—	—	109,438
182,030	—	—	—	609	839,813
219	—	—	—	229	5,875
5,411	3,295,539	116,514	702	43,402	3,996,561
211,127	4,009,509	116,514	702	51,266	6,236,913
248,061	4,726,736	172,379	255,081	130,166	7,795,476
—	398	—	—	—	1,031
8,618	28,301	—	7,888	—	46,248
219	7,042	12,509	216	7,085	38,235
8,837	35,741	12,509	8,104	7,085	85,514

Combining Statement of Net Position
Discretely Presented Component Units
June 30, 2017
(Expressed in Thousands)
(Continued)

	West Virginia Lottery	Economic Development Authority	Housing Development Fund	Parkways Authority
Liabilities:				
Current Liabilities:				
Accounts Payable	23,075	20	—	5,015
Interest Payable	—	—	1,795	115
Accrued and Other Liabilities	19,007	2,698	15,558	5,651
Unearned Revenue	—	—	—	—
Due to Primary Government	127,236	168	72	11,242
Due to Component Units	4,614	1,400	—	—
Revenue Bonds Payable	—	16,120	35,715	9,805
Capital Leases and Other Debt	—	1,085	—	—
Compensated Absences	574	31	414	773
Total Current Liabilities	174,506	21,522	53,554	32,601
Noncurrent Liabilities:				
Unearned Revenue	—	716	—	—
Advances from Primary Government	—	125,319	—	—
Liabilities Payable from Restricted Assets	—	—	67,606	—
Accrued and Other Liabilities	—	—	—	—
Revenue Bonds Payable	—	244,835	301,305	10,523
Capital Leases and Other Debt	—	8,332	751	—
Net Pension Liability	4,800	406	3,526	10,007
Compensated Absences	—	32	—	224
Total Noncurrent Liabilities	4,800	379,640	373,188	20,754
Total Liabilities	179,306	401,162	426,742	53,355
Deferred Inflows of Resources:				
Accumulated Increase in Fair Value of Hedging Derivative Instruments	—	—	—	633
Related to Pensions	367	21	316	568
Service Concession Arrangements	—	—	—	—
Grants and Contributions	—	—	—	—
Total Deferred Inflows of Resources	367	21	316	1,201
Net Position:				
Net Investment in Capital Assets	43,779	27,620	8,663	432,154
Restricted for:				
Capital Projects	—	—	—	—
Debt Service	—	—	346,325	65,834
Nonexpendable	—	—	—	—
Lending Activities	—	5,557	67,020	—
Specific Component Unit Purposes	—	—	—	—
Unrestricted (Deficit)	9,240	127,153	77,446	3,030
Total Net Position (Deficit)	$ 53,019	$ 160,330	$ 499,454	$ 501,018

The accompanying notes are an integral part of the financial statements.

Water Development Authority	Higher Education	Regional Jail Authority	School Building Authority	Other Component Units	Total
$ 65	$ 62,802	$ 3,362	$ 2	$ 1,240	$ 95,581
1,519	11,563	—	—	—	14,992
—	202,980	2,410	8,874	658	257,836
—	79,131	—	—	3	79,134
235	337,676	25,427	282	9,523	511,861
—	—	—	—	—	6,014
9,082	41,820	7,195	29,620	—	149,357
—	7,688	99	—	—	8,872
—	44,066	2,048	52	1,262	49,220
10,901	787,726	40,541	38,830	12,686	1,172,867
—	—	—	—	53	769
—	—	—	—	—	125,319
—	—	—	—	14,275	81,881
206	167,112	—	—	200	167,518
180,275	1,313,326	23,995	436,966	—	2,511,225
—	109,625	236	—	—	118,944
365	28,100	21,421	623	11,611	80,859
34	4,031	—	—	233	4,554
180,880	1,622,194	45,652	437,589	26,372	3,091,069
191,781	2,409,920	86,193	476,419	39,058	4,263,936
—	—	—	—	—	633
38	4,126	1,296	46	1,019	7,797
—	38,538	—	—	—	38,538
—	1,144	—	—	—	1,144
38	43,808	1,296	46	1,019	48,112
5,411	2,137,011	84,989	702	43,402	2,783,731
—	27,217	—	—	—	27,217
—	11,965	8,973	111,006	—	544,103
—	262,176	—	—	229	262,405
26,299	—	—	—	—	98,876
—	174,798	3,437	—	33,409	211,644
33,369	(304,418)	—	(324,388)	20,134	(359,034)
$ 65,079	$ 2,308,749	$ 97,399	$ (213,280)	$ 97,174	$ 3,568,942

Combining Statement of Activities
Discretely Presented Component Units
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Component Units:					
West Virginia Lottery	$ 1,090,481	$ 1,079,517	$ —	$ —	$ (10,964)
Economic Development Authority	7,685	8,690	—	—	1,005
Housing Development Fund	100,552	39,427	72,124	—	10,999
Parkways Authority	87,470	100,109	—	—	12,639
Water Development Authority	11,413	12,680	—	—	1,267
Higher Education	1,961,364	948,545	449,030	52,031	(511,758)
Regional Jail Authority	97,586	90,478	2,788	—	(4,320)
School Building Authority	66,463	—	(2,069)	—	(68,532)
Other Component Units	59,244	11,094	2,024	—	(46,126)
Total Component Units	$ 3,482,258	$ 2,290,540	$ 523,897	$ 52,031	$ (615,790)

The accompanying notes are an integral part of the financial statements.

General Revenue							
Unrestricted Investment Earnings	Grants and Contributions Not Restricted for Specific Programs	Miscellaneous	Payments from the State of West Virginia	Total General Revenues and Special Item	Change in Net Position	Net Position (Deficit) Beginning of Year, as Restated	Net Position (Deficit) End of Year
$ 934	$ —	$ 10,677	$ —	$ 11,611	$ 647	$ 52,372	$ 53,019
491	—	1,663	—	2,154	3,159	157,171	160,330
(82)	—	—	—	(82)	10,917	488,537	499,454
280	—	—	—	280	12,919	488,099	501,018
272	—	—	—	272	1,539	63,540	65,079
60,775	—	53,239	453,381	567,395	55,637	2,253,112	2,308,749
227	—	—	—	227	(4,093)	101,492	97,399
2,179	—	—	96,404	98,583	30,051	(243,331)	(213,280)
353	1,293	1,338	42,883	45,867	(259)	97,433	97,174
$ 65,429	$ 1,293	$ 66,917	$ 592,668	$ 726,307	$ 110,517	$ 3,458,425	$ 3,568,942


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STATE OF WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The State of West Virginia (the State) is governed by elected officials. These financial statements present the State (the primary government) and its component units. The component units discussed below are included in the State's reporting entity because of the significance of their operational or financial relationships with the State.

Individual Component Unit Disclosures

United States generally accepted accounting principles (GAAP) define component units as those entities which are legally separate organizations for which the State's elected officials are financially accountable, or other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. GAAP specifies two methods of presentation: blending the financial data of the component units' balances and transactions in a manner similar to the presentation of the State's balances and transactions or discrete presentation of the component units' financial data in columns separate from the State's financial data.

Blended Component Units

The entities below are legally separate from the State and meet the GAAP criteria for component units. These entities are blended with the primary government because they provide services entirely or almost entirely to the State or there is a financial benefit or burden relationship with the primary government.

Transportation

The Division of Highways, within the Department of Transportation (DOT), is governed by a commissioner appointed by the Governor; it does not have a governing board separate from the State Legislature. It is a legally separate entity defined by the State Constitution. Since its operations are to improve the State's roads, DOT is blended in the major special revenue funds of the State.

West Virginia Investment Management Board

The West Virginia Investment Management Board (IMB) is governed by a thirteen-member Board of Trustees. The IMB was created as a public corporation by West Virginia Code §12-6-1 to serve as the administrator, investor, and manager of the State's pension, Workers' Compensation, Pneumoconiosis, and other state funds. The Governor, the State Auditor, and the State Treasurer are members of the Board and the other members are appointed by the Governor. Because there is a financial benefit-burden relationship between the State and the IMB, and assets of the State and its component units comprise over 90% of the assets managed by the IMB, it is blended in the internal service funds of the State.

West Virginia Board of Treasury Investments

The West Virginia Board of Treasury Investments (BTI) is governed by a five-member board. The Governor, the State Auditor, and the State Treasurer are members of the Board and the other two members are appointed by the Governor. The BTI was created as a public corporation by West Virginia Code §12-6C-4 to provide prudent fiscal administration, investment, and management for the Consolidated Fund and is blended in the internal service funds of the State.

Tobacco Settlement Finance Authority

The Tobacco Settlement Finance Authority (TSFA) is governed by a five-member board, including the Secretary of Administration, the State Treasurer, and three persons appointed by the Governor. The TSFA was created to issue bonds related to the State's portion of the tobacco receipts from the Master Settlement Agreement between tobacco manufacturers and the covered states. The revenue bonds, secured by the tobacco revenues, are not a general obligation of the State. The TSFA is blended in the special revenue funds of the State, since its activities only benefit the State.

Blended Component Unit Financial Statements

Audited financial statements for these blended component units can be obtained directly from their respective administrative offices.

Administrative Offices:

Transportation
1900 Kanawha Blvd., East
Building 5, Room A-137
Charleston, WV 25305

West Virginia Investment Management Board
500 Virginia St. East, Suite 200
Charleston, WV 25301

Board of Treasury Investments
1900 Kanawha Blvd, East
Building 1, Room E-122
Charleston, WV 25305

Tobacco Settlement Finance Authority
1900 Kanawha Blvd, East
Building 1, Room E-119
Charleston, WV 25305

Discretely Presented Component Units

Discretely presented component units are entities which are legally separate from the State, but are financially accountable to the State, or whose relationship with the State is such that exclusion would cause the State's financial statements to be misleading or incomplete. Because of the nature of the services they provide and the State's ability to impose its will on them, the following component units are discretely presented. The State has both governmental (providing services to the government) and proprietary (providing services to external parties) component units. The component units are presented in a single column on the government-wide statements.

The major discretely presented component units are comprised of the following entities:

West Virginia Lottery

The West Virginia Lottery (Lottery) is governed by a seven-member board appointed by the Governor. It was formed to assist the State in funding education, debt service, the promotion of tourism, and other basic governmental activities. Even though the Lottery was created primarily to generate revenue for the State, the service provided by the Lottery — the opportunity for financial gain — is provided to anyone who chooses to participate. When prizes are awarded to winners and financial gain is achieved, the lottery operation does not exclusively, or almost exclusively, benefit the primary government as an institution, not meeting the criteria for blending and thus requiring discrete component unit presentation.

Economic Development Authority

The Economic Development Authority (EDA) is administered by a nine-member board composed of the Governor, Secretary of Revenue, and seven other members appointed by the Governor. EDA is responsible for developing and advancing the business prosperity and economic welfare of the State. EDA is authorized to make loans, including direct financing and operating leases to industrial development agencies for the promotion and retention of new and existing commercial and industrial development. EDA is empowered to borrow money and issue bonds (with approval of the State), notes, commercial paper, and other debt instruments to furnish money for the enhancement of business development projects, and has the ability to establish loan terms, including interest rates, at its discretion. EDA promotes economic development among private industries, and though its services benefit the State by increasing the tax base, its primary function is to provide jobs.

Housing Development Fund

The Housing Development Fund (HDF) is governed by an eleven-member board consisting of the Governor, the Attorney General, the Commissioner of Agriculture, the State Treasurer, and seven other members appointed by the Governor. The Governor or his designee is the chair of the board of directors. HDF is responsible for providing residential housing programs for low-income and moderate-income families, elderly persons, and other eligible persons and families, as well as financing certain nonresidential projects. It is empowered to issue bonds which are payable from the mortgage payments. The assets and revenues of the bond programs of the HDF are restricted by resolution to repay the outstanding debt. As the State is able to impose its will over the HDF, it is included as a discretely presented component unit.

Parkways Authority

The Parkways Authority (Parkways) is composed of seven members. The Governor or his designee serves as its chairperson, the Secretary of the Department of Transportation is on the board, and five members are appointed by the Governor. Its responsibilities include the operation and maintenance of the West Virginia Turnpike (the Turnpike) as well as economic development and tourism projects approved by the DOT. Parkways sets the rates for using the Turnpike and may issue Parkways' revenue refunding bonds payable solely from revenues of the Turnpike. The DOT, as well as the State, is able to impose its will on Parkways.

Water Development Authority

The Water Development Authority (Water Development) is governed by a seven-member board. The Governor, the Secretary of the Department of Environmental Protection, and the Commissioner of the Bureau for Public Health are members ex-officio of the board. Four members are appointed by the Governor, who serves as the chair. Water Development is responsible for assisting in the preservation, protection, improvement, and management of the State's water resources. Water Development oversees a loan pool program which provides low-interest financing to local governments for water and wastewater projects. Water Development issues bonds to fund the loan pool and uses the proceeds to purchase local government revenue bonds. The revenue bonds are payable solely from the revenues of the projects. Water Development also serves as the financial administrator of the West Virginia Infrastructure and Jobs Development Council and the Drinking Water Treatment Revolving Fund, which are enterprise funds. As the State is able to impose its will over the Water Development, it is included as a discretely presented component unit.

Higher Education Fund

Each college and university in the Higher Education Fund (the Fund) is governed by a Governing Board, which is responsible for the general determination, control, supervision, and management of the financial business and educational policies and affairs of the institution(s). The West Virginia Higher Education Policy Commission (the Policy Commission), in accordance with Senate Bill No. 653, is the single accountability point responsible for developing, gaining consensus around, and overseeing the implementation and development of a higher education public policy agenda. It is comprised of ten persons appointed by the Governor with the advice and consent of the Senate. The Policy Commission is responsible for preparing and submitting a consolidated budget and allocating state appropriations to supplement institutional operating revenues.

Senate Bill 448 created the West Virginia Council for Community and Technical College Education (the Council), which has responsibility for developing, overseeing, and advancing the State's public policy agenda as it relates to community and technical college education. The Council is comprised of twelve persons appointed by the Governor with the advice and consent of the Senate.

The Fund is comprised of the following: Bluefield State College, BridgeValley Community and Technical College, New River Community and Technical College, Concord University, Eastern West Virginia Community and Technical College, Fairmont State University, Glenville State College, Marshall University (including Marshall University Graduate College), Mountwest

Community and Technical College, Pierpont Community and Technical College, Shepherd University, Blue Ridge Community and Technical College, Southern West Virginia Community and Technical College, West Liberty University, West Virginia Higher Education Policy Commission (including West Virginia Network for Educational Telecomputing), West Virginia Council for Community and Technical College Education, West Virginia Northern Community College, West Virginia State University, West Virginia School of Osteopathic Medicine, West Virginia University (including Potomac State College and West Virginia University Institute of Technology), and West Virginia University at Parkersburg Community and Technical College. These entities are included in the Fund financial statements as blended component units: Concord University Research and Development Corporation, Glenville State College Research Corporation, Glenville State College Housing Corporation, Marshall University Research Corporation, Shepherd University Research and Development Corporation, West Liberty University Research Corporation, West Virginia State University Research and Development Corporation, West Virginia University Research and Development Corporation, and West Virginia Regional Technology Park.

The Fund's component units' financial statements are included in the Fund's component unit column in the Discretely Presented Major Component Units Financial Statements of the CAFR. The component units are the separate private nonprofit organizations of each applicable institution that are required to be reported under Governmental Accounting Standards Board (GASB) Statement No. 39. Those organizations report under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

Various foundations have been established as separate nonprofit organizations incorporated in the State of West Virginia having as their purpose ". . . to aid, strengthen and further in every proper and useful way, the work and services of the (individual institutions within the Fund), and their affiliated nonprofit organizations." Oversight of the foundations is the responsibility of separate and independently elected Boards of Directors, not otherwise affiliated with the Fund. In carrying out its responsibilities, the Boards of Directors of the foundations employ management, form policy, and maintain fiscal accountability over funds administered by the foundations. Although the individual institutions within the Fund do not control the timing or amount of receipts from the foundations, the majority of resources, or income thereon, which the foundations hold and invest are restricted to the activities of the individual institutions within the Fund by donors. Because these restricted resources held by the foundations as detailed held by the foundations as detailed in the basic financial statements can only be used by, or for the benefit of, the individual institutions within the Fund, the foundations are considered component units of the Fund and are therefore included with the Fund's financial statements.

The West Virginia University Foundation Inc. is appropriately not reported because the economic resources held do not entirely or almost entirely benefit West Virginia University. The Bridge Valley Community and Technical College Foundation, Inc., the Fairmont State University Foundation, the Eastern West Virginia Community and Technical College Foundation Inc., the Mountwest Foundation, Inc., and Tech Foundation, Inc. are not included because they were not significant to their institutions. The Higher Education Foundation is not included because it was not significant to the Fund.

Complete financial statements for any college, university or foundation can be obtained by contacting the Business Office of the West Virginia Higher Education Policy Commission, 1018 Kanawha Boulevard, E., Suite 700, Charleston, WV 25301.

Regional Jail and Correctional Facility Authority

The Regional Jail and Correctional Facility Authority (Regional Jail) is governed by a seven-member board of which five members are appointed by the Governor. It was formed to replace individual county jails with regional jails. Along with the State's correctional institutions, the Regional Jail is part of the consolidated penal system of this State. Although the construction of additional jails is ongoing, the operating focus has become the confinement of prisoners and existing jail operations. A majority of the operations, as well as a majority of the debt service, are financed by per diem fees for prisoners and court fees rather than appropriations from the State. No bonds or other obligations may be issued until the Legislature has approved the purpose and amount of each project.

School Building Authority

The School Building Authority (SBA) is governed by a ten-member board appointed by the Governor. The State Superintendent of Schools serves as president of the Authority. The remaining nine members consist of three members of the State Board of Education and six citizens, one of whom must be a representative of the construction trades. The SBA is to "facilitate and provide State funds for the acquisition, construction, and maintenance of elementary and secondary public school facilities so as to meet the educational needs of the people of the State in an efficient and economical manner." The SBA's program is designed to provide modern, efficient public school facilities throughout the State by promoting the consolidation of elementary and secondary public schools, enabling the State to more efficiently utilize its educational resources. As the State is able to impose its will over the SBA, it is included as a discretely presented component unit.

The nonmajor discretely presented component units are comprised of the following entities:

Educational Broadcasting Authority

The Educational Broadcasting Authority (EBA) consists of eleven members. Seven members are appointed by the Governor. The other four members include the State Superintendent of Schools, one member from the West Virginia Board of Education, and two members from the Policy Commission. EBA is responsible for extending educational, cultural, and informational experiences to all state citizens. This is accomplished through the construction and operation of noncommercial educational television and radio stations and related facilities statewide. EBA provides statewide telecommunication services for other state and public service agencies for nonbroadcasted activities such as teleconferencing, in-service training, and data delivery. EBA's revenues are derived primarily through donations, with a portion of operational costs supplemented by state and federal grants.

Jobs Investment Trust

The Jobs Investment Trust (JIT) consists of thirteen members. The Governor, the President of West Virginia University, the President of Marshall University, the Chancellor of the West Virginia Higher Education Policy Commission, and the Executive Director of the West Virginia Housing Development Fund serve on the board by virtue of their respective positions. One member is appointed by the Governor from a list of two names submitted by the board of directors of the Housing Development Fund. One member is appointed by the Governor from a list of two names submitted by the Commissioner of the Division of Tourism. The other six members are appointed from the general public by the Governor. JIT is responsible for the development, promotion, and expansion of West Virginia's economy and to provide opportunities to businesses and college and university students to develop and implement plans for innovative projects and investment opportunity.

West Virginia State Rail Authority

The West Virginia State Rail Authority (Rail Authority) consists of seven members. Six members are appointed by the Governor and the seventh member is the Secretary of the Department of Transportation. The Rail Authority is responsible for the rehabilitation, improvement, and restoration of the financial stability of the railway system in the State. It can issue bonds and set rates for the rail system. The Rail Authority receives federal and state grants to supplement its cost of operations.

Solid Waste Management Board

The Solid Waste Management Board (Solid Waste) is composed of seven members. Five members are appointed by the Governor and the remaining members are the Secretary of the Department of Health and Human Resources and the Director of the Division of Environmental Protection. Solid Waste is responsible for improving collection and disposal of solid wastes and encouraging recycling, reuse, and recovery of resources from wastes. Solid Waste is the financing mechanism for solid waste projects and is empowered to issue bonds (with approval of the Water Development Authority) and set a rate structure.

Racing Commission

The Racing Commission consists of three members appointed by the Governor, by and with the consent of the Senate. The State Legislature has the ability to approve and modify the Racing Commission's budget. The Racing Commission has full jurisdiction over and shall supervise all horse race meetings, all dog race meetings, and all persons involved in the holding and conducting of horse and dog race meetings. It has the power to set fees and grant licenses and permits pertaining to horse and dog race meetings, as well as regulate the horse and dog race wagering.

Public Defender Corporation

The Public Defender Corporation represents the combined nonprofit corporations, created under authority of West Virginia Code §29-21, for the purpose of fulfilling the State's obligation to provide legal representation to eligible clients. Funding of the individual public defender corporations is by appropriation disbursed in periodic allotments determined by the Executive Director of the Public Defender Services, who is appointed by the Governor. The governing body of each public defender corporation is a Board of Directors appointed by the county commissions and the Governor.

Municipal Pensions Oversight Board

The Municipal Pensions Oversight Board is responsible for monitoring and improving the performance of the municipal policemen's and fireman's pension and relief funds. The board, which is the governing body, ensures legal compliance of the funds and distribution of tax revenues to the relief funds as well as any reasonable actions necessary to provide for the security and fiscal integrity of pension funds. The board consists of nine members including the executive directors of the State's IMB and Consolidated Public Retirement Board, an active or retired member from both the Municipal Policeman's Pension and Relief Fund, and the Municipal Fireman's Pension and Retirement Fund, an attorney experienced in finance and investment matters related to pensions management, two persons experienced in pension management, a Certified Public Accountant experienced in auditing and one person chosen from a list of three persons submitted to the Governor. It would be misleading to exclude the Municipal Pensions Oversight Board, so it is presented a discretely presented component unit.

Discretely Presented Component Unit Financial Statements

Complete audited financial statements of the individual discretely presented component units can be obtained directly from their respective administrative offices.

Administrative Offices:

West Virginia Lottery
900 Pennsylvania Avenue
Charleston, WV 25302

Housing Development Fund
5710 MacCorkle Avenue, S.E.
Charleston, WV 25304

Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Regional Jail Authority
1325 Virginia Street, East
Charleston, WV 25301

Educational Broadcasting Authority
600 Capitol Street
Charleston, WV 25301

West Virginia State Rail Authority
120 Water Plant Drive
Moorefield, WV 26836

Racing Commission
900 Pennsylvania Avenue
Charleston, WV 25302

Municipal Pensions Oversight Board
301 Eagle Mountain Road
Suite 251
Charleston, WV 25311

Economic Development Authority
Northgate Business Park
160 Association Drive
Charleston, WV 25311-1217

Parkways Authority
P.O. Box 1469
Charleston, WV 25325-1469

Higher Education Policy Commission
Administrative Services
1018 Kanawha Boulevard, East
Suite 700
Charleston, WV 25301

School Building Authority
Finance Division
2300 Kanawha Boulevard, East
Charleston, WV 25311

Jobs Investment Trust
1012 Kanawha Boulevard, East
5th Floor
Charleston, WV 25301-2877

Solid Waste Management Board
601 57th Street, SE
Charleston, WV 25304

Public Defender Corporation
One Players Club Drive
Suite 301
Charleston, WV 25311

Joint Venture

The Stonewall Jackson Lake State Park Project (the Project) is a joint development of certain facilities at Stonewall Jackson Lake involving the Division of Natural Resources (DNR), the United States Corps of Engineers, and McCabe-Henley Properties LP (MHP), a West Virginia limited partnership. MHP was engaged by the DNR as the sole developer and operator of the Project. Revenue bonds for the Project were issued as conduit debt by the West Virginia Economic Development Authority in 2000. The bonds are payable solely from the revenues of the Project. The DNR has neither the power to pledge the credit of the State, nor to levy taxes or assessments, nor to issue debt on behalf of the Project.

Based upon the latest information available, the Project incurred net losses of $5,786,406 for the year ended December 31, 2016. At December 31, 2016, the Project's current liabilities exceeded its current assets by $101,024,045, and its total liabilities exceeded its total assets by $67,093,223. Additionally, the Project was in default under its Series A and Series B Revenue Bonds after having been unable to make required debt service payments in association with the Series A and Series B bonds from 2006 to 2016, except for one partial payment of approximately $725,000 to the Series A bondholders was made in 2007. Interest payment of $300,000 was made to A and B bondholders in 2016.

Presently, the Project has no additional sources of funding available which can be accessed to satisfy existing or future financial obligations imposed by its revenue bonds or notes payable. Cash flows generated from the Project's operations have not historically been sufficient to enable the Project to fund its operations and satisfy its debt obligations.

The Master Trust Indenture states that given the event of default, the outstanding balance on the revenue bonds may be declared due and payable in the manner and with the effect provided in the Indenture. Certain remedies available upon the occurrence of an event of default are set forth in the Indenture. The only collateral pledged under the Indenture is Project revenues. The Bondholders may not, therefore, foreclose upon or liquidate Park facilities or other non-financial Project assets. At this time, the bondholders have formed a committee to explore their options but as yet have generally not exercised their rights nor enforced the remedies with regard to the default.

The losses, negative cash flows from operations, bond covenant violations, and the Project's inability to meet its debt service requirements raise substantial doubt about the Project's ability to continue as a going concern. Furthermore, the independent auditor's report on the Project's financial statements for the year ended December 31, 2016, included a going-concern opinion modification emphasizing that these conditions raised substantial doubt about the Project's ability to continue as a going concern.

The developer is continuing in its efforts to market the Stonewall Resort for conferences and as a vacation destination to increase revenues, and to monitor its cost of operations. A park foundation has been established to facilitate improving the park programs, amenities and facilities. The bondholders have approved a 2009 Supplemental Indenture that was designed to facilitate expansion planning for the park. The West Virginia Legislature passed legislation which will allow the addition of privately financed lodging to the park, although the actual additions will require approval of the DNR, The United States Army Corps of Engineers (USACE), and the bondholders. Third-party professionals were consulted to suggest

changes that would increase revenues. In 2016, this has resulted in written recommendations for increased amenities and programs, additional lodging capacity, and analysis of the impact of such expansion on revenues. Project management is engaged with DNR, USACE, and other stakeholders in addressing the legal and financial issues associated with the changes that were suggested.

The State does not include the financial activities of the Project in its financial statements, because the State does not have an equity interest in the venture. Financial statements of the Project are available from the Stonewall Resort, 940 Resort Drive, Roanoke, WV 26447.

Basis of Presentation

The accompanying basic financial statements of the State of West Virginia conform to United States GAAP for governments. The GASB is the accepted standard-setting body for governmental accounting and financial reporting. In addition, GAAP requires that the State's proprietary activities apply GAAP in a similar manner as applied for business activities in the private sector. As a result, the financial statements of certain component units follow the specialized reporting practices of the insurance, housing finance agency, and other not-for-profit industries, as prescribed by the GASB. Certain fund balance and net position amounts presented for the preceding year have been restated. See Note 2 for further explanation.

The basic financial statements have been prepared primarily by the Financial Accounting and Reporting Section (FARS) of the Department of Administration from accounts maintained by the State Auditor's Office, the State Treasurer's Office, the Board of Treasury Investments, and the Investment Management Board. Additional data has been derived from the audited financial statements of certain entities and from reports and data prepared by various state agencies and departments, based on independent or subsidiary accounting records maintained by them.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements, which are the statement of net position and the statement of activities, report information on all the nonfiduciary activities of the primary government and its component units. These activities are reported as governmental activities, business-type activities, or component units. The governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange revenues, and are reported separately from the business-type activities. The business-type activities rely significantly on fees and charges to external parties for their support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net position presents the State's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes, and other debt of resources that are attributed to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

- Restricted net position results when constraints are placed on net position used by external creditors, grantors, contributors, etc. or imposed by law through constitutional provisions or enabling legislation and reduced by liabilities and deferred inflows of resources related to those assets.

- Unrestricted net position consists of net position which does not meet the definition of the two preceding categories. Unrestricted net position is often designated, which indicates that management does not consider it available for general operations. They also often have constraints on resources imposed by management, but can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included in program revenues are reported as general revenue.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with nonmajor funds being combined into a single column.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds have no measurement focus. These funds report only assets and liabilities, recognizing receivables and payables using the accrual basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. "Available" means expected to be collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, revenues are primarily considered available if received in the first 60 days of the new fiscal year. Significant revenues susceptible to accrual include income, sales and use, corporation and other taxes, federal awards, federal reimbursements, and other reimbursements for use of materials and services. Revenues from federal awards are considered available when the related expenditures have been incurred and if received in twelve months. Receipts and disbursements of U.S. Government food stamps are accounted for in the General Fund. The electronic benefits transfer (EBT) process for food stamp revenue equal to expenditures is recognized when the underlying transaction (food purchase) occurs. Revenues from other sources are recognized when received.

Expenditures generally are recorded when the related liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to retirement costs, compensated absences, environmental obligations, and claims and judgments, are recorded only when payments are due.

Governmental Fund Types

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes (other than debt service and capital projects).

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds).

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the State or its citizenry. The Irreducible School Fund was constitutionally established for educational purposes.

The State reports the following major governmental funds:

The General Fund is the primary operating fund of the State. It is used to account for all financial resources obtained and spent for those services normally provided by the State (e.g., health, social assistance, public safety, primary and secondary education), which are not required to be accounted for within other funds.

The DOT, a special revenue fund, has responsibility for the construction, maintenance, and improvement of all state roads; development of public transportation facilities, services, equipment, and methods; and supervision and control of commercial, state, and municipal airports and ports. Financial resources for these responsibilities are federal grants, registration fees, license fees, and taxes.

The TSFA, a special revenue fund, was established to sell bonds that are being funded by projected future cash flows from the Master Settlement Agreement between the manufacturers and the states. The TSFA acquired the State's rights to the revenue under the Master Settlement Agreement. The TSFA receives the cash flows and transfers the monies to the trustee upon receipt.

Proprietary Fund Types

Enterprise Funds are used to account for operations of those state agencies providing goods or services to the general public on a user-charge basis, or where the State has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. This fund type is also used when the activity is financed with debt that is secured by a pledge of the net revenues from the fees and charges of the activity. These funds include the State's risk management and insurance funds as well as the Alcohol Beverage Control Administration, two water treatment loan programs, the West Virginia Prepaid College Plan, the West Virginia Infrastructure and Jobs Development Council, and Correctional Industries.

Internal Service Funds account for the operations of those state agencies that provide goods and services to other state agencies and governmental units on a cost- reimbursement basis. These services include government building and vehicle maintenance and leasing, data processing functions, and the investment and management of state funds. In the government-wide statements, internal service funds are included with governmental activities.

The State reports the following major enterprise funds:

The Water Pollution Control Revolving Fund provides low-interest loans to communities to upgrade or establish sewer service, to clean up the State's water supply, and assist local governmental entities in complying with the Clean Water Act.

The Workers' Compensation Fund provides compensation for injury or illness sustained during the course of employment with a date of injury on or before June 30, 2005 (see Note 14).

Unemployment Compensation operates local offices throughout the State to provide temporary assistance to eligible unemployed workers.

The West Virginia Infrastructure and Jobs Development Council coordinates the review and funding of water, wastewater, and economic development projects within the State through proceeds of its bond program, certain mineral severance taxes, repayments of principal and interest, and statutorily dedicated legislative appropriations from the excess lottery revenue fund.

The Public Employees' Insurance Agency and the Board of Risk and Insurance Management are the State's health insurance and risk management funds and are shown with the proprietary major funds due to their importance to management.

Additionally, the State reports the following fund types:

Fiduciary Fund Types

Pension and Other Employee Benefit Trust Funds report resources that are required to be held in trust for the members and beneficiaries of the State's defined benefit retirement plans, the defined contribution retirement plan, and the multiemployer, cost- sharing other postemployment benefit plan, in which the State is a participating employer.

Investment Trust Funds report resources in external investment pools that belong to local governments and municipalities.

Private Purpose Trust Funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The SMART 529 College Savings Plan allows citizens to invest monies for college tuition and defer taxes on earnings from those investments.

Agency Funds report assets held by the State, functioning as an agent for individuals, private organizations, or other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds are taxes that will be remitted to respective local governments, hospital patient and inmate funds, performance bonds, appropriations for the patient injury fund, and interest earnings.

Interfund Activity and Balances

As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this rule are: activities between funds reported as governmental activities and funds reported as business-type activities; and activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

In the fund financial statements, transfers represent flows of assets without equivalent flows of assets in return or a requirement for repayment. In addition, transfers are recorded when a fund receiving revenue provides it to the fund expending the resources.

Interfund receivables and payables have been eliminated from the statement of net position, except for the residual amounts due between governmental and business-type activities.

Major Reserve/Stabilization Funds

The Revenue Shortfall Reserve Fund (Rainy Day Fund) began when West Virginia Code §11B-2-20 was passed on March 11, 1994 with surplus funds available at the close of FY 1994. According to §11B-2-20, the first 50% of all surplus General Revenue funds accrued during the fiscal year just ended must be deposited into the fund until the aggregate amount of the fund exceeds 13% of the total appropriations from the General Revenue Fund for the fiscal year just ended.

Originally, the Rainy Day Fund could be used only to offset a shortfall in revenues that would otherwise require the Governor to impose expenditure reductions. In July 1996, the West Virginia Code was amended to allow the Legislature to make appropriations from the fund for emergency revenue needs caused by acts of God or natural disasters or for other fiscal needs as determined by the Legislature. Legislation, which became effective June 9, 2006, also permits the fund to be invested and to retain those earnings. The first $100 million is invested by the BTI and any amounts over $100 million are invested by the IMB. As of June 30, 2017, the fund contained $229 million, which amounted to five percent of FY 2017 total appropriations.

The Legislature also authorized the Governor, by executive order, to borrow funds from the Rainy Day Fund when revenues are inadequate to make timely payments of the State's obligations. The amount borrowed may not exceed 1.5% of the General Revenue Fund estimate for the fiscal year in which the funds are borrowed and shall be repaid to the fund within 90 days of its withdrawal. Because of an expected cash flow shortfall experienced each year in the first quarter of the fiscal year, the Governor has borrowed from the fund each year since August 1996 in order to pay obligations in a timely manner. The loans were repaid before September 30 of each year, all within the 90-day limit allowed by law.

The Revenue Shortfall Reserve Fund—Part B (Rainy Day Fund—Part B) began with the cash balance of the West Virginia Tobacco Settlement Medical Trust Fund on June 9, 2006, the effective date of the bill, West Virginia Code §11B-2-20. The funds are invested by the IMB and interest and other returns on the invested funds are credited to the fund.

Expenditures may not be made from the Rainy Day Fund—Part B unless all monies in the Revenue Shortfall Reserve Fund have been first expended. After June 30, 2025, interest and other amounts earned on monies held in the Rainy Day Fund—Part B may be appropriated by the Legislature for continued support of the programs offered by the Public Employees' Insurance Agency; funding for expansion of the federal-state Medicaid program; funding for public health programs, services, and agencies; funding for any State owned or operated health facilities; or in instances of revenue shortfalls or fiscal emergencies of an extraordinary nature. On June 30, 2017, the balance in the Rainy Day Fund—Part B was $423.7 million.

The Income Tax Refund Reserve Fund was established during FY 1990 by West Virginia Code §11-21-93 to pay personal income tax refunds, interest, and penalties to taxpayers in a timely manner. It may also be used by the Legislature to make appropriations from the fund to address other items as the Legislature so desires. Personal income taxes received by the State can be added to this fund, if the state tax commissioner determines the balance in the fund is not enough to ensure the timely payment of income tax refunds. On June 30, 2017, the balance in the Income Tax Refund Reserve Fund was $5 million.

Assets and Liabilities

Cash and Cash Equivalents - Cash equivalents are short-term investments with maturities, when purchased, of three months or less. The State Treasurer principally deposits the State's cash in investment pools maintained by the BTI and IMB, and such deposits are generally available with overnight notice. Cash deposits in outside bank accounts are considered to be cash and cash equivalents.

Investments - Amounts reported as investments include certain deposits with the IMB, the BTI, and other investments maintained in outside accounts. The investments at IMB are maintained in investment pools having long-term investment securities designated as trading securities or established to acquire participant-directed securities. IMB's investments in the Short-Term Fixed Income Pool are carried at amortized cost. Futures and option contracts are valued at the last settlement price established each day by the exchange on which they are traded. Investments in commingled investment pools are valued at the net asset value of the individual funds. The State also participates in three external investment pools managed by the BTI. Two are reported at amortized cost, which approximates fair value. The third is a longer-term investment pool that carries investments at fair value. The fair value of investments is derived from quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date and by inputs that are observable for an asset or liability, either directly or indirectly. Because fair value of the investments of the State Building Fund approximates amortized cost, no noncash change in fair value is reported.

Inventories - Consumable inventories, consisting of expendable materials and supplies held for consumption, are valued and reported for financial statement purposes. Materials and supplies inventories are physically counted and primarily valued at the first-in, first-out (FIFO) and average cost methods at year-end. Inventories of governmental funds are recorded using the consumption method. Nonspendable fund balance is recorded for the ending inventory amount, indicating that inventory does not constitute "expendable available financial resources." Proprietary fund and component units' inventories are valued at the lower-of-cost or market, cost being determined on FIFO, and are expensed when used.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost, or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value at the time of the donation. In accordance with the capitalization policy adopted by the State for financial reporting, equipment with a purchase price in excess of $25,000 is capitalized. Certain small blended component units follow other capitalization policies which range from $5,000 to $25,000 for equipment. The Fund component unit uses $1,000 and $5,000 thresholds. Buildings and

improvements which extend the useful lives and/or significantly increase values of capitalized buildings with a combined value in excess of $100,000 are capitalized. All land, regardless of acquisition price, is capitalized. Intangibles include off-the-shelf computer software, patents, easements, and mineral rights over $25,000 and internally generated software over $1 million.

West Virginia is one of only four states that owns all the paved roads in the State, except for municipal streets. Infrastructure was capitalized for the first time in fiscal year 2002. DOT's infrastructure constructed from July 1, 1980 to July 1, 2001, has been recorded at estimated historical cost. The estimated historical cost for years 1980-2001 was based on capital outlay expenditures reported by DOT in the annual reports for those years, less an amount estimated for the historical cost of the acquisition of land for right-of-way. DOT has not capitalized any infrastructure expenditures for assets constructed prior to July 1, 1980, as permitted by GASB Statement No. 34. The costs of normal maintenance and repairs that do not add to the asset's value or materially extend an asset's useful life are not capitalized. No interest was capitalized during the fiscal year. Other agencies are capitalizing all infrastructure assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business- type activities is included as part of the capitalized value of the assets constructed.

The capital assets are depreciated over their estimated useful lives using the straight-line depreciation method. Amortization of capital lease assets is included with depreciation expense. Equipment, depending on type, is depreciated over 3-20 years. Buildings are depreciated over various lives, ranging from 20-50 years. The infrastructure assets are depreciated over a period of 20-50 years. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Impaired assets and insurance recoveries are analyzed for significance and recorded accordingly.

The State possesses certain capital assets that have not been capitalized and depreciated, including works of art and historical treasures, such as monuments, historical documents, paintings, antiques, pioneer, Native American, and Civil War artifacts, etc. GASB Statement No. 34 does not require the capitalization of works of art and historical treasures if the collections are held for public exhibition, education, or research in furtherance of public service, rather than financial gain; protected, kept unencumbered, cared for, and preserved; and subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections. The State considers its collections as inexhaustible, protected collections for exhibition and education, not for financial gain.

Accrued Tuition Contract Benefits - An accrued tuition contract benefits liability is recognized based upon the actuarial present value of the future tuition contract obligation. This valuation method reflects the present value of estimated tuition contract benefits that will be paid in future years and is adjusted for the effects of projected tuition and fee increases and termination of contracts. When a beneficiary of the prepaid tuition program is accepted to an eligible college or university, the contract becomes redeemable. Benefits can be transferred to any fully accredited private or out-of-state college or university within the United States in an amount based on the average cost of tuition and fees then charged by West Virginia public colleges and universities. While a beneficiary has up to ten years after high school to use the plan benefit, four other options are available: 1) the purchaser may transfer the contract

benefits to an eligible substitute beneficiary; 2) at any time four years or more after the beneficiary's expected college entrance date, the purchaser may request a refund of the contract benefit value, less a termination fee and an earnings penalty required by federal law; 3) at any time, the purchaser may cancel the contract and receive a refund of payments made, less administrative fees and any benefits already paid; or 4) the purchaser may transfer the prepaid contract value to the West Virginia College Prepaid Tuition and Saving Program in accordance with state and federal regulations.

Insurance Enterprises and Obligations - The Board of Risk and Insurance Management (BRIM), the Public Employees' Insurance Agency (PEIA), and the Workers' Compensation Fund (WCF) each represent and are accounted for as insurance enterprise funds of the State. BRIM and PEIA are considered public entity risk pools (enterprise funds). Each organization has included the required supplementary information (in accordance with GASB Statement No. 30) in its separately audited financial statements.

Capital Leases Payable to Component Units - The EDA has issued revenue bonds to provide financial assistance to the State's governmental entities for the acquisition and construction of facilities. The EDA has entered into a lease purchase agreement with the State. A Capital Leases Payable to Component Units has been recorded in the governmental activities at June 30, 2017, of approximately $260.9 million. There is also an offset of Capital Leases Receivable from Primary Government recorded by the EDA.

Advances - The amount of EDA loans held by the State's General Fund at June 30, 2017, is approximately $125.3 million and is recorded as Advances to/from Component Units. There is a revolving loan agreement with the BTI to borrow up to $175 million ($124.9 million outstanding) to be reloaned for economic development purposes, with interest equal to the twelve-month average of BTI's yield on its cash liquidity pool, adjusted annually. Monthly payments must be sufficient to repay outstanding principal over ten years, secured by a security interest in the investments derived from the loan. There is also a note payable to the BTI, nonrecourse with right of offset against a note receivable, amount not to exceed $25 million ($618 thousand outstanding) interest at 3%, principal due in annual installments through June 2022, unsecured. Note repayments are dependent upon the proceeds received from the investments in venture capital funds. The nonrecourse note has been written down based upon the borrowing agreement with BTI.

Long-Term Liabilities - In the government-wide financial statements and proprietary fund financial statements, long-term obligations (including claims and judgments, environmental obligations, net pension liability, and compensated absences) are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are charged to expenses as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pollution Remediation Obligations - In the government-wide statement of net position, pollution remediation obligations including landfills, mine reclamation, oil and gas wells, and underground storage tanks, are reported in the Accrued and Other Liabilities line item at the current value of expected outlays to fund remediation costs using a technique substantially similar to the expected cash flow technique. The technique uses contracts issued, measuring averages and standard deviations, and variances to all the other sites without contracts. A range of possible estimated amounts is used, as well as, all expectations about possible cash flows on a site-specific basis. Ranges are based on actual remediation cost experience, remediation cost estimates and/or discrete cost remediation treatment possibilities. All reported obligation amounts are estimates and are subject to change resulting from price increases or reductions, technology, or changes in applicable laws or regulations. In cases when remediation costs are not reasonably estimable liabilities, a liability for such cases is not reported. For a more detailed explanation of the liability, see Note 15, Commitments and Contingencies.

Pensions - The State's retirement pension plans cover all employees of the State and are funded according to matching portions of employee payroll prescribed by the Plans. For purposes of measuring the net pension asset, net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, and information about the fiduciary net positions of the Plans, and additions to/deductions from their respective fiduciary net positions, have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The actuarial cost method used for accounting and financial reporting purposes was individual entry age normal. Investments are reported at fair value.

Compensated Absences - Employees accumulate annual leave (vacation) balances to maximum amounts ranging from 240 to 320 hours. Most employees receive a 100% termination payment upon separation based upon their final rate of pay. The liability for annual leave is valued at 100% of the balance plus the State's share of Social Security and retirement contributions. In lieu of a cash payment, at retirement an employee can elect to use accumulated annual leave toward their postemployment health care insurance premium. State employees earn sick leave benefits, which accumulate, but do not vest. When separated from employment with the State, an employee's sick leave benefits are considered ended and no reimbursement is provided. However, eligible employees may convert, at the time of retirement, any unused accumulated sick leave to pay a portion of the employee's postemployment health care insurance premium. See Other Postemployment Benefits discussion in Note 13.

Deferred Inflows/Outflows - A deferred inflow of resources is an acquisition of net assets that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net assets that is applicable to a future reporting period.

Net Position/Fund Balance - The difference between assets plus deferred outflows of resources less liabilities plus deferred inflows or resources is "Net Position" on the government-wide, proprietary, and fiduciary fund statements, and "Fund Balance" on the governmental fund statements. Net position is reported in three categories:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Net position that is restricted due to legal restrictions from creditors, grantors, or laws and regulations of other governments, and in some cases by legally enforceable enabling legislation or constitution of the State is as restricted net position.

- Unrestricted net position consists of net position which does not meet the definition of the two preceding categories.

The fund balance category, general government operations, is based primarily on the extent to which the State is bound to honor constraints on the specific purposes for which the amounts in those funds can be spent. Fund balances are reported in the following categories:

- Nonspendable fund balances include amounts that cannot be spent because they are in a nonspendable form, such as inventory, or they are legally or contractually required to be maintained intact, such as the corpus of a permanent fund.

- Restricted fund balances are restricted due to legal restriction from creditors, grantors, or laws and regulations of other governments, or by legally enforceable enabling legislation or constitution of the State.

- Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by appropriation legislation passed by the State Legislation, which is the highest level of decision-making authority for the State. Those committed amounts cannot be used for any other purpose unless the Legislature passes new legislation concerning those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

- Assigned fund balances are constrained by the government's intent to use such funds for specific purposes, but are neither restricted nor committed, except for major reserve/stabilization arrangements. The specific purpose for which the funds are intended is expressed within the appropriation requests of the agencies and approved by the State Budget Office, according to the West Virginia State Code. Assigned fund balances include all remaining amounts (except negative amounts) that are reported in the governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed. Amounts in the General Fund that are intended to be used for a

specific purpose are also assigned. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, the State has assigned those amounts to the purposes of the respective funds.

- Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Any negative fund balances are unassigned.

Agency level assigned and unassigned fund balance spending is at the discretion of the agency, with approval of the State Budget Office. It is the State's overall policy to use restricted balances first, then unrestricted balances in the following order: committed, assigned, and unassigned.

Revenues and Expenditures/Expenses - In the government-wide Statement of Activities, revenues and expenses are segregated by activity (governmental or business-type and discretely presented component units), then further by function (e.g., administration, education, transportation). Additionally, revenues are classified between program and general revenues. Program revenues include: charges to customers or applicants for goods, services, or privileges provided; operating grants and contributions; and capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as program revenue. General revenues include all taxes. Certain indirect costs are included in the program expenses reported for individual functions.

In the governmental fund financial statements, revenues are reported by source. For budgetary control purposes, revenues are further classified as either "general purpose" or "restricted." General purpose revenues are available to fund any activity accounted for in the fund. Restricted revenues are, either restricted by state law or by outside restriction (e.g., federal awards), available only for specified purposes. Unused restricted revenues at year-end are recorded as restricted fund balance.

In the governmental fund financial statements, expenditures are reported by character: "Current," "Capital Outlay," or "Debt Service." Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services. Capital outlay includes expenditures for real property or infrastructure. Debt service includes both interest and principal outlays related to bonds and payments on capital leases.

Revenues and expenses of proprietary funds are classified as operating or nonoperating and are subclassified by object (e.g., sales, depreciation). Operating revenues and expenses generally result from providing services and producing and delivering goods. All other revenues and expenses are reported as nonoperating.

Retiree Drug Subsidies - The retiree drug subsidy (RDS) revenue from the federal government under the provisions of Medicare Part D has been recorded by the Retiree Health Benefit Trust Fund (RHBT). RHBT has accounted for the RDS revenue as voluntary nonexchange transactions. Accordingly, RDS estimated revenue is recognized as RHBT incurs Medicare-eligible retiree prescription drug expenditures.

Other Financing Sources - These additions to governmental fund balances in the fund financial statements include resources and financing provided by bond proceeds, capital leases, and transfers from other funds.

Other Financing Uses - These reductions of governmental fund resources in the fund financial statements are uses of funds that could substantially distort a government's regular operations. They include discounts on debt issued, refunding transactions, and transfers.

Interfund Services Provided and Used - When a sale or purchase of program-related goods and/or services between funds occurs, for a price approximating their external exchange value, the seller reports revenue and the purchaser reports an expenditure or expense, depending on the fund type. Transactions between the primary government and a discretely presented component unit are generally classified as revenues and expenses, unless they represent repayments of loans or similar activities.

Future Adoption of Accounting Pronouncements

The GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement is intended to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement is effective for fiscal year 2018, and management has not yet determined the financial statement impact of the pronouncement.

The GASB issued Statement No. 83, "Certain Asset Retirement Obligations," which addresses accounting and financial reporting for certain asset retirement obligations. Certain asset retirement obligations are a legally enforceable liability associated with the retirement of a tangible capital asset. This statement is effective for fiscal year 2019, and management has not yet determined the financial statement impact of the pronouncement.

The GASB issued Statement No. 84, "Fiduciary Activities," this statement is to improve guidance with the identification of fiduciary activities for accounting and financial reporting and how those activities should be reported. This statement is effective for fiscal year 2020, and management has not yet determined the financial statement impact of the pronouncement.

The GASB issued Statement No. 85, "Omnibus 2017," this statement is to address practice issues that have been identified during the implementation and application of certain GASB Statements. This Statement addresses a variety of topics related to the blending of component units, goodwill, fair value measurement, and postemployment benefits. This statement is effective for fiscal year 2018, and management has not yet determined the financial statement impact of the pronouncement.

The GASB issued Statement No. 86, "Certain Debt Extinguishment Issues," this statement is to improve the consistency in accounting and financial reporting for in-substance defeasance of debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements that is defeased in substance. This statement is effective for fiscal year 2018, and management has not yet determined the financial statement impact of the pronouncement.

The GASB issued Statement No. 87, "Leases," to improve the accounting and financial reporting for leases by governments and to increase the usefulness of the governments financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. This statement is effective for fiscal year 2021, and management has not yet determined the financial statement impact of the pronouncement.

NOTE 2

RESTATEMENTS AND RESTRICTED BALANCES

Restatement of Beginning Balances

Workforce's net position decreased $1,252,000 for cash balances being incorrectly stated as of July 1, 2016. Additionally, Money Due to Other Governments was incorrectly stated by $54,000 which makes up the restatement of $1,306,000.

The Educational Broadcasting Authority, which is separately audited, had an immaterial decrease in their July 1, 2016 beginning net position.

Racing Commission's net position at July 1, 2016 has been adjusted to correct an error relating to previously reported transfers made in 2016 and 2015.

The following table summarizes the effect of the governmental restatement adjustments (expressed in thousands):

	Fund Balances or Net Position		
Entity /Reporting Level	As Previously Reported	Adjustment	Restated
Governmental Funds:			
Workforce	$ (9,905)	$ (1,306)	$ (11,211)
Component Units:			
Educational Broadcasting Authority	3.437	(19)	3.418
Racing Commission	(1,112)	1,780	668
Total Component Units	3,456,664	1,761	3,458,425
Government-wide:			
Governmental Activities	4,845,822	(1,306)	4,844,516
Primary Government	6,791,720	(1,306)	6,790,414
Component Units	3,456,664	1,761	3,458,425

Restricted Net Position

The following table summarizes the restricted net position of funds included in "other" columns at June 30, 2017 (expressed in thousands):

		Restricted for:					
Fund Type/Fund	Total Reporting Entity	Capital Projects	Lending Activities	Insurance Activities	General Government Activities	Non-Expendable	Other Specific Fund Purposes
Enterprise Funds:							
Drinking Water Treatment Revolving Fund	$ 163,213	$ —	$ 163,213	$ —	$ —	$ —	$ —
West Virginia Prepaid College Plan	1,872	—	—	—	1,872	—	—
State Entities Workers' Compensation	15,759	—	—	15,759	—	—	—
	180,844	—	163,213	15,759	1,872	—	—
Internal Service Funds:							
State Building Fund	18,508	18,508	—	—	—	—	—
Travel Management	754	—	—	—	754	—	—
	19,262	18,508	—	—	754	—	—
Discretely Presented Component Units:							
Educational Broadcasting Authority	229	—	—	—	—	229	—
Solid Waste Management Board	4,477	—	—	—	—	—	4,477
Municipal Pensions Oversight Board	28,932	—	—	—	—	—	28,932
	33,638	—	—	—	—	229	33,409
Total	$ 233,744	$ 18,508	$163,213	$ 15,759	$ 2,626	$ 229	$ 33,409

The government-wide statement of net position reports $2,212,104 of restricted net position for the primary government of which $821,241 is restricted by enabling legislation.

Restricted Fund Balance

The following table summarizes, by fund, the restricted fund balance of each of the funds included in "other" columns at June 30, 2017 (expressed in thousands):

Fund Type/Fund	Total Reporting Entity	Capital Projects	Debt Service	Development Tourism, and Recreation	Education	Public Protection
Governmental Funds:						
Special Revenue Funds:						
Environmental Protection	$ 54,901	$ —	$ —	$ —	$ —	$ 54,901
Public Service Commission	2,259	—	—	—	—	2,259
Wildlife Resources	63,888	—	—	63,888	—	—
	121,048	—	—	63,888	—	57,160
Capital Projects Funds:						
Education, Arts, Sciences, and Tourism Fund	359	359	—	—	—	—
Lease Purchase Accounts	10,299	10,299	—	—	—	—
	10,658	10,658	—	—	—	—
Debt Service:						
Education, Arts, Sciences, and Tourism Fund	1,015	—	1,015	—	—	—
Lease Purchase Accounts	6,988	—	6,988	—	—	—
Economic Development Project Fund	46,120	—	46,120	—	—	—
	54,123	—	54,123	—	—	—
Permanent Funds:						
Irreducible School	889	—	—	—	889	—
Total	$ 186,718	$ 10,658	$ 54,123	$ 63,888	$ 889	$ 57,160


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NOTE 3

NET POSITION/FUND DEFICITS

Individual funds with net position/fund balance deficits at June 30, 2017, were as follows (expressed in thousands):

	Net Position/ Fund Balance Deficit
General Fund	$ 387,612
Special Revenue Funds:	
WORKFORCE West Virginia	13,595
Enterprise Funds:	
West Virginia Prepaid College Plan	7,138
Internal Service Funds:	
Information Services and Communications	1,276
Discretely Presented Component Units:	
School Building Authority	213,280
Public Defender Corporation	2,580
Total Deficits	$ 625,481

General Fund

The deficit in the General Fund is largely due to OPEB liability in the amount of $1.9 billion, which is discussed in Note 13, Other Postemployment Benefits. Senate Bill 469, effective July 1, 2012, amended West Virginia Code §11-21-96 by dedicating $30 million to be transferred commencing in 2016 to fund the Retiree Health Benefit Trust Fund (RHBT) unfunded liability in its entirety or by July 1, 2037.

Special Revenue Funds

WORKFORCE West Virginia is continuing to improve its budgetary process and is looking at various methods to control expenses; including, but not limited to, budget cutbacks, closing of offices, and the reorganization of various job responsibilities. In addition, a more comprehensive oversight program to monitor the seven subrecipient workforce investment boards is being developed in an effort to reduce non-allowable expenditures. New guidelines have been issued and fiscal training is being conducted. The recent increase in the deficit can primarily be attributed to a liability with the United States Division of Labor due to cash on hand.

Enterprise Funds

West Virginia Prepaid College Plan (the Plan) has a net position deficiency of approximately $7 million as of June 30, 2017. This deficiency was created over time by investment performance, tuition rate growth, various actuarial assumption adjustments, and certain economic events. The West Virginia College Prepaid Tuition and Savings Program's ability to pay obligations of the Prepaid Tuition Plan is dependent on long-term investment programs and adequate levels of future cash flows. In March 2003, the West Virginia Legislature closed the Plan to new enrollment until the Legislature authorizes it to reopen. Contract holders are supposed to continue to pay any amounts due, and the Plan will continue to pay all benefits due.

The Plan sought and received support from the State Legislature to support payment of plan benefits. In March 2003, the Legislature created the Prepaid Tuition Trust Escrow Account (the Escrow Account) to guarantee payment of plan contracts. Under the legislative action, the Escrow Account may receive transfers of up to $1 million each year there is an actuarially determined unfunded liability of the Plan. All earnings on the transferred funds will remain in the Escrow Account. In the event the Plan is unable to cover the amount of money needed to meet its current obligations, funds may be withdrawn from the Escrow Account to meet those obligations. The funds were invested and have had a net investment gain of $1.8 million for the fourteen years ended June 30, 2017, leaving the account with a balance of $21 million at June 30, 2017. Because there was an actuarially determined unfunded liability of approximately $9 million in the Plan as of June 30, 2017, an additional $1 million was transferred from the Fund to the Escrow Account on October 2, 2017, in accordance with the provisions enacted by the Legislature. Funds transferred or to be transferred into the Escrow Account do not affect the actuarial valuation of the Plan and are not included in the Plan's financial statements. Management believes that the Plan will continue to have sufficient liquid resources to meet its obligations as they become due through June 30, 2018. The financial statements do not reflect any adjustments that might result should the plan to eliminate the net position deficiency fail to be successful.

During FY 2015, the board voted to close the Plan on June 30, 2022. Any funds not distributed to account holders or beneficiaries who cannot be located will be transferred to the West Virginia Unclaimed Property Division. If at any time before June 30, 2022, funds are exhausted benefits and terminations will be drawn from the Escrow Account. Once the Plan is terminated and all rightful unclaimed funds are transferred out of the Plan, the Escrow Account will be dissolved and all remaining funds will be transferred to the State of West Virginia.

Internal Service Funds

The Information Services and Communication's (the IS&C) net position deficiency at June 30, 2017, is approximately $1.3 million. The deficiency is due to the increase of the net pension liability and related deferred inflows and deferred outflows.

Discretely Presented Component Units

The School Building Authority of West Virginia's (the SBA) combined net position deficiency at June 30, 2017, is $213.3 million. The deficit arose from the issuance of revenue bonds to replace or improve school facilities in the State of West Virginia and the SBA's policy to grant ownership of these new and renovated buildings to the local county boards of education. The SBA will receive $23 million per year from an allocation from the West Virginia Department of Education through June 30, 2022, for debt service. At that time, the debt service payments dedicated from the Step 7 of the Department of Education's funding formula will be allocated to the SBA's pay-as-you-go construction program. The West Virginia Supreme Court has ruled that any future allocations for debt service from Step 7 of the funding formula are unconstitutional.

At year-end, the SBA had $466.6 million in bonds outstanding, compared to $470.5 million at June 30, 2016, a decrease of $0.83%. This decrease of $3.9 million was caused by principal bond payments, the amortization of unamortized premiums and discounts associated with bond issuance during the current period, and the refunding activity. Since the SBA receives all its debt service funding from allocations from the West Virginia Lottery, any bonds issued by the SBA will always be assigned a debt rating based on the performance of the West Virginia Lottery.

The Public Defender Corporation's net position deficiency at June 30, 2017, is $2.6 million. The deficiency is due to the increase of the net pension liability and related deferred inflows net of deferred outflows.

NOTE 4

DEPOSITS AND INVESTMENTS

Deposits

The State's deposit policy is described in West Virginia's Code §12-2-2 and 3. All monies are to be maintained in the State's accounting system or in an outside bank account approved by the State Treasurer's Office.

Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, the State would not be able to recover its deposits or collateralized securities that are in possession of the outside parties. According to State Code §12-1-5, the amount of funds on deposit in any depository financial institution in excess of the amount insured by the FDIC shall not exceed 90% of the value of collateral pledged by the depository institution. The State minimizes custodial credit risk by obtaining the required amount of collateral in the name of the State. The State Treasurer has statutory responsibility for the daily cash management of the State's agencies, departments, boards, and commissions.

Primary Government

At June 30, 2017, the reported amount of the primary government's deposits was $81,625,000 and the bank balance was $268,110,000. Of that bank balance, $17,807,000 was uninsured and collateralized with securities held by the pledging financial institution but not in the name of the State.

Component Units

At June 30, 2017, the reported amount of the component units' deposits was $297,202,000 and the bank balance was $160,216,000. Of that bank balance, $16,716,000 was uninsured and collateralized with securities held by the pledging financial institution but not in the name of the State, and $513,000 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the name of the State.

Investments

The Board of Treasury Investments (BTI) manages the short-term operating funds of the State. The Investment Management Board (IMB) focuses on the State's long-term trust investments. The BTI is charged with managing the individual investment pools and accounts of the Consolidated Fund under authority of West Virginia Code, §12-6C, West Virginia Treasury Investments Act. The Consolidated Fund provides for the investment of moneys not currently needed to fund state governmental operations, as well as providing the opportunity for local governments to participate in large investment pools, and for those funds statutorily required to be invested in the Consolidated Fund. The IMB provides prudent fiscal administration and investment management services to designated state pension funds, the State's Workers' Compensation and Coal Workers' Pneumoconiosis funds,

and certain other state government funds. The State Treasurer's Office determines which funds to transfer to the IMB and BTI for investment in accordance with West Virginia Code, policies set by the IMB and BTI, and by provisions of bond indentures and trust agreements, when applicable.

The BTI is authorized by West Virginia Code, §12-6C-9, to invest in United States government and agency obligations, commercial paper, corporate bonds, repurchase agreements, asset-backed securities, and investments in accordance with the Linked Deposit Program, which is a program using financial institutions in the State to reduce loan costs to small businesses by offsetting interest reductions on the loans with certificates of deposit, loans approved by the Legislature, and any other programs authorized by the Legislature. In addition to the restrictions in investment types, at no time shall more than 75% of the Consolidated Fund be invested in any bond, note, debenture, commercial paper or other evidence of indebtedness of any private corporation or association, and at no time shall more than 5% be invested in securities issued by a single private corporation or association. Further, no less than 15% of the Consolidated Fund shall be invested in any direct obligation of or obligation guaranteed by the United States government.

Investment Valuation

Fair value of an investment is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price).

GASB 72 established a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

Generally, the fair value of IMB's fund portfolio securities are determined as outlined in the hierarchy levels above and more specifically as follows and applicable:

- Equity securities and money market mutual funds are valued at the last sale price or official closing price reported in the market in which they are primarily traded.
- Equity securities that trade in non-U.S. markets are valued in U.S. dollars using period-end spot market exchange rates as supplied by the pool's custodian.
- Fixed income securities are valued according to prices furnished by independent pricing services to the pool's custodian. These services determine the security prices by a number of methods including, but not limited to, dealer quotes, live market trading levels when available, live feeds of trade execution data, spreads over U.S. Treasury securities, and other models and formulae appropriate to the specific security type.
- Open-end regulated investment companies or other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.
- Futures and option contracts are valued at the last settlement price established each day by the exchange on which they are traded.
- Repurchase agreements and time deposits are valued at amortized cost, provided such amount approximates fair value.
- Commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.
- Credit default, interest rate, and currency swap values are based on market values received from third parties or are determined by valuation models.
- Foreign currency forward contracts are valued at the difference between the forward contract amount and the month-end forward exchange rate.
- Investments in private equity partnerships, real estate limited partnership funds, and other private funds are not securities for which market quotations are readily available. The IMB has concluded that the net asset value reported by the general partners or fund administrators approximates the fair value of these investments and consequently these investments are carried at net asset value as a practical expedient for fair market value. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds, and consequently, the fair value of the IMB's interest in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is therefore reasonably possible that if the IMB were to sell these investments in the secondary market a buyer may require a discount to the reported net asset value, and the discount could be significant. The IMB believes that the net asset value of such investments is a reasonable estimate of fair value at June 30, 2017.

Investments not generally described above are described in detail in the individual pool disclosures in the pages that follow.

The BTI is an investment vehicle of the State and its component units, all of which are government entities. The investments of the WV Money Market, WV Government Money Market, WV Bank, Loan, and Reserve pools and accounts are carried at amortized cost as permissible under GASB 31, as amended by GASB 72 and 79. The WV Money Market and WV Government Money Market pools measure all investments at amortized cost for financial reporting purposes in accordance with criteria established in GASB 79. The criteria specify that the pools must transact with their participants at a stable net asset value per share and meet requirements for portfolio maturity, portfolio quality, portfolio diversification, portfolio liquidity, and shadow pricing. The BTI does not place any limitations or restrictions on participant withdrawals from the WV Money Market and WV Government Money Market pools, such as redemption notice periods, maximum transaction amounts, and any authority to impose liquidity fees or redemption gates. The specific exceptions to fair value reporting for the other pools as defined in professional standards are as follows:

Pool	Exception
WV Bank	Nonnegotiable certificates of deposit which are nonparticipating interest-earning investment contracts.
Loan	Loans receivable arising from lending activities of economic development authorities.
Reserve	Banks depository account that has no market.

The investments of the remaining pools and participant accounts are reported at fair value, which is determined by a third-party pricing service based on asset portfolio pricing models and other sources. The BTI measures fair value at the end of each month. Investments in commingled investment pools are valued at the reported unit values of the individual funds. Commissions on the purchases of securities by the BTI are a component of the security price quoted by the seller and are included in the investment cost.

A more detailed discussion of the IMB's and BTI's investment pools can be found in the IMB's and BTI's annual reports. A copy of the IMB's annual report can be obtained from the following address: 500 Virginia Street East, Suite 200, Charleston, WV 25301 or http://www.wvimb.org. A copy of the BTI's annual report can be obtained from the following address: West Virginia Board of Treasury Investments, 315 70th Street SE, Charleston, WV 25304 or http://www.wvbti.com.

Except as specifically disclosed in this note, the State currently does not have specific overall policies addressing limitations on specific risk types, such as credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk.

In addition to amounts invested with the IMB and BTI, certain governmental funds and discretely presented component units are permitted to invest bond proceeds with third-party trustees named in bond indentures. Governmental funds including the State Building Fund, Education, Arts, Sciences, and Tourism Fund; West Virginia Infrastructure and Jobs Development Council; Tobacco Settlement Finance Authority; the Department of Health and Human Resources; and the Department of Administration have investments with bond trustees. The West Virginia Infrastructure and Jobs Development Council enterprise fund also has investments with bond trustees. The following discretely presented component units have reported investments held with third-party trustees: Regional Jail Authority; Economic Development Authority (EDA); Educational Broadcasting Authority; Jobs Investment Trust; Housing Development Fund; Parkways Authority; Water Development Authority; School Building Authority; and Higher Education Fund. IMB has operating funds in an institutional Treasury Money Market Fund. The Teachers' Defined Contribution

Retirement System of the Consolidate Public Retirement Board and the SMART 529 College Savings Plan have their assets held by outside third parties.

Permissible investments for all agencies include those guaranteed by the United States of America, its agencies and instrumentalities (U.S. Government obligations); equities; corporate debt obligations, including commercial paper, which meet certain ratings; certain money market mutual funds; investment agreements with certain financial institutions; repurchase agreements; state and local government series (SLGS) securities; and other investments. Other investments consist primarily of single-family mortgage loans and collateralized mortgage obligations. SLGS are direct obligations of the U.S. Government, issued to state and local government entities to provide those governments with required cash flows at yields which do not exceed IRS arbitrage limits.

Derivatives

The State's investment strategy includes the use of derivatives as a tool in managing market risk and providing an opportunity for enhanced return. The IMB invests in derivative financial investments as authorized by its Board of Trustees. As of June 30, 2017, IMB held derivative financial investments that included: Futures Contracts, Foreign Exchange Forward Contracts, Currency Swaps, and Interest Rate Swaps. Additionally, IMB also held derivative instruments in option contracts and credit default swaps which were deemed immaterial to the State's financial statements. The IMB is indirectly exposed to derivative risk through participation in institutional commingled funds. Credit risk and interest rate risk pertaining to derivatives are disclosed in each participating pool's section in this note. The change in fair value of derivatives is included in the Unrestricted Investment Earnings on the Government-wide Statement of Activities; Interest and Other Investment Income on the Statement of Revenues, Expenses, and Changes in Fund Net Position, Proprietary Funds; and Net Appreciation in Fair Value of Investments on the Statement of Changes in Fiduciary Net Position, Fiduciary Funds. The fair value of derivatives is included in the Investments and Cash Equivalents on the Government-wide Statement of Net Position; Investments on the Statement of Net Position, Proprietary Funds; and Investments on the Statement of Fiduciary Net Position, Fiduciary Funds. More details of the changes in fair value may be obtained from the financial statements of the IMB.

Repurchase Agreements

In connection with repurchase agreement transactions, it is the IMB's policy that its designated custodian or mutual third party take possession of the underlying collateral securities, the fair value of which exceeds the principal amount of a repurchase transaction at all times. If a seller defaults and the fair value of the collateral declines, realization of the collateral by the IMB may be delayed or limited.

The BTI uses only tri-party repurchase agreements. Under the terms of a tri-party repurchase agreement, the seller transfers collateral securities to an account of the BTI's manager/agent at the seller's custodian bank. This arrangement perfects the BTI's lien on the collateral and effectively protects the BTI from a default by the seller. The BTI requires sellers in repurchase transactions to pledge collateral of at least 102% of the cash borrowed from the BTI. If a seller defaults and the fair value of the collateral declines, realization of

the collateral by the BTI may be delayed or limited.

Foreign Currency

Amounts denominated in or expected to settle in foreign currencies are translated into United States dollars at exchange rates reported by the pool's custodian, Bank of New York Mellon, on the following basis:

- Market value of investment securities, other assets, and liabilities - at the closing rate of exchange at the valuation date.
- Purchases and sales of investment securities, income, and expenses - at the rate of exchange prevailing on the respective dates of such transactions.

Reported net realized foreign exchange gains and losses arise from sales of portfolio securities, sales and maturities of short-term securities, sales of foreign currencies, currency gains and losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities including investments in securities at month-end, resulting from changes in the exchange rate.

Futures Contracts

A futures contract is an agreement between a buyer or a seller and the clearinghouse of a futures exchange in which the parties agree to buy or sell a commodity, financial instrument or index at a specified future date and price. Upon entering into a financial futures contract, the IMB is required to pledge to the broker an amount of cash, U.S. government securities, or other assets, equal to a certain percentage of the contract amount (initial margin deposit). Cash (variation margin) is received from or paid to the broker on a daily basis for the fluctuations of the underlying securities or index. The IMB records futures at fair market value, as determined by the exchange on which they are traded. Gains or losses on open futures positions are unrealized. These gains or losses become realized when the position is closed.

Stock index futures may be used to provide immediate exposure to fluctuations in the market values of the stocks in the underlying index and to provide liquidity for cash flows. The market risk associated with holding stock index futures results from changes in the market value of the contractual positions due to changes in the value of the underlying instruments or indices. Investment risk associated with these futures contracts arises because the value of the futures contracts may not correlate perfectly with changes in the values of the underlying instruments or indices due to market distortions. Other risks associated with futures contracts are liquidity risk and credit risk. Liquidity risk arises when there is insufficient trading in a particular futures contract. Credit risk arises from the potential inability of counterparties to meet the terms of the contracts. The IMB's managers generally only utilize futures contracts that are traded on major exchanges or are executed with major dealers. The major exchanges assume the risk of a counterparty default and generally require an initial margin deposit of cash or securities.

As of June 30, 2017, the futures contracts had the following open positions denominated in U.S. dollars (summarized and expressed in thousands):

Open Positions/Pool	Expiration	Value Upon Entering Contract (Notional Value)	Fair Value at June 30, 2017	Change in Fair Value
Long:				
Large Cap Domestic Equity	Sept 2017	$ 28,390	$ 28,325	$ (65)
Total Return Fixed Income	Dec 2018	88,591	88,871	280
Total Return Fixed Income	Sept 2017	360,837	361,240	403
Short:				
Total Return Fixed Income	Sept 2017	(312,782)	(311,733)	1,049
Total Return Fixed Income	Dec 2017	(207,264)	(207,149)	115
Total Return Fixed Income	Dec 2019	(88,309)	(88,649)	(340)
Total Return Fixed Income	Jun 2019	(124,856)	(125,304)	(448)

As of June 30, 2017, the futures contracts had the following open positions denominated in foreign currencies (summarized and expressed in thousands):

Open Positions/Pool	Expiration	Value Upon Entering Contract (Notional Value)	Fair Value at June 30, 2017	June 30, 2017 Exchange Rate	Change in Fair Value
Long:					
Total Return Fixed Income	Sept 2017	$ 14,945	$ 14,736	.7671	$ (161)
Total Return Fixed Income	Sept 2017	18,323	18,514	1.1406	218
Short:					
Total Return Fixed Income	Sept 2017	$ (291,541)	$ (287,614)	1.1406	$ 4,479
Total Return Fixed Income	Sept 2017	(12,961,060)	(12,909,460)	.0089	459

At June 30, 2017, the Large Cap Domestic Equity had pledged cash of $1,105,000 and the Total Return Fixed Income Pool had pledged cash of $16,441,000 to cover initial margin requirements on open futures contracts.

Foreign Exchange Forward Contracts

A foreign exchange forward contract is an agreement between two parties to exchange different currencies at a specified exchange rate at an agreed-upon future date. The IMB's investment managers enter into such contracts to correspond to investment transactions trading in foreign currency. Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. These contracts have relatively short durations and are valued at the prevailing market exchange rates at month-end. At June 30, 2017, the IMB was party to outstanding foreign exchange forward contracts to purchase foreign currencies with contract amounts of $140.7 million, collectively. The fair values of these outstanding contracts were $140.8 million resulting in a change in fair value of approximately $58,000. The realized gain or loss is reclassified to realized gain or loss when the contract expires and deposited at fair value in the International Equity, Real Estate, and the Total Return Fixed Income pools.

Asset-Backed Securities

The IMB invests in various asset-backed securities, mortgage-backed securities, and structured corporate debt. The BTI has certain pools that invest in various asset-backed securities and structured corporate debt. The securities are reported at fair value. The IMB and BTI invest in these securities to enhance yields on investments. Changes in market interest rates affect the cash flows of these securities and may result in changes in fair value. The overall return or yield on these securities depends on the changes in the interest and principal payment patterns and market value of the underlying assets.

Securities Lending

The IMB is authorized by statute and policy to participate in a securities lending program. The Bank of New York Mellon, IMB's custodial agent, loans securities to various brokers on a temporary basis. Each transaction for U.S. securities is secured by initial collateral of at least 102% of the market value of the securities loan plus accrued income. For international securities, the collateral is at least 105% of the market value of the securities on loan. The IMB receives compensation in the form of loan premium fees and income from the investment of the cash collateral. Expenses related to the lending of securities are rebates paid by the lending agent to brokers and the lending agent's fees for its services. The income earned by the IMB is reported in the statement of operations as net securities lending income. The agent fees and broker rebates are reported as expenses. Unrealized gains or losses resulting from changes in the value of the investment of cash collateral are reported as part of the change in unrealized appreciation or depreciation of investments. The IMB continues to receive interest and dividends on the securities loaned. Gains or losses in the fair value of the securities loaned that may occur during the term of the loans are reflected in the financial statements of the various investment pools.

At June 30, 2017, the fair value of securities on loan and collateral held by the pools of the IMB are as follows (expressed in thousands). Of the collateral held, $837.7 million was received as cash. The collateral received as cash is invested in the Mellon GSL DBT II Funds.

	Fair Value of Securities on Loan	Collateral Held
Large Cap Domestic Equity	$ 380,349	$ 395,643
Non-Large Cap Domestic Equity	281,559	293,083
International Equity	273,441	349,053
Total Return Fixed Income	352,918	361,457
Core Fixed Income Pool	119,775	122,637
TIPS Pool	118,440	121,240
Real Estate Pool	28,809	30,304
Total	$ 1,555,291	$ 1,673,417

Investment Pools

Schedule of Participation

The participant balances below for the Total Return Fixed Income and the Core Fixed Income pools do not include approximately a $8.1 million dividend declared by the pool on the last day of the month and reinvested to the participant's accounts on the first day of the following month. The following schedule details the participation in the various IMB pools exclusive of those pools comprising the Consolidated Fund or Participant Directed Accounts as of June 30, 2017 (expressed in thousands):

	Large Cap Domestic Equity	Non-Large Cap Domestic Equity	International Qualified	International Nonqualified	International Equity	Short-Term Fixed Income
Primary Government:						
Revenue Shortfall Reserve Fund	$ —	$ —	$ —	$ —	$ —	$ —
Revenue Shortfall Reserve Fund B	51,555	10,307	—	20,353	48,759	—
Workers' Compensation Old Fund	153,984	31,555	—	63,909	144,587	46,300
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	4,089	834	—	1,536	3,992	822
Workers' Compensation Self-Insured Employer Security Risk Pool	6,589	1,352	—	2,244	6,715	1,771
Workers' Compensation Uninsured	1,465	288	—	625	1,296	1,172
Pneumoconiosis	30,559	6,222	—	13,303	27,462	9,532
Wildlife Endowment Fund	13,447	2,701	—	5,757	12,265	57
Prepaid Tuition Trust Fund	10,732	2,692	—	3,799	7,581	1,002
Board of Risk & Insurance Management	17,678	3,514	—	7,180	16,347	7,160
Public Employees' Insurance Agency	15,750	3,226	—	6,876	14,195	—
WV Department of Environmental Protection Trust	2,398	470	—	1,000	2,136	—
WV Department of Environmental Protection Agency	24,271	4,720	—	8,640	23,717	2,443
Total Primary Government	332,517	67,881	—	135,222	309,052	70,259
Percentage of Ownership	9.38%	9.42%	0.00%	67.01%	9.81%	32.22%
Fiduciary Funds:						
Judges' Retirement System	40,196	8,075	18,525	—	35,068	439
Emergency Medical Services Retirement System	14,838	2,971	6,708	—	13,092	297
Public Employees' Retirement System	1,314,918	265,878	619,041	—	1,161,510	12,781
Teachers' Retirement System	1,478,485	301,980	710,479	—	1,304,818	114,834
Municipal Police Officers and Firefighters' Retirement System	1,085	210	463	—	958	306
Municipal Policemen's or Firefighter's Pension and Relief Fund	319	65	146	—	282	3
State Police Retirement System	34,932	6,994	15,853	—	30,915	891
State Police Death, Disability and Retirement Fund	130,580	26,793	62,649	—	113,961	17,560
Retiree Health Benefit Trust	154,777	31,038	—	65,925	141,899	—
Deputy Sheriff's Retirement System	42,054	8,450	19,537	—	36,601	661
Total Fiduciary Funds	3,212,184	652,454	1,453,401	65,925	2,839,104	147,772
Percentage of Ownership	90.58%	90.54%	100%	32.67%	90.14%	67.78%
Other Participates:						
Berkeley County Development Authority	1,486	297	—	652	1,337	—
Total Amount	$ 3,546,187	$ 720,632	$ 1,453,401	$ 201,799	$ 3,149,493	$ 218,031
State Percentage of Ownership	99.96%	99.96%	100%	99.68%	99.96%	100%

Return Fixed Income	Opportunistic Debt	Core Fixed Income	TIPS	Teachers' Annuity	Private Equity	Real Estate	Hedge Fund	Total (Memorandum Only)
$ 51,592	$ —	$ 21,904	$ 71,474	$ —	$ —	$ —	$ —	$ 144,970
163,528	—	69,439	60,602	—	—	—	—	424,543
355,984	—	151,331	125,405	—	—	—	186,618	1,259,673
8,367	—	3,551	3,325	—	—	—	6,666	33,182
13,431	—	5,707	5,353	—	—	—	10,700	53,862
2,486	—	1,055	1,127	—	—	—	2,274	11,788
62,286	—	26,435	24,710	—	—	—	49,905	250,414
6,613	1,248	2,806	—	—	6,662	6,422	5,881	63,859
11,634	—	11,528	—	—	—	—	—	48,968
35,644	—	15,140	13,776	—	—	—	27,778	144,217
43,273	—	18,361	22,411	—	—	—	29,665	153,757
943	—	400	—	—	—	—	1,694	9,041
41,578	—	17,644	—	—	—	—	28,070	151,088
797,359	1,248	345,301	328,183	—	6,662	6,422	349,251	2,749,357
34.33%	0.41%	34.67%	100%	—%	0.41%	0.39%	19.13%	15.00%
19,000	3,719	8,136	—	—	19,859	19,130	17,742	189,889
7,224	1,374	3,066	—	—	7,335	7,068	6,457	70,430
624,639	123,626	267,291	—	—	660,702	657,834	601,483	6,309,703
700,116	140,488	297,484	—	(135)	750,422	769,812	688,374	7,257,157
539	100	229	—	—	528	510	445	5,373
134	—	60	—	—	153	148	141	1,451
17,289	3,241	7,338	—	—	17,288	16,668	15,016	166,425
58,839	12,288	25,836	—	—	65,707	67,657	59,671	641,541
76,202	14,394	32,356	—	—	76,825	74,041	68,094	735,551
20,261	3,894	8,664	—	—	20,805	20,039	18,431	199,397
1,524,243	303,124	650,460	—	(135)	1,619,624	1,632,907	1,475,854	15,576,917
65.63%	99.54%	65.30%	—%	100%	99.55%	99.57%	80.84%	84.97%
732	138	311	—	—	737	710	653	7,053
$ 2,322,334	$ 304,510	$ 996,072	$ 328,183	$ (135)	$ 1,627,023	$ 1,640,039	$ 1,825,758	$ 18,333,327
99.97%	99.95%	99.97%	100%	100%	99.95%	99.96%	99.96%	99.96%

Investment Pool Descriptions

Large Cap Domestic Equity

The pool's objective is to exceed, net of external management fees, the S&P 500 Stock Index over three- to five-year periods. Intech Investment Management, LCC and State Street Global Advisors manage assets of this pool.

Credit Risk and Interest Rate Risk
The pool is exposed to credit risk from investments made with cash collateral for securities loaned. This risk is limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. Short-term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's at the time of purchase. The pool is exposed to interest rate risk from investments made with cash collateral for securities loaned. The weighted-average maturity for investments made with cash collateral for securities loaned is not to exceed 90 days.

The following table provides information on the weighted-average credit ratings and weighted-average maturities (WAM) as of June 30, 2017 (expressed in thousands):

Security Type	Credit Rating Moody's	Credit Rating S&P	WAM Days	Carrying Value Prior to Repurchase Collateral Included	Reclassified Repurchase Agreement to Actual Investment Types	Carrying Value	Percent of Assets
Investments:							
Common Stock	N/A	N/A	N/A	$ 3,490,823	$ 56,609	$ 3,547,432	94.0%
Money Market Mutual Funds	Aaa	AA A	N/A	34,740	—	34,740	0.9%
Negotiable Time Deposits	A-1	P-1	3	76,236	—	76,236	2.1%
U.S. Government Agency Bonds	Aaa	AA	3	—	4,647	4,647	0.0%
U.S. Government Agency MBS	Aaa	AA	3	—	38,484	38,484	0.0%
U.S. Treasury Inflation-Protected Securities	Aaa	AA	3	—	1,148	1,148	0.0%
U.S. Treasury Issues	Aaa	AA	3	—	15,527	15,527	0.0%
Repurchase Agreements				110,335	(110,335)	—	3.0%
Total Investments				$ 3,712,134	$ 6,080	$ 3,718,214	100.0%

Fair Value Measurements
The table below summarizes the valuation of the investment securities in accordance with the fair value hierarchy levels as of June 30, 2017 (expressed in thousands):

Assets	Level 1	Level 2	Level 3	Total
Common Stock	$ 3,490,823	$ —	$ —	$ 3,490,823
Investments Made with Cash Collateral for Securities Loaned	—	186,571	—	186,571
Money Market Mutual Funds	34,740	—	—	34,740
Total	$ 3,525,563	$ 186,571	$ —	$ 3,712,134

The fair value measurement valuation techniques used for the investments in the Large Cap Domestic Equity Pool can be found on page 90.

Non-Large Cap Domestic Equity

This pool invests in the equities of small- to mid-sized companies and its objective is to exceed, net of external investment fees, the Russell 2500 Index over three- to five-year periods. Assets of this pool are managed by AJO and Westfield Capital Management.

Credit Risk and Interest Rate Risk
The pool is exposed to credit risk from investments made with cash collateral for securities loaned. This risk is limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. Short-term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's at the time of purchase. The pool is exposed to interest rate risk from investments made with cash collateral for securities loaned. The weighted-average maturity for investments made with cash collateral for securities loaned is not to exceed 90 days.

The following table provides information on the weighted-average credit ratings and weighted-average maturities (WAM) as of June 30, 2017 (expressed in thousands):

Security Type	Credit Rating Moody's	Credit Rating S&P	WAM Days	Carrying Value Prior to Repurchase Collateral Included	Reclassified Repurchase Agreement to Actual Investment Types	Carrying Value	Percent of Assets
Investments:							
Common Stock	N/A	N/A	N/A	$ 717,579	$ 64,472	$ 782,051	76.1%
Money Market Mutual Fund	Aaa	AAA	N/A	13,317	—	13,317	1.4%
Negotiable Time Deposits	A-1	P-1	3	86,826	—	86,826	9.2%
U.S. Government Agency Bonds	Aaa	AA	3	—	5,293	5,293	0.0%
U.S. Government Agency MBS	Aaa	AA	3	—	43,830	43,830	0.0%
U.S. Treasury Inflation-Protected Securities	Aaa	AA	3	—	1,308	1,308	0.0%
U.S. Treasury Issues	Aaa	AA	3	—	17,684	17,684	0.0%
Repurchase Agreements				125,660	(125,660)	—	13.3%
Total Investments				$ 943,382	$ 6,927	$ 950,309	100.0%

Fair Value Measurements
The table below summarizes the valuation of the investment securities in accordance with the fair value hierarchy levels as of June 30, 2017 (expressed in thousands):

Assets	Level 1	Level 2	Level 3	Total
Common Stock	$ 717,579	$ —	$ —	$ 717,579
Investments Made with Cash Collateral for Securities Loaned	—	212,486	—	212,486
Money Market Mutual Funds	13,317	—	—	13,317
Total	$ 730,896	$ 212,486	$ —	$ 943,382

The fair value measurement valuation techniques used for the investments in the Large Cap Domestic Equity Pool can be found on page 90.

International Qualified

Funds of this pool are invested in Silchester International Investors' International Value Equity Group Trust which is a collective trust fund that invests in equities denominated in foreign currencies. This pool's objective is to produce investment returns that exceed the Morgan Stanley Capital International's Europe Australasia Far East (EAFE) Index by 200 basis points on an annualized basis over three- to five-year periods, net of external investment management fees. Only "qualified participants" (as defined by the Internal Revenue Code) may invest in this pool. The value of this investment at June 30, 2017, was $1,453,466,000. This investment, although denominated in U.S. dollars, is exposed to foreign currency risk through the underlying investments.

Fair Value Measurements
U.S. GAAP does not require the pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share practical expedient. The investment in Silchester is valued using the net asset value per share practical expedient. As Silchester is the only investment in the pool, a fair value hierarchy table is not presented. The investment strategy is to achieve desired exposure to publicly traded equity securities of companies ordinarily incorporated in countries other than the United States. Redemption is monthly within seven business days following month-end.

International Nonqualified

Funds of this pool are invested in Silchester International Investors' International Value Equity Group Trust which is a collective trust fund that invests in equities denominated in foreign currencies. This pool's objective is to produce investment returns that exceed the Morgan Stanley Capital International's EAFE Index by 200 basis points on an annualized basis over three- to five-year periods, net of external investment management fees. This pool exists for participants who are not "qualified" (as defined by the Internal Revenue Code). The value of this investment at June 30, 2017, was $201,808,000. This investment, although denominated in U.S. dollars, is exposed to foreign currency risk through the underlying investments.

Fair Value Measurements
U.S. GAAP does not require the pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share practical expedient. The investment in Silchester is valued using the net asset value per share practical expedient. As Silchester is the only investment in the pool, a fair value hierarchy table is not presented. The investment strategy is to achieve desired exposure to publicly traded equity securities of companies ordinarily incorporated in countries other than the United States. Redemption is monthly within seven business days following month-end.

International Equity

This pool invests in the equities of international companies. Acadian Asset Management, LLC, Axiom International Investors, LLC, Brandes Investment Partners, L.P., LSV Asset Management, and Oberweis Asset Management, Inc., inception date manage assets of this pool. The objective of the International Equity Pool is to exceed, net of external investment management fees, Morgan Stanley Capital International's All Country World Free Ex US Index over three- to five-year periods.

Credit Risk and Interest Rate Risk

The pool is exposed to credit risk from investments made with cash collateral for securities loaned. This risk is limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. Short-term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's at the time of purchase. The pool is exposed to interest rate risk from certain investments made with cash collateral for securities loaned. The weighted-average maturity for investments made with cash collateral for securities loaned is not to exceed 90 days.

The following table provides information on the weighted-average credit ratings and weighted-average maturities as of June 30, 2017 (expressed in thousands):

Security Type	Credit Rating Moody's	Credit Rating S&P	WAM Days	Carrying Value Prior to Repurchase Collateral Included	Reclassified Repurchase Agreement to Actual Investment Types	Carrying Value	Percent of Assets
Investments:							
Common Stock	N/A	N/A	N/A	$ 2,958,970	$ 32,821	$ 2,991,791	93.2%
Money Market Mutual Fund	Aaa	AAA	N/A	38,306	—	38,306	1.2%
Preferred Stock	N/A	N/A	N/A	67,086	—	67,086	2.1%
Rights	N/A	N/A	N/A	2,562	—	2,562	0.1%
Negotiable Time Deposits	A-1	P-1	3	44,201	—	44,201	1.4%
U.S. Government Agency Bonds	Aaa	AA	3	—	2,694	2,694	0.0%
U.S. Government Agency MBS	Aaa	AA	3	—	22,313	22,313	0.0%
U.S. Treasury Inflation-Protected Securities	Aaa	AA	3	—	666	666	0.0%
U.S. Treasury Issues	Aaa	AA	3	—	9,003	9,003	0.0%
Repurchase Agreements	Aaa	AA		63,972	(63,972)	—	2.0%
Total Investments				$ 3,175,097	$ 3,525	$3,178,622	100%

This pool has both equity securities and cash that are denominated in foreign currencies and are exposed to foreign currency risks. The amounts at fair value (in U.S. dollars) of investments and cash denominated in foreign currencies as of June 30, 2017, consisted of the following (expressed in thousands):

Currency	Equity Securities	Cash	Total	Percent of Total Investments and Cash
Australian Dollar	$ 86,903	$ 3,905	$ 90,808	2.8%
Brazil Real	107,336	1,305	108,641	3.4%
British Pound	268,603	8,426	277,029	8.6%
Canadian Dollar	114,239	77	114,316	3.6%
Chilean Peso	14,919	—	14,919	0.5%
Czech Koruna	7,352	108	7,460	0.2%
Danish Krone	11,750	(1)	11,749	0.4%
Egyptian Pound	1,605	—	1,605	0.0%
Emirati Dirham	6,060	10	6,070	0.2%
Euro Currency Unit	463,410	6,309	469,719	14.6%
Hong Kong Dollar	332,332	9,785	342,117	10.6%
Hungarian Forint	6,749	58	6,807	0.2%
Indian Rupee	93,581	1,604	95,185	3.0%
Indonesian Rupiah	33,767	59	33,826	1.1%
Israeli Shekel	13,482	35	13,517	0.4%
Japanese Yen	371,110	2,302	373,412	11.6%
Malaysian Ringgit	26,081	508	26,589	0.8%
Mexican Peso	47,583	263	47,846	1.5%
New Taiwan Dollar	75,661	2,418	78,079	2.4%
New Zealand Dollar	6,060	7	6,067	0.2%
Norwegian Krone	19,812	598	20,410	0.6%
Pakistan Rupee	3,848	—	3,848	0.1%
Philippine Peso	10,603	2	10,605	0.3%
Polish Zloty	13,957	—	13,957	0.4%
Qatar Riyal	99	32	131	0.0%
Singapore Dollar	18,722	445	19,167	0.6%
South African Rand	56,807	30	56,837	1.8%
South Korean Won	218,894	1,856	220,750	6.9%
Swedish Krona	37,428	(1)	37,427	1.2%
Swiss Franc	109,989	1,566	111,555	3.5%
Thailand Baht	54,069	(6)	54,063	1.7%
Turkish Lira	55,190	96	55,286	1.7%
Subtotal	2,688,001	41,796	2,729,797	84.9%
United States Currency	487,096	224	487,320	15.1%
Total Assets	$ 3,175,097	$ 42,020	$ 3,217,117	100%

Fair Value Measurements
The table below summarizes the valuation of the investment securities in accordance with the fair value hierarchy levels as of June 30, 2017 (expressed in thousands):

Assets	Level 1	Level 2	Level 3	Total
Common Stock	$ 2,958,970	$ —	$ —	$ 2,958,970
Foreign Currency Contracts	—	32	—	32
Investments Made with Cash Collateral for Securities Loaned	—	108,173	—	108,173
Money Market Mutual Funds	38,306	—	—	38,306
Preferred Stock	67,086	—	—	67,086
Rights	2,562	—	—	2,562
Total	$ 3,066,924	$ 108,205	$ —	$ 3,175,129

Liabilities	Level 1	Level 2	Level 3	Total
Foreign Currency Contracts	$ —	$ (90)	$ —	$ (90)

The fair value measurement valuation techniques used for the investments in the International Equity Pool can be found on page 90.

Short-Term Fixed Income

This pool is structured as a money market fund to maintain sufficient liquidity to fund withdrawals by the participant plans and to invest any contributions until such time as the money can be transferred to other asset classes without sustaining capital losses. JP Morgan Investment Advisors, Inc. manages this pool. For purposes of evaluating investment returns, net of external investment management fees, this pool is expected to meet or exceed the Citigroup ninety-day T-bill index plus fifteen basis points.

Credit Risk and Interest Rate Risk
The IMB limits the exposure to credit risk in the Short-Term Fixed Income Pool by requiring all corporate bonds to be rated AA or higher. Commercial paper must be rated A-1 by Standard & Poor's and P-1 by Moody's. Additionally, the pool must have at least 15% of its assets in United States Treasury issues. The weighted-average maturity of the investments of the Short-Term Fixed Income Pool cannot exceed 60 days. The maturity of floating rate notes is assumed to be the next interest rate reset date.

The following table provides information on the weighted-average credit ratings and the weighted-average maturities as of June 30, 2017, of the Short-Term Fixed Income pool's investments (expressed in thousands):

Security Type	Credit Rating Moody's	Credit Rating S&P	WAM Days	Carrying Value Prior to Repurchase Collateral Included	Reclassed Repurchase Agreement to Actual Investment Types	Carrying Value	Percent of Assets
Investments:							
Commercial Paper	P-1	A-1	23	$ 36,775	$ —	$ 36.775	16.8%
U.S. Government Agency Bonds	P-1	A-1	9	88,415	—	88,415	40.6%
U.S. Treasury Bonds	P-1	A-1	60	42,873	—	42,873	19.7%
U.S. Treasury Issues	Aaa	A	3	—	50,000	50,000	0.0%
Repurchase Agreements				50,000	(50,000)	—	22.9%
Total Investments			20	$ 218,063	$ —	$ 218,063	100%

Fair Value Measurements

The table below summarizes the valuation of the investment securities in accordance with the fair value hierarchy levels as of June 30, 2017 (expressed in thousands):

Assets	Level 1	Level 2	Level 3	Total
Commercial Paper	$ —	$ 36,775	$ —	$ 36,775
Repurchase Agreement	—	50,000	—	50,000
U.S. Government Agency Bonds	—	88,415	—	88,415
U.S. Treasury Bonds	—	42,873	—	42,873
Total	$ —	$ 218,063	$ —	$ 218,063

All securities of the Short Term Fixed Income Pool are valued at amortized cost provided such amount approximates fair value. The basic premise underlying the use of the amortized cost method of valuation is that high-quality, short-term debt securities held until maturity will eventually return to their amortized cost value, regardless of any current disparity between the amortized cost value and market value, and would not ordinarily be expected to fluctuate significantly in value. The pool values its securities at amortized cost so long as the deviation between the amortized cost and current market value remains minimal and results in the computation of a share price that represents fairly the current net asset value per share of the fund.

Total Return Fixed Income

The main objective of the Total Return Fixed Income Pool is to generate investment income, provide stability and diversification, but not at the expense of total return. Dodge & Cox (DAC), Franklin Templeton Investments (FTI), and Western Asset Management Company, LLP (Western) manage this pool. The pool's investment objective, net of external investment management fees, is to meet or exceed the Bloomberg Barclays U.S. Universal bond index.

Credit Risk and Interest Rate Risk

The IMB limits the exposure to credit risk in the Total Return Fixed Income Pool by maintaining at least an average rating of investment grade as defined by the Nationally Recognized Statistical Rating Organizations. The IMB monitors interest rate risk of the Total Return Fixed Income Pool by evaluating the effective duration of the investments in the pool.

The following table provides the weighted-average credit ratings and the weighted-average effective duration of the investments in the Total Return Fixed Income Pool as of June 30, 2017 (expressed in thousands):

Security Type	Credit Rating Moody's	Credit Rating S&P	Effective Duration (Years)	Carrying Value Prior to Repurchase Collateral Included	Reclassified Repurchase Agreement to Actual Investment Type	Carrying Value	Percent of Assets
Investments:							
Common Stock	A	N/A	N/A	$ 14	$ 61,487	$ 61,501	0.0%
Corporate Asset-Backed Issues	Ba	AA	2.0	32,078	—	32,078	1.3%
Corporate ABS Residual	N/A	N/A	N/A	5,034	—	5,034	0.2%
Corporate CMO	Baa	BB	0.9	46,766	—	46,766	1.9%
Corporate Preferred Security	Ba	BB	0.1	10,436	—	10,436	0.4%
Foreign Asset-Backed Issues	Baa	BBB	0.5	17,436	—	17,436	0.7%
Foreign Corporate Bonds	Baa	BBB	6.6	285,298	—	285,298	11.3%
Foreign Government Bonds	Baa	BBB	5.3	244,812	—	244,812	9.7%
Investments in Other Funds	N/A	N/A	2.4	319,061	—	319,061	12.7%
Money Market Mutual Fund	Aaa	AAA	N/A	63,965	—	63,965	2.5%
Municipal Bonds	A	A	9.0	47,351	—	47,351	1.9%
Options Contracts Purchased	N/A	N/A	N/A	2,098	—	2,098	0.1%
Negotiable Time Deposits	P-1	A-1	—	82,806	—	82,806	3.3%
U.S. Corporate Bonds	Baa	BBB	7.0	460,676	—	460,676	18.1%
U.S. Government Agency Bonds	Aaa	AA	0.7	11,630	5,048	16,678	0.5%
U.S. Government Agency CMO	Aaa	AA	1.4	51,865	—	51,865	2.1%
U.S. Government Agency CMO Interest-Only	Aaa	AA	1.8	3,796	—	3,796	0.2%
U.S. Government Agency MBS	Aaa	AA	3.0	289,155	41,801	330,956	11.5%
U.S. Government Agency TBA	Aaa	AA	5.4	17,294	—	17,294	0.7%
U.S. Treasury Bonds	Aaa	AA	7.8	361,886	—	361,886	14.4%
U.S. Treasury Inflation-Protected Securities	Aaa	AA	13.9	42,269	1,247	43,516	1.7%
U.S. Treasury Issues	Aaa	AA	N/A	—	16,865	16,865	0.0%
Repurchase Agreements	Aaa	AA	—	119,844	(119,844)	—	4.8%
Total Investments			5.0	$2,515,570	$ 6,604	$2,522,174	100%

The Total Return Fixed Income Pool invests in commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The cash flows from these securities are based on the payment of the underlying collateral. The effective duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions, and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2017, the Total Return Fixed Income Pool held $463,424,000 of these securities. This represents approximately 18% of the value of the pool's securities.

At June 30, 2017, open foreign currency forward contracts were as follows (expressed in thousands):

Position	Foreign Currency	Trade Date	Settlement Date	Receivable (in Foreign Currency)	Receivable (in U.S. Dollars)	Payable (in Foreign Currency)	Payable (in U.S. Dollars)	Unrealized Appreciation (Depreciation)
Long	Euro Currency Unit (f)	5/08/2017	8/10/2017	1,600	$ 1,829	—	$ 1,761	$ 68
Long	Euro Currency Unit (f)	5/12/2017	8/10/2017	950	1,086	—	1,037	49
Long	Euro Currency Unit (f)	5/25/2017	8/10/2017	1,100	1,257	—	1,239	18
Long	Euro Currency Unit (f)	6/22/2017	8/10/2017	1,200	1,372	—	1,343	29
Long	Mexican Peso (c)	5/18/2017	7/20/2017	119,450	6,577	—	6,280	297
Long	Mexican Peso (a)	6/19/2017	7/20/2017	6,520	359	—	362	(3)
Short	Euro Currency Unit (b)	4/11/2017	7/20/2017	—	830	778	889	(59)
Short	Euro Currency Unit (f)	5/02/2017	8/10/2017	—	559	510	583	(24)
Short	Euro Currency Unit (f)	5/04/2017	8/10/2017	—	3,260	2,970	3,395	(135)
Short	Euro Currency Unit (f)	5/22/2017	8/10/2017	—	1,682	1,500	1,715	(33)
Short	Euro Currency Unit (f)	5/31/2017	8/10/2017	—	2,580	2,300	2,629	(49)
Short	Euro Currency Unit (f)	6/09/2017	8/10/2017	—	2,019	1,800	2,057	(38)
Short	Euro Currency Unit (d,g)	6/15/2017	9/19/2017	—	2,023	1,800	2,062	(39)
Short	Japanese Yen (b)	4/12/2017	7/20/2017	—	10,117	1,104,611	9,840	277
Short	Japanese Yen (d)	5/04/2017	8/10/2017	—	33,774	3,802,143	33,901	(127)
Short	Japanese Yen (d, g)	6/15/2017	9/19/2017	—	6,926	756,000	6,753	173
Short	Mexican Peso (a)	4/12/2017	7/20/2017	—	1,202	22,815	1,256	(54)
Short	Mexican Peso (b)	5/17/2017	7/20/2017	—	5,184	98,350	5,415	(231)
Short	Mexican Peso (e)	6/21/2017	7/20/2017	—	263	4,805	265	(2)
					$82,899		$82,782	$ 117

Counterparty, Moody's Rating, S&P Rating
(a) – Bank of America, Baa, BBB
(b) – Barclays PLC, Baa, BBB
(c) – BNY Mellon, A, A
(d) – Citigroup Inc, Baa, BBB
(e) – JPMorgan Chase Bank, A, A
(f) – UBS AG, A, A
(g) – Available for offset under a netting provision

Fair Value Measurements

The fair value measurement valuation techniques for the Total Return Fixed Income Pool's asset categories can be found on page 90, except for the investments in other funds which is measured using the net asset value per share practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the pool's assets and liabilities are measured at June 30, 2017.

All of the investments valued using the net asset value per share practical expedient are not required to be categorized in the fair value hierarchy below as of June 30, 2017 (expressed in thousands):

Assets	Level 1	Level 2	Level 3	Total
Common Stock	$ 14	$ —	$ —	$ 14
Corporate Asset-Backed Issues	—	32,078	—	32,078
Corporate ABS Residual	—	5,034	—	5,034
Corporate Collateralized Mortgage Obligations	—	46,766	—	46,766
Corporate Preferred Security	10,436	—	—	10,436
Foreign Asset-Backed Issues	—	17,436	—	17,436
Foreign Corporate Bonds	—	285,298	—	285,298
Foreign Currency Forward Contracts	—	911	—	911
Foreign Government Bonds	—	244,812	—	244,812
Futures Contracts	7,290	—	—	7,290
Investments Made with Cash Collateral for Securities Loaned	—	202,650	—	202,650
Money Market Mutual Fund	63,965	—	—	63,965
Municipal Bonds	—	47,351	—	47,351
Options Contracts Purchased	2,098	—	—	2,098
Swaps	—	6,482	—	6,482
U.S. Corporate Bonds	—	460,676	—	460,676
U.S. Government Agency Bond	—	11,630	—	11,630
U.S. Government Agency CMO	—	51,865	—	51,865
U.S. Government Agency CMO Interest-Only	—	3,796	—	3,796
U.S. Government Agency MBS	—	289,155	—	289,155
U.S. Government Agency TBAs	—	17,294	—	17,294
U.S. Treasury Bonds	—	361,886	—	361,886
U.S. Treasury Inflation-Protected Securities	—	42,269	—	42,269
Total	$ 83,803	$ 2,127,389	$ —	2,211,192
Investments in Other Funds				319,061
Total				$2,530,253

Liabilities	Level 1	Level 2	Level 3	Total
Foreign Currency Forward Contracts	$ —	$ (794)	$ —	$ (794)
Futures Contracts	(1,236)	—	—	(1,236)
Options Contracts Written	(538)	—	—	(538)
Swaps	—	(1,483)	—	(1,483)
Total	$ (1,774)	$ (2,277)	$ —	$ (4,051)

The significant investment strategies of the underlying investees of the investments in other funds comprise of the following:

- To maximize total return by investing in U.S. dollar-denominated fixed income securities for non-U.S. issuers in developing markets.
- To maximize total return by investing in lower rated debt and other fixed income securities of non-U.S. issuers.
- To maximize total return by investing in U.S. dollar-denominated loans, loan participations and below investment grade fixed income securities.
- To maximize total return by investing in debt securities issued or guaranteed by the U.S. government.
- To maximize total return by investing in debt and fixed income securities of Asian issuers.
- To maximize total return by investing in primarily investment grade asset backed fixed income securities.
- To maximize total return by investing in fixed income securities that are rated below investment grade at time of purchase.
- To maximize total return by investing in structured debt including, but not limited to, mortgage-backed securities, asset-backed securities, and other collateralized debt.

The pool can redeem these investments daily.

Opportunistic Debt Pool

The objective of the Opportunistic Debt Pool is to hold the IMB's investments in middle market direct loans. Assets are managed by Angelo, Gordon & Co. and TCW Asset Management Company. This pool's investment objective, is to generate a total net return of 7%-8% over a normal market cycle (typically a 5-7 year period), and/or 250 basis points above the return of the Credit Suisse Leveraged Loan Index.

Credit Risk
The pool is exposed to credit risk from investments in unrated direct lending funds. This risk is limited by requiring that underlying fund holdings are at least 90% collateralized by one or more assets of the issuer. The pool also holds shares of a money market fund with the highest credit rating.

Interest Rate Risk
The pool is exposed to interest rate risk from investments in direct lending funds. The IMB manages interest rate risk of the pool by requiring at least 80% of the fund holdings that mature in more than one year to have variable or floating interest rate structures.

Fair Value Measurements
The fair value measurement valuation techniques for the Opportunistic Debt Pool's asset categories can be found on page 90, except for the direct lending funds which are measured using the net asset value per share practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the pool's assets and liabilities are measured at June 30, 2017. All of the investments valued using the net asset value per share practical expedient are not required to be categorized in the fair value hierarchy below as of June 30, 2017 (expressed in thousands):

Assets	Level 1	Level 2	Level 3	Total
Money Market Mutual Fund	$ 58,592	$ —	$ —	$ 58,592
Direct Lending Funds				245,902
Total				$ 304,494

The investment strategies of the underlying investees of the direct lending funds are to generate current income while preserving capital primarily through investments in senior secured loans to middle market companies domiciled in the U.S. and the redemption is upon termination of partnership or of the limited liability company.

Core Fixed Income Pool

The main objective of the Core Fixed Income Pool is to generate investment income, provide stability and diversification, but not at the expense of total return. JP Morgan Investment Advisors, Inc. manages this pool. This pool's investment objective, net of external investment management fees, is to meet or exceed the Bloomberg Barclays U.S. Aggregate bond index.

Credit Risk and Interest Rate Risk

The IMB limits the exposure to credit risk in the pool by maintaining at least an average rating of investment grade as defined by the Nationally Recognized Statistical Rating Organizations. The IMB monitors interest rate risk of the Core Fixed Income Pool by evaluating the effective duration of the investments in the pool.

The following table provides the weighted-average credit ratings and weighted-average real modified duration of the rated assets in the Core Fixed Income Pool as of June 30, 2017 (expressed in thousands):

Security Type	Credit Rating		Effective Duration (Years)	Carrying Value Prior to Repurchase Collateral Included	Reclassified Repurchase Agreement to Actual Investment Types	Carrying Value	Percent of Assets
	Moody's	S&P					
Investments:							
Common Stock	N/A	N/A	N/A	$ —	$ 30,993	$ 30,993	0.0%
Corporate Asset-Backed Issues	Aa	A	2.5	102,422	—	102,422	9.3%
Corporate Collateralized Mortgage Obligations	A	A	2.6	41,600	—	41,600	3.8%
Corporate CMO Interest-Only	B	N/A	(11.6)	599	—	599	0.1%
Corporate CMO Principal-Only	N/A	AA	6.8	129	—	129	0.0%
Foreign Asset-Backed Issues	Aaa	AAA	2.5	3,446	—	3,446	0.3%
Foreign Corporate Bonds	A	A	5.3	52,706	—	52,706	4.8%
Foreign Government Bonds	Aa	A	8.5	7,218	—	7,218	0.7%
Money Market Mutual Fund	Aaa	AAA	N/A	18,950	—	18,950	1.7%
Municipal Bonds	Aa	AA	13.6	9,013	—	9,013	0.8%
Negotiable Time Deposits	P-1	A-1	0.0	41,738	—	41,738	3.8%
U.S. Corporate Bonds	A	A	6.1	226,894	—	226,894	20.7%
U.S. Government Agency Bonds	Aaa	AA	2.8	22,596	2,544	25,140	2.1%
U.S. Government Agency CMO	Aaa	AA	3.8	114,552	—	114,552	10.5%
U.S. Government Agency CMO Interest-Only	Aaa	AA	11.2	3,635	—	3,635	0.3%
U.S. Government Agency CMO Principal-Only	Aaa	AA	6.8	7,159	—	7,159	0.7%
U.S. Government Agency MBS	Aaa	AA	4.2	166,711	21,070	187,781	15.2%
U.S. Treasury Bonds	Aaa	AA	9.0	215,469	—	215,469	19.7%
U.S. Treasury Inflation Protected Security	Aaa	AA	3.3	432	628	1,060	0.0%
U.S. Treasury Issues	Aaa	AA	0.0	—	8,501	8,501	0.0%
Repurchase Agreements			0.0	60,406	(60,406)	—	5.5%
Total Investments			5.0	$ 1,095,675	$ 3,330	$1,099,005	100%

The Core Fixed Income Pool does not invest more than 5 percent of the value of the Pool in any one corporate name. At June 30, 2017, the Pool was in compliance with the restriction and is not exposed to concentration of credit risk.

Fair Value Measurements
The table below summarizes the valuation of the investment securities in accordance with the fair value hierarchy levels as of June 30, 2017 (expressed in thousands):

Assets	Level 1	Level 2	Level 3	Total
Corporate Asset-Backed Issues	$ —	$ 102,422	$ —	$ 102,422
Corporate CMO	—	41,600	—	41,600
Corporate CMO Interest-Only	—	599	—	599
Corporate CMO Principal-Only	—	129	—	129
Foreign Asset-Backed Issues	—	3,446	—	3,446
Foreign Corporate Bonds	—	52,706	—	52,706
Foreign Government Bonds	—	7,218	—	7,218
Investments Made with Cash Collateral for Securities Loaned	—	102,144	—	102,144
Money Market Mutual Fund	18,950	—	—	18,950
Municipal Bonds	—	9,013	—	9,013
U.S. Corporate Bonds	—	226,894	—	226,894
U.S. Government Agency Bonds	—	22,596	—	22,596
U.S. Government Agency CMO	—	114,552	—	114,552
U.S. Government Agency CMO Interest-Only	—	3,635	—	3,635
U.S. Government Agency CMO Principal-Only	—	7,159	—	7,159
U.S. Government Agency MBS	—	166,711	—	166,711
U.S. Treasury Bonds	—	215,469	—	215,469
U.S. Treasury Inflation-Protected Security	—	432	—	432
Total	$ 18,950	$ 1,076,725	$ —	$ 1,095,675

The fair value measurement valuation techniques used for the Core Fixed Income pool can be found on page 90.

TIPS Pool

The pool invests in Treasury Inflation-Protected Securities (TIPS) and its objective is to match the performance of the Bloomberg Barclay's U.S. Treasury Inflation Protection Index on an annualized basis over rolling three-year to five-year periods, gross of fees. Assets are managed by State Street Global Advisors.

Credit Risk and Interest Rate Risk
The IMB limits the exposure to credit risk in the pool by primarily investing in U.S. Treasury inflation protected securities. The IMB monitors interest rate risk of the pool by evaluating the real modified duration of the investments in the Pool.

The following table provides the weighted-average credit ratings and weighted-average real modified duration of the rated assets in the pool as of June 30, 2017 (expressed in thousands):

Security Type	Credit Rating		Real Modified Duration (Years)	Carrying Value Prior to Repurchase Collateral Included	Reclassified Repurchase Agreement to Actual Investment Types	Carrying Value	Percent of Assets
	Moody's	S&P					
Investments:							
Common Stock	N/A	N/A		$ —	$ 3,239	$ 3,239	0.0%
Negotiable Time Deposits	A-1	P-1	0.0	4,363	—	4,363	1.3%
U.S. Treasury Inflation-Protected Securities	Aaa	AA	7.9	326,866	66	326,932	96.8%
U.S. Government Agency Bonds	Aaa	AA		—	266	266	0.0%
U.S. Government Agency MBS	Aaa	AA		—	2,202	2,202	0.0%
U.S. Treasury Issues	Aaa	AA		—	889	889	0.0%
Money Market Mutual Fund	Aaa	AAA	0.0	128		128	0.0%
Repurchase Agreements			0.0	6,314	(6,314)	—	1.9%
Total Investments			7.9	$ 337,671	$ 348	$ 338,019	100%

Fair Value Measurements

The table below summarizes the valuation of the investment securities in accordance with GASB 72 fair value hierarchy levels as of June 30, 2017 (expressed in thousands):

Assets	Level 1	Level 2	Level 3	Total
Investments made with cash collateral	$ —	$ 10,677	$ —	$ 10,677
Money Market Mutual Fund	128	—	—	128
U.S. Treasury Inflation-Protected Securities	—	326,866	—	326,866
Total	$ 128	$ 337,543	$ —	$ 337,671

The fair value measurement valuation techniques used for the TIPS Pool can be found on page 90.

Private Equity

This pool was established to hold the IMB's investments in various private equity funds and a commingled investment fund. Franklin Park Associates, LLC has been retained by the IMB to provide consulting services for the private equity funds. The commingled investment fund is managed by State Street Global Advisors. This pool holds limited partnerships, a commingled investment fund, and a money market fund. The money market is rated AAA by Standard & Poor's and Aaa by Moody's. The pool is restricted from investing more than 10% of the IMB's total private equity exposure in a single fund. As of June 30, 2017, the pool was in compliance with this restriction.

Fair Value Measurements

The fair value measurement valuation techniques for the Private Equity Pool's asset categories can be found on page 90, except for the private equity partnerships and its investment in a multiple strategy hedge fund which are measured using the net asset value per share practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the pool's assets and liabilities are measured at June 30, 2017. All the investments valued using the net asset value per share practical

expedient are not required to be categorized in the fair value hierarchy below as of June 30, 2017 (expressed in thousands):

Assets	Level 1	Level 2	Level 3	Total
Investment in Other Fund	$ 312,661	$ —	$ —	$ 312,661
Money Market Mutual Fund	35,764	—	—	35,764
Total	$ 348,425	$ —	$ —	348,425
Private Equity Partnerships				1,275,205
Total				$ 1,623,630

The following table presents information on investments measured at the NAV as of June 30, 2017 (expressed in thousands):

Strategies	Fair Value	Unfunded Commitments	Contractual Termination Date Range (a)
Corporate Finance – Buyout (b)	$ 663,406	$ 677,544	2017 to 2031
Corporate Finance – Distressed Debt (c)	221,540	32,317	2017 to 2025
Corporate Finance – Growth Equity (d)	58,223	44,186	2018 to 2020
Corporate Finance – Mezzanine (e)	52,254	79,739	2019 to 2024
Corporate Finance – Turnaround (f)	78,256	88,487	2017 to 2026
Venture Capital (g)	201,526	99,556	2023 to 2031
Total	$ 1,275,205	$ 1,021,829	

(a) Investments cannot be redeemed until termination of the partnership.
(b) Corporate Finance – Buyout funds acquire controlling or influential interests in companies.
(c) Corporate Finance – Distressed Debt funds acquire the debt of companies experiencing operational or financial distress usually converting the debt to equity and exercising control of the business.
(d) Corporate Finance – Growth Equity funds invest in companies to expand or restructure operations, enter new markets, or finance an acquisition.
(e) Corporate Finance – Mezzanine funds acquire or issue subordinated debentures frequently in businesses controlled by the General Partner, but in another Fund.
(f) Corporate Finance – Turnaround funds acquire the debt and or equity of companies experiencing operational or financial distress in order to radically reorganize and improve the business.
(g) Venture Capital funds make investments in early stage through late stage companies, frequently start-ups in technology or healthcare.

Real Estate

This pool was established to hold the IMB's investments in real estate funds, real estate limited partnerships and real estate investment trusts (REITs). Courtland Partners, Ltd. has been retained by the IMB to provide consulting services for the real estate funds and limited partnerships. The REITs are managed by CBRE Clarion Securities, LLC (CBRE) and Security Capital Research & Management, Inc. (SCRM).

Credit Risk and Interest Rate Risk
The IMB limits the exposure to credit risk in the Real Estate Pool by maintaining at least an average rating of investment grade as defined by the Nationally Recognized Statistical Rating Organizations. The IMB monitors interest rate risk of the Real Estate Pool by assessing the effective duration of the investments in the pool.

The following table provides the weighted-average credit ratings and the weighted-average effective duration of the rated assets in the Real Estate Pool as of June 30, 2017 (expressed in thousands):

Security Type	Credit Rating Moody's	Credit Rating S&P	Effective Duration (Years)	Carrying Value Prior to Repurchase Collateral Included	Reclassified Repurchase Agreement to Actual Investment Types	Carrying Value	Percent of Assets
Investments:							
Common Stock	N/A	N/A	N/A	$ 113,172	$ 4,553	$ 117,725	6.9%
Money Market Mutual Fund	Aaa	AAA	N/A	40,335	—	40,335	2.5%
Preferred Stock	N/A	N/A	2.5	12,059	—	12,059	0.7%
Real Estate Limited Partnerships and Funds	N/A	N/A	N/A	1,456,645	—	1,456,645	88.7%
Negotiable Time Deposits	A-1	P-1	0.0	6,131	—	6,131	0.4%
U.S. Corporate Bonds	Baa	BBB	3.3	5,256	—	5,256	0.3%
U.S. Government Agency Bonds	Aaa	AA	0.0	—	374	374	0.0%
U.S. Government Agency MBS	Aaa	AA	0.0	—	3,095	3,095	0.0%
U.S. Treasury Inflation-Protected Securities	Aaa	AA	0.0	—	92	92	0.0%
U.S. Treasury Issues	Aaa	AA	0.0	—	1,249	1,249	0.0%
Repurchase Agreements	Aaa	A	0.0	8,873	(8,873)	—	0.5%
Total Investments			1.5	$ 1,642,471	$ 490	$ 1,642,961	100.0%

Foreign Currency Risk

The pool has real estate investment trusts and real estate limited partnerships and funds, and cash that are denominated in foreign currencies and are exposed to risks. The amounts at fair value (in U.S. dollars) of investments denominated in foreign currencies as of June 30, 2017 (expressed in thousands):

Currency	Investments	Cash	Total	Percent
Australian Dollar	$ 3,879	$ —	$ 3,879	0.2%
British Pound	4,029	—	4,029	0.2%
Canadian Dollar	6,741	2	6,743	0.4%
Euro Currency Unit	77,805	—	77,805	4.8%
Hong Kong Dollar	5,699	—	5,699	0.3%
Japanese Yen	8,241	25	8,266	0.5%
Singapore Dollar	1,664	—	1,664	0.1%
Swedish Krona	732	—	732	0.0%
Subtotal	108,790	27	108,817	6.5%
United States Currency	1,539,444	—	1,539,444	93.5%
Total Assets	$ 1,648,234	$ 27	$1,648,261	100%

Fair Value Measurements

The fair value measurement valuation techniques for the Real Estate Pool's asset categories can be found on page 90, except for the real estate limited partnerships and funds which are measured using the net asset value per share practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the pool's assets and liabilities are measured at June 30, 2017.

All of the investments valued using the net asset value per share practical expedient are not required to be categorized in the fair value hierarchy below as of June 30, 2017 (expressed in thousands):

Assets	Level 1	Level 2	Level 3	Total
Common Stock	$ 113,172	$ —	$ —	$ 113,172
Investments Made with Cash Collateral for Securities Loaned	—	15,004	—	15,004
Money Market Mutual Fund	40,335	—	—	40,335
U.S. Corporate Bonds	—	5,256	—	5,256
U.S. Preferred Stock	12,059	—	—	12,059
Total	$ 165,566	$ 20,260	$ —	185,826
Real Estate Limited Partnerships and Funds				1,456,645
Total				$ 1,642,471

The following table presents information on investments measured at the NAV as of June 30, 2017 (expressed in thousands):

Strategies	Fair Value	Unfunded Commitments	Contractual Termination Date Range (a)	Redemption Frequency/ Notice Period
Core Funds (b)	$ 811,815	$ 78,870	2020 to 2022	Quarterly/45-60 days
Opportunistic Funds (c)	256,375	238,268	2018 to 2027	N/A
Value Funds (d)	388,455	394,813	2017 to 2027	N/A
Total	$1,456,645	$ 711,951		

(a) Investments cannot be redeemed until termination of the partnership.
(b) Core Funds are more conservative real estate investments that use a very modest level of financing to acquire and hold high-quality, stable properties typically located in major markets. These assets tend to have high occupancy rates, higher credit tenants, and staggered lease terms, with the number of long-term leases expiring in 5-to-10 years.
(c) Opportunistic Funds have higher risk/return profiles and have broad strategies to achieve these types of returns. Common strategies are properties that need significant rehabilitation or a total redevelopment to transition to a different type of property (for example: converting an office building to condominiums). It may also include new development, distressed debt strategies, and more complex transactions, as well as more traditional value-add strategy that is financed with a higher amount of leverage.
(d) Value Funds typically use more leverage than core funds and target higher return opportunities by acquiring properties that the manager believes they can add value through capital renovations to the physical facility or enhanced leasing and management activities. Most of these properties have in-place cash flow, which is expected to increase as the business plans are implemented. This could include making physical improvements to the asset that will allow it to command higher rents, increasing efforts to lease vacant space at the property to quality tenants, or improving the management of the property and thereby increasing customer satisfaction or lowering operating expenses where possible.

Hedge Fund

This pool was established to hold the IMB's investments in hedge funds. Albourne America, LLC has been retained by the IMB to provide consulting services for this investment strategy. This pool holds shares in hedge funds and shares of a money market that is rated AAA by Standard & Poor's and Aaa by Moody's.

Fair Value Measurements
U.S. GAAP does not require the pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share practical expedient.

All of the pool's investments in hedge funds were valued using the net asset value per share practical expedient.

Assets	Level 1	Level 2	Level 3	Total
Money Market Mutual Fund	$ 22	$ —	$ —	$ 22
Hedge Funds				1,809,889
Total				$ 1,809,911

The following table presents information on investments measured at the NAV as of June 30, 2017 (expressed in thousands):

Hedge Fund Strategies	Fair Value	Number of Funds	Redemption Frequency	Redemption Notice Period
Directional (a)	$ 173,459	3	Monthly, Quarterly	3-60 days
Equity Long/Short (b)	235,206	3	Monthly, Quarterly, Every 3 years	30-60 days
Event-Driven (c)	44,907	1	Quarterly	65 days
Long-Biased (d)	49,427	1	Monthly	90 days
Multi-Strategy (e)	1,165,427	16	Monthly, Quarterly, Annually	3-95 days
Relative-Value (f)	141,468	2	Monthly	45-60 days
Total Investment Measured at NAV	$ 1,809,889			

(a) Directional strategies employ various techniques to forecast the direction of segments of the market and then invest in either short or long positions to take advantage of that. The segments may be geographic economies, industry sectors, currency, or asset class. The investments may be in physical securities or derivatives. The strategies may be trend-following or mean-reverting and may be specific to that segment or universally applied across them.
(b) An equity long/short strategy is an investing strategy, used primarily by hedge funds, that involves taking long positions in stocks that are expected to increase in value and short positions in stocks that are expected to decrease in value. Investments representing approximately 64% of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.
(c) Event-driven managers maintain positions in companies currently or prospectively involved in various corporate transactions including, but not limited to, mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated, and frequently involve additional derivative securities. Event-driven exposure includes a combination of sensitivities to equity markets, credit markets and company-specific developments. The sole fund in this investment strategy is subject to maximum withdrawal restrictions.
(d) Long-biased strategies employ analytical techniques in which the investment thesis is predicated on assessment of the valuation characteristics on the underlying companies with the goal of identifying undervalued companies. Long-biased strategies may vary the investment level or the level of long exposure over market cycles, but the primary distinguishing characteristic is that the manager maintains consistent long exposure.
(e) Multi-strategy managers combine several strategies within the same fund in order to provide diversification benefits to reduce return volatility and decrease asset-class and single-strategy risks. These funds typically add incremental returns through active allocation adjustments based on market opportunities. Risk is managed through a combination of quantitative and qualitative constraints including, but not limited to, active risk, liquidity risk, currency risk, manager risk, derivative risk, and leverage risk. Investments representing approximately 62% of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.
(f) Relative-value managers maintain positions in which the investment thesis is predicated on the realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment insights, and security types range broadly across equity, fixed income, derivative or other security types. Fixed Income strategies are typically quantiatively driven to measure the existing relationship between investments and, in some cases, identify attractive positions in which the risk-adjusted spread between these instruments represent an attractive opportunity.

Investments in hedge funds are not securities for which market quotations are readily available. The IMB has concluded that the net asset value reported by the underlying funds approximates the fair value of these investments and consequently these investments are carried at net asset value as a practical expedient for fair market value. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds, and consequently, the fair value of the IMB's interest in the funds.

Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is therefore reasonably possible that if the IMB were to sell these investments in the secondary market a buyer may require a discount to the reported net asset value, and the discount could be significant. The IMB believes that the net asset value of such investments is a reasonable estimate of fair value at June 30, 2017.

Consolidated Fund

The Consolidated Fund is a statutory term for the collective investment of those monies not currently needed to fund state governmental operations, participation by local governments, or those monies that are required by other statutory provisions to be invested in the Consolidated Fund. The following seven investment pools and participant-directed accounts comprise the Consolidated Fund and are managed by the BTI.

WV Money Market

This pool consists of the operating funds of the State, funds held by state agencies, and funds from local governments who desire the opportunity to invest with the State. Its purpose is to provide for the investment of all surplus funds and to supply the daily cash needs of the State. The pool is co-managed by Federated Investors and UBS Global Asset Management.

Credit Risk
The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all corporate bonds to be rated A+ by Standard & Poor's (or its equivalent) or higher. Commercial paper must be rated at least A-1 by Standard & Poor's and P-1 by Moody's. Additionally, the pool must have at least 15% of its assets in U.S. Treasury issues.

The following table provides information on the credit ratings as of June 30, 2017, of the WV Money Market Pool's investments (expressed in thousands):

	Credit Rating			
Security Type	Moody's	S&P	Carrying Value	Percent of Pool Assets
Commercial Paper	P-1	A-1+	$ 358,377	20.10%
	P-1	A-1	706,150	39.60%
Corporate Bonds and Notes	Aa3	AA-	6,285	0.35%
	A1	A	3,200	0.18%
U.S. Treasury Notes *	Aaa	AA+	97,823	5.49%
U.S. Treasury Bills *	P-1	A-1+	69,837	3.92%
Negotiable Certificates of Deposit	P-1	A-1+	174,000	9.76%
	P-1	A-1	156,476	8.78%
Money Market Funds	Aaa	AAAm	100,005	5.61%
Repurchase Agreements (Underlying Securities):				
U.S. Treasury Notes*	P-1	A-1	50,000	2.80%
U.S. Treasury Notes*	NR	A-1	60,800	3.41%
Total			$ 1,782,953	100%

* U.S. Treasury issues are explicitly guaranteed by the U. S. Government and are not subject to credit risk.

Interest Rate Risk

The overall weighted-average maturity of the investments of the WV Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides information on the WAM for the various asset types in the WV Money Market Pool as of June 30, 2017 (expressed in thousands):

Security Type	Total Carrying Value	Primary Government	Investment Trust Funds	Agency Funds	Component Units	WAM (Days)
Commercial Paper	$ 1,064,527	$ 641,484	$ 75,901	$ 45,562	$ 301,580	36
U.S. Treasury Bills	69,837	42,084	4,979	2,989	19,785	88
Corporate Bonds and Notes	9,485	5,716	676	406	2,687	79
Negotiable Certificates of Deposit	330,476	199,145	23,563	14,144	93,624	41
Money Market Funds	100,005	60,264	7,130	4,280	28,331	3
U.S. Treasury Notes	97,823	58,947	6,976	4,187	27,713	44
Repurchase Agreements (Underlying Securities):						
U.S. Treasury Notes	110,800	66,768	7,900	4,742	31,390	3
Total	$ 1,782,953	$ 1,074,408	$ 127,125	$ 76,310	$ 505,110	36
Percentage of Ownership	100%	60.26%	7.13%	4.28%	28.33%	

WV Government Money Market

This pool consists of investors who wish to invest in a pool that restricts its investments to U.S. Government Obligations, U.S. Government Agency Obligations, or repurchase agreements. The pool is managed by UBS Global Asset Management.

Credit Risk

The BTI limits the exposure to credit risk in the WV Government Money Market Pool by limiting the pool to U.S. Treasury issues, U.S. government agency issues, money market funds investing in U.S. Treasury issues and U.S. government agency issues, and repurchase agreements collateralized by U.S. Treasury issues and U.S. government agency issues. The pool must have at least 15% of its assets in U.S. Treasury issues.

The following table provides information on the credit ratings of the WV Government Money Market Pool's investments as of June 30, 2017 (expressed in thousands):

Security Type	Credit Rating		Carrying Value	Percent of Pool Assets
	Moody's	S&P		
U.S. Agency Bonds and Notes	Aaa	AA+	$ 8,000	3.96%
U.S. Treasury Notes *	Aaa	AA+	35,972	17.81%
U.S. Treasury Bills *	P-1	A-1+	6,992	3.46%
U.S. Agency Discount Notes	P-1	A-1+	99,921	49.47%
Money Market Funds	Aaa	AAAm	2,109	1.04%
Repurchase Agreements (Underlying Securities):				
U.S. Treasury Notes	Aaa	AA+	49,000	24.26%
Total			$ 201,994	100%

* U.S. Treasury issues are explicitly guaranteed by the U. S. Government and are not subject to credit risk.

Interest Rate Risk
The overall weighted-average maturity of the investments of the WV Government Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days.

The following table provides information on the WAM for the various asset types in the WV Government Money Market Pool as of June 30, 2017 (expressed in thousands):

Security Type	Carrying Value	Primary Government	Investment Trust Fund	Component Units	WAM (Days)
U.S. Agency Discount Notes	$ 99,921	$ 979	$ 92,667	$ 6,275	41
U.S. Treasury Bills	6,992	69	6,484	439	45
Money Market Funds	2,109	21	1,956	132	3
U.S. Agency Bonds and Notes	8,000	78	7,420	502	27
U.S. Treasury Notes	35,972	353	33,360	2,259	65
Repurchase Agreements (Underlying Securities):					
U.S. Agency Notes	49,000	480	45,443	3,077	3
Total	$ 201,994	$ 1,980	$ 187,330	$ 12,684	35
Percentage of Ownership	100%	0.98%	92.74%	6.28%	

WV Short Term Bond

This pool consists of the operating funds of the State that are not immediately needed to fund the State's liquidity requirements. The pool is managed by Federated Investors.

Credit Risk
The BTI limits the exposure to credit risk in the WV Short Term Bond Pool by requiring all corporate bonds to be rated BBB- by Standard & Poor's (or its equivalent) or higher. Commercial paper must be rated at least A-1 by Standard & Poor's and P-1 by Moody's. Mortgage-backed and asset-backed securities must be rated AAA by Standard & Poor's and Aaa by Moody's.

The following table provides information on the credit ratings of the WV Short Term Bond Pool's investments as of June 30, 2017 (expressed in thousands):

Security Type	Credit Rating		Carrying Value	Percent of Pool Assets
	Moody's	S&P		
Commercial Paper	P-1	A-1+	$ 9,963	1.32%
	P-1	A-1	13,940	1.85%
Corporate Asset-Backed Securities	Aaa	AAA	68,441	9.06%
	Aaa	NR	79,853	10.58%
	NR	AAA	67,375	8.92%
	NR	AA	2,003	0.26%
Corporate Bonds and Notes	Aaa	AA+	2,935	0.39%
	Aaa	AA+	4,019	0.53%
	Aa1	AA+	5,027	0.67%
	Aa2	AA+	4,036	0.53%
	Aa2	AA	6,989	0.93%
	Aa2	AA-	17,124	2.27%
	Aa3	AA-	15,106	2.00%
	Aa2	A	4,011	0.53%
	Aa3	A+	1,104	0.15%
	A1	AA-	16,588	2.20%
	A1	A+	19,078	2.53%
	A1	A	6,355	0.84%
	A1	A-	7,276	0.96%
	A2	A+	2,616	0.35%
	A2	A	25,032	3.32%
	A2	A-	10,079	1.33%
	A3	A	10,747	1.42%
	A3	A-	30,242	4.01%
	A3	BBB+	20,183	2.67%
	Baa1	A	1,501	0.20%
	Baa1	A-	11,991	1.59%
	Baa1	BBB+	47,392	6.28%
	Baa1	BBB	8,495	1.12%
	Baa2	A-	1,018	0.13%
	Baa2	BBB	28,770	3.81%
	Baa2	BBB-	3,000	0.40%
	Baa2	NR	2,000	0.26%
	Baa2	BBB+	10,268	1.36%
	Baa3	BBB	15,627	2.07%
	Baa3	BBB-	7,166	0.95%
	Ba1	BBB	2,005	0.27%
	Ba1	BBB-	2,304	0.31%
	Ba2	BBB-	824	0.11%
	NR	BBB+	2,637	0.35%
	NR	BBB-	1,990	0.26%
U.S. Agency Mortgage-Backed Securities *	Aaa	AA+	37,287	4.94%
Corporate Mortgage-Backed Securities *	Aaa	AAA	4,217	0.56%
	Aaa	NR	17,281	2.29%
U.S. Treasury Notes *	Aaa	AA+	87,588	11.60%
Money Market Funds	Aaa	AAAm	11,479	1.52%
Total			$ 754,962	100%

NR = Not Rated

* U.S. agency mortgage-backed securities are explicitly guaranteed by the U. S. Government and are not subject to credit risk.

Interest Rate Risk

The overall effective duration of the investments of the WV Short-Term Bond Pool cannot exceed 731 days. Maximum effective duration of individual securities cannot exceed 1,827 days (five years) from date of purchase. The following table provides information on the effective duration for the various asset types in the WV Short-Term Bond Pool as of June 30, 2017 (expressed in thousands):

Security Type	Total Carrying Value	Primary Government	Investment Trust Funds	Component Units	Effective Duration (Days)
Corporate Bonds and Notes	$ 355,535	$ 325,101	$ 2,382	$ 28,052	412
U.S. Treasury Bonds and Notes	87,588	80,090	587	6,911	766
Commercial Paper	23,903	21,857	160	1,886	113
Corporate Asset-Backed Securities	217,672	199,040	1,458	17,174	423
U.S. Agency Mortgage-Backed Securities	37,287	34,095	250	2,942	148
Corporate Mortgage-Backed Securities	21,498	19,658	144	1,696	347
Money Market Funds	11,479	10,496	77	906	1
Total	$ 754,962	$ 690,337	$ 5,058	$ 59,567	426
Percentage of Ownership	100%	91.44%	0.67%	7.89%	

Fair Value Measurements

The table below summarizes the valuation for the WV Short Term Bond Pool in accordance with the fair value hierarchy levels as of June 30, 2017 (expressed in thousands):

Investment Type	Level 1	Level 2	Level 3	Total
Corporate Bonds and Notes	$ —	$ 355,535	$ —	$ 355,535
Corporate Asset-Backed Securities	—	217,672	—	217,672
Commercial Paper	—	23,903	—	23,903
U.S. Treasury Notes	87,588	—	—	87,588
U.S. Agency Mortgage-Backed Securities	—	37,287	—	37,287
Corporate Mortgage-Backed Securities	—	21,498	—	21,498
Money Market Funds	11,479	—	—	11,479
Total	$ 99,067	$ 655,895	$ —	$ 754,962

The fair value measurement valuation techniques used for the WV Short Term Bond Pool can be found on page 89.

WV Bank Pool

This pool consists of certificates of deposit purchased by the State through the West Virginia CD program. The program purchases CDs from eligible banks and depositories to make state investment funds available for consumer and business loans within the State. The nonnegotiable certificates of deposit in this pool total approximately $79.5 million, with maturities ranging from July 2017 to December 2017, and an interest in a money market mutual fund valued at approximately $48,000.

Loan Pool

This pool is comprised of loans made by the State. The $1 unit price is utilized for accounting purposes only. The State is the sole participant in this pool. This pool primarily holds intergovernmental loans and an investment in a money market mutual fund in the amount of approximately $47,000 with a weighted-average maturity of one day which is rated AAAm by Standard & Poor's and Aaa by Moody's. The loans are not rated by any nationally recognized statistical rating organization; however, as there is the potential for defaults, they are exposed to credit risk. For financial statement purposes, the intergovernmental loans are reflected in the Advances to Component Units line on the Statement of Net Position. The BTI addresses the credit risk by evaluating the need for and establishing a reserve for uncollectible loans.

Reserve Pool

This pool is composed of an interest-bearing depository account with funds totaling approximately $18,845,000 in a bank depository. The pool was created to provide an added layer of security for the WV Money Market and WV Government Money Market pools. The objective of this pool is to provide support for the WV Money Market and WV Government Money Market pools to ensure their unit net position levels do not fall below $0.9985. The State is the sole participant in this pool.

Participant-Directed Accounts

The BTI also maintains pools for individual state agencies with specific investment needs. These pools include the following: Municipal Bond Commission (MBC), School Fund, and Economic Development Authority–American Woodmark (EDA–AW). Each agency is the sole owner of the investments in its pool and is responsible for the investment decisions in accordance with the legal restrictions applicable to those assets. The BTI serves as custodian of these pools and has no discretion over investment and financial decisions made for them.

Municipal Bond Commission

This account only holds securities issued by the U.S. Treasury or government agencies. The securities are purchased with specific maturities timed to match bond interest or principal payments.

The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to fair value losses in the MBC account arising from increasing interest rates. The following table provides information on the weighted-average maturities for the various asset types in the MBC account as of June 30, 2017 (expressed in thousands):

Security Type	Carrying Value	WAM (Days)
U.S. Treasury Bonds and Notes	$ 13,083	302
State and Local Government Securities	22,744	610
Total Assets	$ 35,827	498

Fair Value Measurements
The MBC account holds U.S. Treasury Notes and Bonds reported at a fair value of $13,083,000 using Level 1 inputs. The Account also holds Treasury Securities – State and Local Government Series (SLGS) issues that are reported at historical cost (face value) of $22,744,000. SLGS are special purpose securities the U.S. Department of the Treasury issues to state and local government entities, upon request by those entities, to assist them in complying with federal tax laws and Internal Revenue Service arbitrage regulations when they have cash proceeds to invest from their issuance of tax exempt bonds. There is no market for these securities as they may only be redeemed at the U.S. Department of Treasury on or before their stated maturity date at face value plus accrued interest.

School Fund

The School Fund account holds an interest in a money market mutual fund valued at $1,417,000 using Level 1 inputs with a weighted-average maturity of one day. The mutual fund is rated AAAm by Standard & Poor's and Aaa by Moody's as of June 30, 2017 (expressed in thousands):

		Investment Maturities			
Security Type	Carrying Value	Less than 1	1-5	6-10	More than 10
Governmental Activities:					
Money Market	$ 1,417	$ 1,417	$ —	$ —	$ —

EDA-AW

This account holds a U.S. Treasury bond valued at $1,798,000 using Level 1 inputs that matures on August 15, 2023. The EDA's investment policy limits this account to holding only U.S. Treasury securities with twenty-year maturities at time of purchase as of June 30, 2017 (expressed in thousands):

		Investment Maturities			
Security Type	Carrying Value	Less than 1	1-5	6-10	More than 10
Component Unit Activities:					
U.S. Treasury Bond	$ 1,798	$ —	$ —	$ 1,798	$ —

This schedule reconciles disclosed investment values to net asset values of the pools as reflected in the accompanying financial statements, at IMB and BTI at June 30, 2017 (expressed in thousands):

IMB Pools	Disclosed Value	Pool Receivables/ (Payables)	Net Asset Values
Large Cap Domestic Equity	$ 3,712,134	$ (165,947)	$ 3,546,187
Non-Large Cap Domestic Equity	943,382	(222,750)	720,632
International Qualified	1,453,466	(65)	1,453,401
International Nonqualified	201,808	(9)	201,799
International Equity**	3,175,097	(25,604)	3,149,493
Short-Term Fixed Income	218,063	(28)	218,035
Total Return Fixed Income**	2,515,570	(193,236)	2,322,334
Opportunistic Debt Pool	304,494	16	304,510
Core Fixed Income	1,095,675	(99,603)	996,072
TIPS Pool	337,671	(9,488)	328,183
TRS Annuity Pool	—	(135)	(135)
Private Equity	1,623,630	3,393	1,627,023
Private Real Estate	1,642,471	(2,432)	1,640,039
Hedge Fund	1,809,911	15,847	1,825,758
BTI Pools			
WV Money Market Pool	1,782,953	(1,986)	1,780,967
WV Government Money Market Pool	201,994	76	202,070
WV Short-Term Bond Pool	754,962	(1,231)	753,731
WV Bank Pool	79,548	226	79,774
Loan Pool	125,366	34	125,400
Reserve Pool	18,845	9	18,854
Municipal Bond Commission Account	35,827	54	35,881
School Fund Account	1,417	1	1,418
EDA-AW	1,798	34	1,832
Total Pooled Investments	22,036,082	(702,824)	21,333,258
Less EDA	125,318	—	125,318
Less MBC	35,827	54	35,881
Less Nonnegotiable Certificates of Deposits	79,500	226	79,726
Less Reserve Pool in Depository	18,845	9	18,854
Total for Disclosure	$ 21,776,592	$ (703,113)	$ 21,073,479

**Pools had cash denominated in foreign currencies.

Outside Investments

In addition to the amounts invested with the IMB above, certain funds are permitted to invest bond proceeds with a third-party trustee named in the bond indenture. The following information relates to these outside investments.

Credit Risk

The following table provides information on the credit ratings of the State's third-party trustee investments as of June 30, 2017 (expressed in thousands):

Security Type	Carrying Value	Credit Rating S&P	Credit Rating Moody's
Primary Government:			
Money Market/Mutual Funds	$ 422	Unrated	Unrated
	240,127	AAAm	Aaa-mf
	5,184	AAA	Aaa
Repurchase Agreement*	71,181	AA+	Aaa
State and Local Government Securities	23,392	Unrated	Unrated
U.S. Government and Agency Obligations	100,332	A-1+	P-1
Total Primary Government	$ 440,638		
Pension & Private Purpose Trust Funds:			
Money Market/Mutual Funds	$ 2,545,801	Unrated	Unrated
Guaranteed Investment Contract	386,940	Unrated	Unrated
Total Pension & Private Purpose Trust Funds	$ 2,932,741		
Component Units:			
Common and Preferred Stocks	$ 154,120	Unrated	Unrated
Corporate Bonds	2,196	Unrated	Baa2 to AA+
Corporate Bonds	29,214	Unrated	Unrated
Corporate Stock	1,900	Unrated	Unrated
Fixed Income Fund	4,586	Unrated	Unrated
	88	AAA	Aaa
	9,966	Aa3	Aa3
Money Market/Mutual Funds	482	A1	A1
	202,728	AAAm	Aaa-mf
	1,012	Unrated	A2
	2,125	Aa2	Aa2
	10,061	A	A
	20,083	Aaa	AAA/AA+
	23	AAA	Unrated
	8,459	Aaa	Aaa
	266,943	Unrated	Unrated
	8,973	AAAm	Aaa
Mortgages Held for Investment	16,712	Unrated	Unrated
Other Investments	210	AAA	Unrated
Other Investments	171,570	Unrated	Unrated
Repurchase Agreements **	5,550	Unrated	Unrated
State and Local Government Securities	1,446	AA+	Aaa
U.S. Government and Agency Obligations	228,608	AA+	Aaa
	3,797	Unrated	AAA/AA+
	1,525	Unrated	AAA-mf
	90	Unrated	Aaa
	53,069	Unrated	Unrated
Total Component Units	$ 1,205,536		

Underlying Securities:

* Primary Government:

US Treasury Notes $77,675

** Component Units:

The $5,550 is invested in US Government National Mortgage Association Securities.

Concentration of Credit Risk

As of June 30, 2017, the State had investment balances with the following issuers which are greater than or equal to 5% of the respective third-party trustee investment balance (expressed in thousands):

Security Type	Carrying Value	Issuer	Percentage of Concentration
Primary Government:			
Repurchase Agreement	$ 71,181	DEPFA Bank, PLC	16.2%
State & Local Government Securities	23,372	The County Commission of Monongalia	5.3%
Component Units:			
Other Investments	159,116	The $84,930,000 of the $159,116,000 is invested by the Foundations at the Higher Education institutions which are reported under FASB and the information is not available.	13.2%
Common & Preferred Stock	150,189	The $150,189,000 is invested by the Foundations at the Higher Education institutions which are reported under FASB and the information is not available.	12.5%

Interest Rate Risk

The following table provides information on the interest rate risk of the State's third-party trustee investments as of June 30, 2017 (expressed in thousands):

		Investment Maturities				
Security Type	Carrying Value	Less Than 1	1-5	6-10	More Than 10	N/A
Primary Government:						
Money Market/Mutual Funds	$ 245,733	$ 245,733	$ —	$ —	$ —	$ —
Repurchase Agreements*	71,181	—	—	—	71,181	—
U.S. Government & Agency Obligations	23,392	—	—	—	—	23,392
State and Local Government Securities	100,332	100,332	—	—	—	—
Total Primary Government	440,638	346,065	—	—	71,181	23,392
Pension & Private Purpose Trust Funds:						
Money Market/Mutual Funds	2,545,801	2,545,801	—	—	—	—
Guaranteed Investment Contract	386,940	386,940	—	—	—	—
Total Pension & Private Purpose Trust Funds	2,932,741	2,932,741	—	—	—	—
Component Units:						
Common and Preferred Stocks	154,120	—	—	—	3,931	150,189
Corporate Bonds	31,410	1,346	7,557	2,327	1,291	18,889
Corporate Stock	1,900	—	—	—	—	1,900
Fixed Income Fund	14,640	566	10,504	1,707	1,863	—
Money Market/Mutual Funds	520,889	267,868	24,548	7,857	8,414	212,202
Mortgages Held for Investment	16,712	—	149	1,346	15,217	—
Other Investments	171,780	10,921	1,245	—	160	159,454
Repurchase Agreements**	5,550	5,550	—	—	—	—
U.S. Government & Agency Obligations	287,089	36,468	106,253	98,505	23,531	22,332
State and Local Government Securities	1,446	—	—	30	1,416	—
Total Component Units	1,205,536	322,719	150,256	111,772	55,823	564,966
Total Outside Investments	$ 4,578,915	$ 3,601,525	$ 150,256	$ 111,772	$ 127,004	$ 588,358

Underlying Securities:

* Primary Government:
U.S. Treasury Notes $77,675

**Component Units:
The $5,550 is invested in US Government National Mortgage Association Securities.

Fair Value Measurements

The investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Investments classified in Level 2 of the fair value hierarchy are valued based on securities' relationship to benchmark quoted prices from third party pricing services and based on inputs other than quoted prices (based on similar assets). Level 3 represents investments with no observable market.

U.S. GAAP does not require the pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share practical expedient. All of the outside investments were valued using the net asset value per share practical expedient. These investments involve varying degrees of illiquidity and varying times of commitments to those investments.

The table below summarizes the valuation of the investment securities in accordance with the fair value hierarchy levels as of June 30, 2017 (expressed in thousands):

Security Type	Investment Amount	Level Amounts 1	2	3
Primary Government:				
Repurchase Agreements*	$ 71,181	$ —	$ 71,181	$ —
U.S. Government & Agency Obligations	100,332	—	100,332	—
State and Local Government Securities	23,392	—	—	23,392
Total Primary Government	194,905	—	171,513	23,392
Pension & Private Purpose Trust Funds:				
Money Market/Mutual Funds	2,074,973	2,074,973	—	—
Total Pension & Private Purpose Trust Funds	2,074,973	2,074,973	—	—
Component Units:				
Common and Preferred Stocks	66,150	62,051	168	3,931
Corporate Bonds	31,410	15,441	15,969	—
Corporate Stock	1,900	—	—	1,900
Fixed Income Fund	14,640	4,674	9,966	—
Money Market/Mutual Funds	220,077	178,097	40,898	1,082
Other Investments	88,255	8,695	78,172	1,388
U.S. Government & Agency Obligations	287,089	202,284	84,805	—
State and Local Government Securities	1,446	—	1,446	—
Total Component Units	710,967	471,242	231,424	8,301
FV Investments @ Net Asset Value	202,582			
Total Outside Investments	$ 3,183,427	$ 2,546,215	$ 402,937	$ 31,693

Underlying Securities:

* Primary Government
  U.S. Treasury Notes $77,675

The significant investment strategies of the underlying investees of the investments reported at net asset value comprise of the following:

- To invest in foreign and domestic debt, including exposure to global sovereign bonds, opportunistic and high-yield instruments. Withdrawal can occur monthly – quarterly with 5 to 90 days notice period.
- To invest primarily in U.S. or foreign equities, attempt to meet or exceed the return of specific equity indices. Withdrawal can occur monthly – quarterly with 5 to 90 days notice period.
- To produce attractive returns with moderate to low correlations to equity and credit markets to generate fixed income like volatility, and to be opportunistic during periods of distress. Withdrawal can occur monthly – quarterly with 5 to 90 days notice period.
- To invest in liquid real assets with the objective of providing an inflation hedge, diversification in assets with low or negative correlation to other assets, and attractive risk adjusted returns. Withdrawal can occur monthly – quarterly with 5 to 90 days notice period.

Redemption is quarterly with 90 days prior written notice limited to 25% of the fund balance each quarter.

Reconciliation to Financial Statements

The following schedule reconciles the amount disclosed as deposits and investments included in this footnote to cash and cash equivalents, investments, and restricted cash and investments in the Statement of Net Position at June 30, 2017 (expressed in thousands):

Deposits:

Cash and Cash Equivalents as Reported on the Statement of Net Position	$ 4,693,794
Cash and Cash Equivalents as Reported on the Statement of Fiduciary Net Position	516,871
Add:	
Restricted Cash and Cash Equivalents as Reported on the Statement of Net Position	226,220
Certificates of Deposit Disclosed as Deposits	10,800
Less:	
Cash Equivalents and Restricted Cash Disclosed as Investments	(5,000,977)
Cash with U.S. Treasury for Unemployment Programs	(67,881)
Reported Value of Deposits as Disclosed in this Footnote	$ 378,827

Investments:

Investments as Reported on the Statement of Net Position	$ 1,927,144
Investments as Reported on the Statement of Fiduciary Net Position	18,522,523
Add:	
Restricted Investments as Reported on the Statement of Net Position	191,317
Cash Equivalents and Restricted Cash Disclosed as Investments	5,000,977
Mortgages Held for Investment Disclosed as Investments	16,712
Accrued Interest Disclosed as Investments	4,521
Less:	
Non-Negotiable Certificates of Deposit Disclosed as Deposits	(10,800)
Reported Value of Investments as Disclosed in this Footnote	$ 25,652,394


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NOTE 5

RECEIVABLES
(Expressed in Thousands)

Receivables at June 30, 2017, consisted of the following:

	Governmental Funds				
	General	Transportation	Tobacco Settlement Finance Authority	Other Governmental	Total Governmental Receivables
Taxes	$ 406,943	$ 73,433	$ —	$ —	$ 480,376
Accounts	288,325	113,614	28,496	10,693	441,128
Loans	4,245	—	—	—	4,245
Accrued Interest	2,356	—	10	1,319	3,685
Total Receivables	701,869	187,047	28,506	12,012	929,434
Allowance for Doubtful Accounts	(110,295)	—	—	(4,449)	(114,744)
Receivables, Net	$ 591,574	$ 187,047	$ 28,506	$ 7,563	$ 814,690
As Reported on the Fund Financial Statements:					
Current Receivables	$ 591,574	$ 187,047	$ 28,506	$ 7,563	$ 814,690
Noncurrent Receivables	—	—	—	—	—
Total Receivables, Net	$ 591,574	$ 187,047	$ 28,506	$ 7,563	$ 814,690

	Fiduciary Funds		
	Pension and Other Employee Benefit Trust Funds	SMART 529	Agency Funds
Accounts	$ 19,549	$ —	$ —
Loans	2,977	—	—
Leases	—	—	—
Contributions	41,965	1,463	—
Accrued Interest	—	—	109
Total Receivables	64,491	1,463	109
Allowance for Doubtful Accounts	(104)	—	—
Receivables, Net	$ 64,387	$ 1,463	$ 109
As Reported on the Fund/Component Units Financial Statements:			
Current Receivables, Net	$ 64,387	$ 1,463	$ 109
Noncurrent Receivables, Net	—	—	—
Total Receivables, Net	$ 64,387	$ 1,463	$ 109

Enterprise Funds

Water Pollution Control Revolving Fund	Workers' Compensation Fund	Unemployment Compensation	West Virginia Infrastructure and Jobs Development Council	Public Employees' Insurance Agency	Board of Risk and Insurance Management	Other Enterprise	Total Enterprise	Internal Service Funds
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
499	7,679	60,261	17	30,509	1,914	783	101,662	10,634
640,454	—	—	559,072	—	—	141,233	1,340,759	—
—	—	—	2,018	—	—	62	2,080	3
640,953	7,679	60,261	561,107	30,509	1,914	142,078	1,444,501	10,637
—	—	—	—	(1,841)	—	—	(1,841)	—
$ 640,953	$ 7,679	$ 60,261	$ 561,107	$ 28,668	$ 1,914	$ 142,078	$ 1,442,660	$ 10,637
$ 36,111	$ 7,679	$ 60,261	$ 23,759	$ 28,668	$ 1,914	$ 9,924	$ 168,316	$ 10,637
604,842	—	—	537,348	—	—	132,154	1,274,344	—
$ 640,953	$ 7,679	$ 60,261	$ 561,107	$ 28,668	$ 1,914	$ 142,078	$ 1,442,660	$ 10,637

Discretely Presented Component Units

West Virginia Lottery	Economic Development Authority	Housing Development Fund	Parkways Authority	Water Development Authority	Higher Education	Regional Jail Authority	School Building Authority	Other Component Units	Total Discretely Presented Component Units
$ 26,125	$ —	$ 757,027	$ 3,499	$ —	$ 151,774	$ 13,262	$ —	$ 1,625	$ 953,312
—	148,831	72,199	—	199,478	64,418	—	—	3,863	488,789
—	55,542	—	—	—	—	—	—	—	55,542
—	—	—	—	—	—	—	—	—	—
—	2,272	266	102	3,143	—	—	370	5	6,158
26,125	206,645	829,492	3,601	202,621	216,192	13,262	370	5,493	1,503,801
—	(6,600)	(111,484)	—	—	(38,224)	—	—	—	(156,308)
$ 26,125	$ 200,045	$ 718,008	$ 3,601	$ 202,621	$ 177,968	$ 13,262	$ 370	$ 5,493	$ 1,347,493
$ 26,125	$ 17,791	$ 4,329	$ 3,601	$ 11,177	$ 132,225	$ 13,262	$ 370	$ 1,877	$ 210,757
—	182,254	713,679	—	191,444	45,743	—	—	3,616	1,136,736
$ 26,125	$ 200,045	$ 718,008	$ 3,601	$ 202,621	$ 177,968	$ 13,262	$ 370	$ 5,493	$ 1,347,493

Taxes Receivable

Taxes receivable at June 30, 2017, consisted of the following:

	Governmental Funds		
	General	Transportation	Total
Taxes Receivable:			
Consumer Sales & Use Tax	$ 111,178	$ —	$ 111,178
Personal Income	157,039	—	157,039
Severance	42,818	—	42,818
Business & Occupation	8,969	—	8,969
Automobile Privilege Taxes	—	15,466	15,466
Gasoline Excise	—	54,422	54,422
Registration Fees	—	3,545	3,545
Insurance	37,825	—	37,825
Corporate Net Income	7,073	—	7,073
Medicaid	29,098	—	29,098
Other	12,943	—	12,943
Subtotal for Taxes Receivable	406,943	73,433	480,376
Refunds Allowance	(20,389)	—	(20,389)
Total	$ 386,554	$ 73,433	$ 459,987

Leases Receivable

The Economic Development Authority (EDA) has entered into long-term direct financing lease agreements with commercial entities for land, buildings, and equipment. A schedule of future lease amounts due to the EDA is as follows:

Year Ending June 30	Direct Financing Leases Amount Due
2018	$ 7,167
2019	7,149
2020	6,645
2021	6,616
2022	6,617
2023-2038	32,268
Total Minimum Amount Due	66,462
Less Amount Representing Interest	(10,920)
Present Value of Minimum Lease Amount Due	$ 55,542


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NOTE 6

INTERFUND BALANCES

The following table details the interfund balances and activity as of and for the year ended June 30, 2017 (expressed in thousands):

	Due From			
	Governmental			Proprietary
Due To	General	Transportation	Other Nonmajor	Water Pollution Control Revolving Fund
Governmental Funds:				
General	$ —	$ 115	$ 141	$ —
Transportation	11,674	—	—	—
Other Nonmajor Governmental	1	—	—	—
Total Governmental Funds	11,675	115	141	—
Proprietary Funds:				
Unemployment Compensation	344	31	8	—
Public Employees' Insurance Agency	207	2,266	—	—
Other Nonmajor Enterprise	865	331	56	—
Internal Service Funds	4,984	1,446	189	—
Total Proprietary Funds	6,400	4,074	253	—
Fiduciary Funds:				
Pension and Other Employee Benefit Trust Fund *	1,402,497	156,112	30,027	353
Discretely Presented Component Units				
Major:				
West Virginia Lottery	—	—	—	—
Housing Development Fund	1	—	—	—
Parkways Authority	11	—	—	—
Water Development Authority	14	—	—	—
Higher Education	8,800	132	—	—
Nonmajor:				
Educational Broadcasting Authority	—	—	—	—
State Rail Authority	334	—	—	—
Racing Commission	—	—	—	—
Total Discretely Presented Component Units	9,160	132	—	—
Total	$ 1,429,732	$ 160,433	$ 30,421	$ 353

Due From							
Proprietary							
West Virginia Infrastructure and Jobs Development Council	Public Employees' Insurance Agency	Board of Risk and Insurance Management	Other Nonmajor Enterprise	Internal Service Funds	Pension and Other Benefit Trust Funds	Discretely Presented Component Units	Total
$ —	$ 578	$ —	$ —	$ 6	$ 112	$ 121,270	$ 122,222
—	472	—	—	—	—	326	12,472
—	63	—	—	—	—	1,055	1,119
—	1,113	—	—	6	112	122,651	135,813
—	—	—	—	—	—	150	533
—	—	—	4	438	1,449	870	5,234
—	—	—	—	1	—	76	1,329
—	287	7	7	56	59	145	7,180
—	287	7	11	495	1,508	1,241	14,276
—	1,066	496	2,459	11,520	—	387,969	1,992,499
—	8	—	—	—	—	1,400	1,408
—	—	—	—	—	—	—	1
—	3	—	—	—	5	—	19
168	4		9	—	—	—	195
—	—	—	—	—	—	4,614	13,546
—	15	—	—	—	—	—	15
—	2	—	—	—	—	—	336
—	2	—	—	—	1	—	3
168	34	—	9	—	6	6,014	15,523
$ 168	$ 2,500	$ 503	$ 2,479	$ 12,021	$ 1,626	$ 517,875	$ 2,158,111

Due from discretely presented component units includes $132 million from the Lottery. The General Fund received $86.7 million to be appropriated at a later date. The Legislature also approved the following distributions from the Lottery to the Senior Services ($17.7 million), Library Commission ($4.3 million), Department of Education – Public Education ($6.7 million), and various other general purposes.

* The Retiree Health Benefit Trust (RHBT) has recorded a Due From, but because the receivable is uncollectible the RHBT has also recorded a valuation allowance; however, the Due To has been recorded by the agencies participating in the plan. GASB 43 requires that only the revenue/receivable that has a reasonable expectation of collection be recorded at RHBT, whereas GASB 45 requires each agency to record contractually owed liability to RHBT. The agencies have recorded a Due To RHBT of $1.9 billion related to these receivables and obligations.

NOTE 7

INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2017, consisted of the following (expressed in thousands):

	Transfers From Governmental		
Transfers To	General	Tobacco Settlement Finance Authority	Other Nonmajor
Governmental Funds:			
General	$ —	$ 20,895	$ 42,644
Transportation	14,869	—	—
Other Nonmajor Governmental	60,732	—	—
Total Governmental Funds	75,601	20,895	42,644
Proprietary Funds:			
Water Pollution Control Revolving Fund	4,166	—	20,829
Workers' Compensation Fund	2,731	—	—
West Virginia Infrastructure and Jobs Development Council	—	—	225
Public Employees' Insurance Agency	10,000	—	—
Other Nonmajor Proprietary	5,949	—	—
Internal Service Funds	8,030	—	—
Total Proprietary Funds	30,876	—	21,054
Total	$ 106,477	$ 20,895	$ 63,698

The deferred charge of the amortization of the future tobacco settlement revenue of the Tobacco Settlement Finance Authority resulted in a transfer of $20.9 million to the General Fund. The General Fund transferred $22 million to the West Virginia Infrastructure and Jobs Development Council and $19 million to the Economic Development Project Fund for bond debt service.

Transfers From Proprietary				
Workers' Compensation Fund	West Virginia Infrastructure and Jobs Development Council	Other Nonmajor Enterprise	Internal Service Funds	Total
$ 22,692	$ —	$ 27,412	$ 798	$ 114,441
—	—	—	—	14,869
—	—	9,000	5,210	74,942
22,692	—	36,412	6,008	204,252
—	—	—	—	24,995
—	—	—	—	2,731
—	—	—	—	225
—	—	—	—	10,000
—	1,662	—	—	7,611
—	—	—	—	8,030
—	1,662	—	—	53,592
$ 22,692	$ 1,662	$ 36,412	$ 6,008	$ 257,844

Of the $15 million transferred from the General Fund to Transportation, $11.2 million is allocated sales tax, and the balance is miscellaneous legislative appropriations. Legislation passed during fiscal year 2015 required a reappropriation of funds from the Office of the Insurance Commissioner, resulting in a $24.3 million transfer to the General Fund. The Water Pollution Revolving Fund received $20.8 million in grants from the West Virginia Department of Environment Protection. All other transfers are made to finance various programs to the Legislation.


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NOTE 8

RESTRICTED ASSETS

Restricted assets are held by special revenue funds, enterprise funds, internal service funds, and discretely presented component units, primarily for the repayment of future long-term obligations and benefits payments. The restricted assets, composed of cash, investments, and other similar assets at June 30, 2017, are as follows (expressed in thousands):

	Cash	Investments	Other	Totals
Special Revenue:				
Environmental Programs	$ 323	$ —	$ —	$ 323
Public Service Commission	1,147	—	—	1,147
Total Special Revenue	1,470	—	—	1,470
Enterprise:				
Public Employees' Insurance Agency	19,973	—	—	19,973
Board of Risk and Insurance Management	10,168	52,841	193,995	257,004
Total Enterprise	30,141	52,841	193,995	276,977
Internal Service:				
State Building Fund	18,508	—	—	18,508
Travel Management	754	—	—	754
Total Internal Services	19,262	—	—	19,262
Discretely Presented Component Units:				
Economic Development Authority	7,546	—	—	7,546
Housing Development Authority	88,530	81,632	665,581	835,743
Parkways Authority	27,126	53,348	—	80,474
Water Development Authority	12,647	3,496	182,257	198,400
Regional Jail Authority	21,402	—	—	21,402
Solid Waste Management Board	3,821	—	856	4,677
Educational Broadcasting Authority	—	—	229	229
Racing Commission	14,275	—	379	14,654
Total Discretely Presented Component Units	175,347	138,476	849,302	1,163,125
Total Restricted Assets	$ 226,220	$ 191,317	$ 1,043,297	$ 1,460,834

Special Revenue Funds

Environmental Protection has restricted cash held in trust "to protect human health and the environment, in accordance with the terms of the State and Federal Consent Decrees...." The Public Service Commission has restricted cash held in trust in accordance with PSC General Order 250-T. The funds are for Telecommunications Relay Services under the Americans with Disabilities Act.

Enterprise Funds

The Public Employees' Insurance Agency's restricted assets are the premium stabilization fund consisting of accumulated dividends and interest on optional life insurance policies to defray future premium increases. Board of Risk and Insurance Management's (BRIM) cash and investment assets include funds to provide mine subsidence, medical malpractice, and general liability insurance coverage. BRIM's other restricted assets include advance deposits with insurance companies of $193 million and $643 thousand in receivables.

Internal Service Funds

The State Building Fund's restricted assets are held in trust primarily for the costs of asbestos removal and other capital projects. Travel Management Fund's restricted assets are held in escrow for capital outlay.

Discretely Presented Component Units

The Economic Development Authority's assets are restricted to provide assurance that adequate amounts will be available to repay notes secured by the real estate being leased and to guarantee portions of certain loans made for economic development purposes. The Housing Development Authority's (HDA) cash and cash equivalents assets are restricted on behalf of mortgagors and for payments collected on mortgages for which the fund acts as servicer only. The investments are primarily United States government and agency obligations, investment agreements, and certificates of deposit with maturities greater than 90 days to meet the requirements of bond resolutions. Other restricted assets for the HDA of $665 million include certain foreclosed properties, properties developed for flood activities, other land for restricted housing purposes, and miscellaneous receivables. These assets are restricted subject to the provisions of bond resolutions, or state or federal regulations. The Parkways Authority's assets are restricted for construction, turnpike maintenance and operation, and debt service. The cash and investment assets of the Water Development Authority are restricted as part of applicable bond covenants and the other restricted assets are $182 million restricted for revenue bonds receivable net of unamortized discount. The Regional Jail Authority's assets are restricted because of a safekeeping arrangement with inmates and for debt service and compliance with bond covenants. The Solid Waste Management Board's assets are restricted because their use is limited by applicable repayment agreements and certain assets are set aside to administer a revolving loan program in accordance with appropriations by the Legislature. The Educational Broadcasting Authority's (EBA) other restricted assets are in a charitable trust allowing the use of part of the interest to benefit the EBA. The West Virginia Racing Commission's cash is restricted for unclaimed winning tickets and other trust holdings which are mandated by West Virginia Code.

NOTE 9

CAPITAL ASSETS

Governmental Activities

(Expressed in Thousands)

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 1,251,117	$ 75,336	$ (15)	$ 1,326,438
Construction in Progress	910,931	313,655	(458,180)	766,406
Total Capital Assets, Not Being Depreciated	2,162,048	388,991	(458,195)	2,092,844
Capital Assets, Being Depreciated:				
Buildings and Improvements	1,573,922	81,625	(1,088)	1,654,459
Equipment	476,656	35,895	(25,400)	487,151
Infrastructure	12,401,295	374,700	—	12,775,995
Library Holdings	16,815	273	—	17,088
Land Improvements	42,987	1,188	—	44,175
Intangibles	149,482	15,608	(1,892)	163,198
Total Capital Assets, Being Depreciated	14,661,157	509,289	(28,380)	15,142,066
Less Accumulated Depreciation for:				
Buildings and Improvements	(580,655)	(38,171)	1,056	(617,770)
Equipment	(375,473)	(32,890)	19,302	(389,061)
Infrastructure	(6,263,686)	(303,714)	—	(6,567,400)
Library Holdings	(16,082)	(396)	—	(16,478)
Land Improvements	(16,933)	(2,247)	—	(19,180)
Intangibles	(50,172)	(5,157)	335	(54,994)
Total Accumulated Depreciation	(7,303,001)	(382,575)	20,693	(7,664,883)
Total Capital Assets, Being Depreciated, Net	7,358,156	126,714	(7,687)	7,477,183
Governmental Activities Capital Assets, Net	$ 9,520,204	$ 515,705	$ (465,882)	$ 9,570,027

Depreciation expense was charged to function as follows:

Legislative	$ 95
Judicial	54
Executive	1,677
Administration	22,869
Commerce	7,826
Environmental Protection	140
Employment Programs	147
Education	2,418
Health and Human Resources	3,840
Military Affairs and Public Safety	15,081
Revenue	2,196
Transportation	321,347
Veterans Assistance	64
Regulatory Boards and Commissions	4,821
Total Governmental Activities Depreciation Expense	$ 382,575

Business-type Activities
(Expressed in Thousands)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 611	$ —	$ —	$ 611
Total Capital Assets, Not Being Depreciated	611	—	—	611
Capital Assets, Being Depreciated:				
Buildings and Improvements	2,029	12	—	2,041
Equipment	6,822	248	(67)	7,003
Intangibles	8,895	126	—	9,021
Total Capital Assets, Being Depreciated	17,746	386	(67)	18,065
Less Accumulated Depreciation for:				
Buildings and Improvements	(1,146)	(77)	—	(1,223)
Equipment	(5,582)	(344)	59	(5,867)
Intangibles	(8,689)	(34)	—	(8,723)
Total Accumulated Depreciation	(15,417)	(455)	59	(15,813)
Total Capital Assets, Being Depreciated, Net	2,329	(69)	(8)	2,252
Business-type Activities Capital Assets, Net	$ 2,940	$ (69)	$ (8)	$ 2,863

Depreciation expense was charged to function as follows:	
Public Employees' Insurance Agency	$ 55
Alcohol Beverage Control Administration	292
Correctional Industries	108
Total Business-type Activities Depreciation Expense	$ 455

Discretely Presented Component Units
(Expressed in Thousands)

	Beginning Balance	Increases	Decreases	Ending Balance
Discretely Presented Component Units:				
Capital Assets, Not Being Depreciated:				
Land	$ 256,012	$ 2,420	$ (484)	$ 257,948
Construction in Progress	307,692	156,504	(273,548)	190,648
Total Capital Assets, Not Being Depreciated	563,704	158,924	(274,032)	448,596
Capital Assets, Being Depreciated:				
Buildings and Improvements	3,731,730	265,467	(12,204)	3,984,993
Equipment	501,261	35,495	(17,032)	519,724
Infrastructure	1,445,344	45,416	(183)	1,490,577
Library Holdings	190,743	6,224	(2,096)	194,871
Land Improvements	92,043	6,307	(14)	98,336
Intangibles	184,565	7,742	(140)	192,167
Total Capital Assets, Being Depreciated	6,145,686	366,651	(31,669)	6,480,668
Less Accumulated Depreciation for:				
Buildings and Improvements	(1,076,532)	(85,921)	7,049	(1,155,404)
Equipment	(359,577)	(33,496)	14,552	(378,521)
Infrastructure	(947,935)	(45,681)	168	(993,448)
Library Holdings	(164,691)	(7,240)	2,069	(169,862)
Land Improvements	(47,599)	(5,635)	5	(53,229)
Intangibles	(167,761)	(14,618)	140	(182,239)
Total Accumulated Depreciation	(2,764,095)	(192,591)	23,983	(2,932,703)
Total Capital Assets, Being Depreciated, Net	3,381,591	174,060	(7,686)	3,547,965
Discrete Component Unit Activities Capital Assets, Net	$ 3,945,295	$ 332,984	$ (281,718)	$ 3,996,561

Depreciation expense charged to functions as follows:

Economic Development Authority	$ 1,219
Housing Development Fund	369
Parkways Authority	37,318
Water Development Authority	1,087
Higher Education	141,978
Regional Jail Authority	6,538
Lottery	1,281
School Building Authority	58
Other Nonmajor Component Units	2,743
Total Discrete Component Unit Depreciation Expense	$ 192,591


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NOTE 10

LONG-TERM OBLIGATIONS

Primary Government:

Long-term obligations at June 30, 2017, and changes for the fiscal year then ended are as follows (expressed in thousands):

Governmental Activities:

	Balance June 30, 2016	Additions	Accretions	Reductions	Balance June 30, 2017	Amount Due Within One Year
General Obligation Bonds:						
Transportation	$ 166,385	$ —	$ —	$ (15,225)	$ 151,160	$ 15,985
Premium/(Discount)	24,737	—	—	(2,825)	21,912	2,825
Total Transportation	191,122	—	—	(18,050)	173,072	18,810
WV Infrastructure and Jobs Development Council	188,346	28,215	3,618	(48,435)	171,744	14,779
Premium/(Discount)	13,621	3,807	—	(2,983)	14,445	1,618
Total WV Infrastructure and Jobs Development Council	201,967	32,022	3,618	(51,418)	186,189	16,397
Total General Obligation Bonds	393,089	32,022	3,618	(69,468)	359,261	35,207
Revenue Bonds:						
Transportation	—	53,380	—	—	53,380	8,515
Premium/(Discount)	—	4,833	—	(427)	4,406	853
Total Transportation	—	58,213	—	(427)	57,786	9,368
Tobacco Settlement Finance Authority	853,707	—	11,995	(15,090)	850,612	—
Economic Development Project Fund	144,065	—	—	(10,650)	133,415	11,220
Premium/(Discount)	(558)	—	—	69	(489)	(69)
Total Economic Development Project Fund	143,507	—	—	(10,581)	132,926	11,151
Education, Arts, Sciences, & Tourism Fund	139,230	—	—	(3,290)	135,940	3,385
Premium/(Discount)	5,903	—	—	(246)	5,657	246
Total Education, Arts, Sciences, & Tourism Fund	145,133	—	—	(3,536)	141,597	3,631
Total Revenue Bonds	1,142,347	58,213	11,995	(29,634)	1,182,921	24,150
Capital Leases - Governmental	8,523	13,568	—	(11,234)	10,857	1,042
Capital Leases - Internal Service Funds	2,847	—	—	(125)	2,722	132
Capital Leases Payable to Component Units	275,765	—	—	(14,810)	260,955	16,120
Total Capital Leases (see Note 11)	287,135	13,568	—	(26,169)	274,534	17,294
Notes Payable	16,783	5,028	—	(7,222)	14,589	6,415
Other Obligations:						
Medicaid	447,756	236,430	—	(87,654)	596,532	596,532
Tax Refunds	275,323	281,437	—	(275,323)	281,437	254,526
Claims and Judgments (see Note 15)	407,574	43,699	—	(47,469)	403,804	59,773
Other	107,884	135,087	—	(115,575)	127,396	88,439
Total Accrued and Other Liabilities	1,238,537	696,653	—	(526,021)	1,409,169	999,270
Compensated Absences	88,990	4,445	—	(3,732)	89,703	57,293
Net Pension Liability including Internal Service Funds (see Note 12)	3,710,290	827,510	—	—	4,537,800	—
Total Other Obligations	5,037,817	1,528,608	—	(529,753)	6,036,672	1,056,563
Total Governmental Activities Long-Term Obligations	$ 6,877,171	$ 1,637,439	$ 15,613	$ (662,246)	$ 7,867,977	$ 1,139,629

Business-type Activities	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Amount Due Within One Year
WV Infrastructure and Jobs Development Council Revenue Bonds	$ 178,340	$ 74,320	$ (83,805)	$ 168,855	$ 6,060
Premium/(Discount)	12,709	5,479	(1,753)	16,435	835
Total WV Infrastructure and Jobs Development Council Revenue Bonds	191,049	79,799	(85,558)	185,290	6,895
Accrued Tuition Contract Benefits	71,075	—	(9,371)	61,704	16,023
Insurance and Compensation Benefits	1,892,926	730,687	(819,420)	1,804,193	310,014
Compensated Absences	640	52	(78)	614	126
Net Pension Liability (see Note 12)	2,770	1,674	—	4,444	—
Accrued and Other	9,518	5,572	(505)	14,585	14,585
Total Business-type Activities Long Term	$ 2,167,978	$ 817,784	$ (914,932)	$ 2,070,830	$ 347,643

The assets of the general, special revenue, and internal service funds are used to liquidate the capital lease obligations and accrued and other liabilities of their respective fund types. Compensated absences liabilities are liquidated by the applicable governmental and internal service funds that account for the salaries and wages of the related employees. The net pension liabilities are liquidated by the State's governmental and internal service funds that contribute toward the pension funds based on plans established by the action of the State Legislature. Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the totals for governmental activities. At year-end, $1.7 million of internal service funds' compensated absences are included in the governmental amounts.

Senate Bill 1002, enacted in January 2005, provides that on and after February 1, 2005, bonds may not be issued or refunded by the State or any of its agencies, boards, or commissions without the express written direction of the governor if (1) the ultimate user of the proceeds of the bonds is the State or any of its agencies, boards, commissions, or departments, or (2) the issuance or refunding of the bonds implicates the State's credit rating.

Compliance – Various debt agreements governing the State's bonds contain a number of covenants, including continuing disclosure requirements, debt service coverage ratio, and maintaining debt service reserve and maintenance reserve funds. It is required that debt service reserve funds, and maintenance reserve funds are to be held with a trustee. As of June 30, 2017, the debt service reserve funds approximated $73 million, and the maintenance reserve funds approximated $10 million.

General Obligation Bonds – The State has constitutionally limited its ability to incur debt. The State's general obligation debt must be authorized by constitutional amendment. A proposed amendment must be approved by two-thirds of both the Senate and the House of Delegates before it can be ratified or rejected by the voters. Once the amendment has voter approval, the Legislature must pass specific legislation authorizing the issuance of general obligation debt. Bonds for veterans' bonuses were authorized in 1973, 1992, and 2004. The bonds authorized were $40 million, $4 million, and $8 million, respectively. General revenue funds were available for these bonuses;

therefore, none of these bonds were issued. General obligation bonds outstanding at June 30, 2017, were as follows (expressed in thousands):

	Final Maturity Date	Interest Rate(s)%	Balance
Transportation Bonds:			
Payable from State Road Fund to build roads, issued under:			
1996 SAFE Roads Amendment	2025	4.00%-5.00%	$ 173,072
Infrastructure Bonds:			
Payable from dedicated severance tax revenues to fund water, wastewater, and economic development projects	2027	2.00%-7.625%	186,189
Total			$ 359,261

Future amounts required to pay principal and interest on general obligation bonds at June 30, 2017, were as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2018	$ 23,815	$ 11,679	$ 35,494
2019	26,240	10,484	36,724
2020	27,245	9,320	36,565
2021	28,390	8,113	36,503
2022	29,640	6,784	36,424
2023-2027	121,370	12,769	134,139
	256,700	59,149	315,849
Premium	36,357	—	36,357
Total	293,057	$ 59,149	$ 352,206

Capital Appreciation Bonds

Year Ending June 30	Principal Net of Accreted Amounts	Future Accreted Amounts	Total
2018	6,949	$ 126	$ 7,075
2019	6,534	491	7,025
2020	7,555	1,020	8,575
2021	7,197	1,427	8,624
2022	6,896	1,829	8,725
2023-2027	31,073	15,127	46,200
Total	66,204	$ 20,020	$ 86,224

Total General Obligation Bonds	$ 359,261

Revenue Bonds – Revenue bonds are issued by various state departments, agencies and authorities, and economic development projects. Revenue bonds are issued pursuant to specific statutory provisions enacted by the Legislature primarily for the purpose of financing capital construction. Principal and interest payments are made from specifically dedicated fees and other revenues. Revenue bonds do not constitute a general obligation of the State. The Division of Highways has been authorized to issue revenue bonds in the amount of $500 million by constitutional amendment. The Division has issued $53 million, leaving $447 million in bonds authorized but not issued.

The following describes the purpose and dedicated revenue source of revenue bonds outstanding at June 30, 2017:

Agency	Purpose	Revenue Source
Transportation	Highway, road, and bridge construction	Federal reimbursement allowed by Title 23, Section 122
Tobacco Settlement Finance Authority	To issue bonds to receive lump sum in lieu of future annual payments from MSA	100% of receipts from Tobacco MSA until bonds are paid
Economic Development Project Fund	To provide grants for various economic development projects	Certain net profits of the West Virginia Lottery
Education, Arts, Sciences, and Tourism Fund	Capital projects which promote education, arts, sciences, and tourism	Certain net profits of the West Virginia Lottery
WV Infrastructure and Jobs Development Council	To fund water and sewer infrastructure projects	Certain repayments of defined loans

The Taxable Tobacco Settlement Asset-Backed Bonds, Series 2007 are comprised of two series of turbo term bonds, the Taxable Tobacco Settlement Asset-Backed Bonds, Series 2007A, which are current interest bonds issued in the amount of $845,810,000, and the Taxable Tobacco Settlement Asset-Backed Bonds, Series 2007B, which are capital appreciation bonds in the amount of $65,331,503. The Series 2007 Bonds are secured by and are payable solely from the right, title, and interest of the TSFA of 100% of the Tobacco Receipts, and investment earnings on the accounts with the trustee under the Indenture. The tobacco receipts through 2039 have been estimated to be approximately $2.4 billion, using 85% (the percentage actually received 2005-2007) of the amount calculated by the National Governor's Association. Assuming a 5.2% interest rate, the net present value of the receipts is $897 million. During FY 2017, $68.3 million was paid for interest and principal. Actual tobacco receipts of $68.0 million and interest earnings were used for the payments.

Economic Development Project Fund

The Economic Development Project Fund bonds, issued by EDA in FY 2004 in the amount of $249.9 million to provide financing for various economic development project grants, are payable through 2029. The State has committed to appropriate each year, from the West Virginia Lottery net profits, amounts sufficient to cover the principal and interest requirements on the EDA debt. EDA has pledged these revenues as the sole

security for the bonds. Total principal and interest remaining on the debt is $177.94 million with annual requirements ranging from $19.0 million in FY 2018 to $7.1 million in the final year. For the current year, principal and interest paid were $18.7 million and the net profits of the Lottery committed to the debt were $19 million.

EAST Fund

Education, Arts, Sciences, and Tourism Fund (EAST) bonds were issued by the EDA in FY 2011 in the amount of $155.6 million to provide financing for capital projects which promote education, and tourism, payable through 2040. The State has committed to appropriate each year, from Lottery's net profits, amounts sufficient to cover the principal and interest requirements on the EDA debt. EDA has pledged these revenues as the sole security for the bonds. Total principal and interest remaining on the debt is $239.9 million. For the current year, principal and interest paid were $10 million, and the net profits of the Lottery committed to the debt were $10 million.

Revenue bonds outstanding at June 30, 2017, were as follows (expressed in thousands):

	Issue Date	Final Maturity Date	Interest Rate(s)%	Balance
Transportation	2016	2022	5.00	$ 57,786
Tobacco Settlement Finance Authority	2007	2047	7.47-8.50	850,612
Economic Development Project Fund	2004	2027	1.20-6.07	132,926
Education, Arts, Sciences, and Tourism Fund	2010	2040	2.00-5.00	141,597
Subtotal Governmental				1,182,921
WV Infrastructure and Jobs Development Council	2006-2016	2046	2.00-5.00	185,290
Total				$1,368,211

Future amounts required to pay principal and interest on revenue bonds at June 30, 2017, were as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2018	$ 50,770	$ 75,907	$ 126,677
2019	53,090	72,805	125,895
2020	57,185	69,466	126,651
2021	61,585	65,845	127,430
2022	66,350	61,858	128,208
2023-2027	360,340	240,019	600,359
2028-2032	417,050	106,652	523,702
2033-2037	77,405	21,023	98,428
2038-2042	42,810	5,328	48,138
2043-2047	5,435	456	5,891
	1,192,020	719,359	1,911,379
Premium	26,009	—	26,009
Total	1,218,029	$ 719,359	$ 1,937,388

Capital Appreciation Bonds

Year Ending June 30	Principal Net of Accreted Amounts	Future Accreted Amounts	Total
2018	—	$ 13,036	$ 13,036
2019	—	14,167	14,167
2020	—	15,397	15,397
2021	—	16,734	16,734
2022	—	18,186	18,186
2023-2027	—	117,533	117,533
2028-2032	—	173,907	173,907
2033-2037	—	128,594	128,594
2038-2042	150,182	15,326	165,508
Total	150,182	$ 512,880	$ 663,062
Total Revenue Bonds	$1,368,211		

Certain revenue bonds have call provisions providing for redemption at the option of the State, beginning ten years following the date of issuance, in whole or in part, in inverse order of maturity, and pay a redemption price not exceeding 103% of par value. Notes payable are issued by Information Services and Communications and Travel Management internal service funds for the purpose of financing various equipment and vehicles. Notes payable outstanding at June 30, 2017, were as follows (expressed in thousands):

	Final Maturity Date	Interest Rate(s)%	Balance
Information Services and Communications	2017-2020	1.00-2.73	$ 1,305
Travel Management	2017-2020	0.94-1.64	13,284
Total Notes Payable			$ 14,589

Future amounts required to pay principal and interest on notes payable at June 30, 2017, were as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2018	$ 6,415	$ 142	$ 6,557
2019	4,826	72	4,898
2020	2,620	26	2,646
2021	728	4	732
Total Notes Payable	$14,589	$ 244	$14,833

Discretely Presented Component Units
Summary of Discretely Presented Component Unit Debt
(Expressed in Thousands)

	Balance June 30, 2016	Additions /Debt Issued	Reductions /Debt Paid	Other Changes	Balance June 30, 2017	Amount Due Within One Year
Revenue Bonds:						
Economic Development Authority	$ 275,765	$ —	$ (14,810)	$ —	$ 260,955	$ 16,120
Housing Development Fund	363,258	39,626	(65,691)	(173)	337,020	35,715
Parkways Authority	29,789	—	(9,310)	(151)	20,328	9,805
Water Development Authority	198,501	51,105	(63,040)	2,791	189,357	9,082
Higher Education	1,377,517	55,045	(77,422)	6	1,355,146	41,820
Regional Jail Authority	38,020	—	(6,830)	—	31,190	7,195
School Building Authority	470,477	21,255	(27,235)	2,089	466,586	29,620
Total Discretely Presented Component Unit Revenue Bonds	$ 2,753,327	$167,031	$(264,338)	$ 4,562	$ 2,660,582	$ 149,357
Capital Leases:						
Higher Education	$ 52,147	$ 6,343	$ (7,415)	$ —	$ 51,075	$ 4,588
Notes Payable:						
Housing Development Fund	$ 622	$ —	$ —	$ 129	$ 751	$ —
Economic Development Authority	9,409	8	—	—	9,417	1,085
Regional Jail Authority	441	—	(106)	—	335	99
Higher Education	52,000	28,734	(14,392)	(104)	66,238	3,100
Total Discretely Presented Component Unit Notes Payable	$ 62,472	$ 28,742	$ (14,498)	$ 25	$ 76,741	$ 4,284
Other Debt Related Items:						
Accrued and Other	$ 432,130	$ 6,192	$ (12,968)	$ —	$ 425,354	$ 257,836
Compensated Absences	53,833	801	(860)	—	53,774	49,220
Net Pension Liability (see Note 12)	55,518	25,698	(357)	—	80,859	—
Total Discretely Presented Component Other Items	$ 541,481	$ 32,691	$ (14,185)	$ —	$ 559,987	$ 307,056

Revenue Bonds – Revenue bonds are issued by various component units pursuant to specific statutory provisions enacted by the Legislature for the purpose of financing capital construction. Principal and interest payments are made from specifically dedicated fees and other revenue sources, such as tuition and registration fees, dedicated court fees, mortgage loan repayments, and certain non-toll revenues. Revenue bonds do not constitute general debt of the State (expressed in thousands):

	Issue Date	Final Maturity Date	Interest Rate(s)%	Balance
Economic Development Authority	1999-2016	2040	2.07-5.23	$ 260,955
Housing Development Fund	2007-2017	2047	1.05-4.25	337,020
Parkways Authority	2002-2008	2019	3.50-5.25	20,328
Water Development Authority	2005-2016	2044	2.00-5.125	189,357
Higher Education	1998-2016	2045	0.58-7.65	1,355,146
Regional Jail Authority	1998	2021	5.12-5.35	31,190
School Building Authority	2007-2016	2032	2.00-6.92	466,586
Total Revenue Bonds				$ 2,660,582

Future amounts required to pay principal and interest on revenue bonds of the discretely presented component units at June 30, 2017, were as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2018	$ 149,335	$ 103,441	$ 252,776
2019	146,865	98,607	245,472
2020	215,066	89,977	305,043
2021	138,491	84,869	223,360
2022	122,470	82,751	205,221
2023-2027	739,132	334,580	1,073,712
2028-2032	446,984	209,092	656,076
2033-2037	303,642	102,423	406,065
2038-2042	215,201	43,984	259,185
2043-2047	100,261	7,667	107,928
2048-2051	300	6	306
	2,577,747	1,157,397	3,735,144
Discount	(1,265)	—	(1,265)
Premium	84,100	—	84,100
Total	$ 2,660,582	$ 1,157,397	$ 3,817,979

Notes payable are issued for various reasons, including construction and the purchase of land, buildings, and vehicles. For detailed information on specific notes, see the separately issued financial statements of the discretely presented component units.

The following is a summary of notes payable at June 30, 2017 (expressed in thousands):

	Issue Date	Final Maturity Date	Interest Rate(s)%	Balance
Housing Development Fund	2008-2014	N/A	0.00	$ 751
Economic Development Authority	2007 & 2017	2029	3.00	9,417
Regional Jail Authority	2015	2020	1.23	335
Higher Education	2008-2014	2033	1.90-6.65	66,238
Total Notes Payable				$ 76,741

Future amounts required to pay principal and interest on notes payable of the discretely presented component units at June 30, 2017, were as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2018	$ 4,368	$ 1,743	$ 6,111
2019	4,866	1,664	6,530
2020	3,855	1,599	5,454
2021	6,011	1,526	7,537
2022	5,268	1,816	7,084
2023-2027	21,758	5,853	27,611
2028-2032	9,438	3,601	13,039
2033-2037	9,786	2,396	12,182
2038-2042	5,854	1,312	7,166
2043-2047	5,537	410	5,947
Total	$ 76,741	$ 21,920	$ 98,661

Parkways Authority

In July 2008, the Parkways Authority (Parkways) issued $59,100,000 of Variable Rate Demand Revenue Refunding Bonds for the express purpose of refunding $59,100,000 of the Parkways Series 2003 Bonds. This refunding resulted in a $5,972,000 deferred loss arising from the difference between the reacquisition price and the net carrying amount of the refunded debt. Amortization of this deferral, charged annually to interest expense through 2019, approximated $569,000 in 2017 and 2016, respectively. Parkways completed the refunding to remove the requirement for bond insurance that was included in the Series 2003 Bonds. In July 2011, Parkways converted the Series 2008 Variable Rate Demand Revenue Refunding Bonds to a LIBOR Index rate and placed the bonds with a direct purchaser. The supplemental indenture established eight distinct registered bonds in principal amounts identical to the principal maturity schedule prior to the conversion. The Indenture establishes an applicable factor ranging

from 67% to 82% of the one-month LIBOR Index with an additional spread ranging from 70 to 110 basis points on each bond. The Interest Rate Swap associated with the Series 2008 Variable Rate Bonds was amended to relate to the new index rate bonds under substantially similar terms.

Parkways has an interest rate swap derivative instrument to synthetically fix, on a current basis, the Series 2008 Refunding Variable Rate Bonds in order to hedge interest rate fluctuations. The key provisions of the instrument are:

Type	Pay-fixed interest rate swap
Objective	Hedge changes in cash flows on the Series 2008 Refunding Variable Rate Bonds
Notional Amount	$13,100,000
Effective Date	July 2, 2008
Maturity Date	April 15, 2019
Terms	Pay 4.387%, receive 67% of One-Month LIBOR

The fair value of this interest rate swap is estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rate implied by the yield curve correctly anticipates future spot interest rates. These payments are then discounted using the spot rate implied by the current yield curve for hypothetical zero-coupon bonds due on the date of the future net settlement on the swap. At June 30, 2017 and 2016, the decrease in the value of the swap since inception was equal to the market value of the swap creating a deferred inflow of resources that offsets the deferred outflow of resources in the Statements of Net Position.

The fair value balance for the hedging derivative instrument outstanding at June 30, 2017, and the change in fair value of the instrument for the year ended June 30, 2017, which is disclosed in the IMB financial statements, were immaterial to the financial statements.

The credit ratings of the counterparty to the interest rate swap are A1 from Moody's, A+ from Standard & Poor's, and A+ from Fitch. The interest rate swap agreement requires certain collateralization if the credit rating of the counterparty falls below specific levels. As of June 30, 2017, no collateralization was required by the interest rate swap agreement.

Parkways is exposed to basis risk on the fixed interest rate swap because the variable-rate payments received by Parkways on this hedging derivative instrument are based on rates other than the interest rate Parkways pays on the hedged variable-rate debt.

Parkways or the counterparty may terminate the swap if the other party fails to make payments when due, there is a material breach of representations and warranties, an event of illegality occurs, and failure to comply with any other provisions of the agreement after a specified notice period. In addition, if the counterparty fails to maintain ratings of at least Baa3 by Moody's and BBB- by Standard and Poor's, the swap may be terminated by Parkways. If Parkways fails to maintain ratings of at least Baa3 by Moody's and BBB- by Standard and Poor's, the swap may be terminated by the

counterparty. The amount of the termination payment is determined by market quotation by obtaining pricing levels from at least three reference market makers. Parkways has the right to optionally terminate the swap agreement at any time. The termination amount owed by either Parkways or the counterparty may be determined by market quotation. If at the time of termination, the swap has a negative fair value, Parkways would owe the counterparty a payment equal to the swap's fair value.

Parkways is exposed to rollover risk on the hedging interest rate swap that may be terminated prior to the maturity of the hedged debt.

Using rates as of June 30, 2017, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows (expressed in thousands). As rates vary, variable rate bond interest payments and net swap payments will vary.

	Variable-Rate Bonds			
Year Ending June 30	Principal	Interest	Interest Rate Swap, Net	Total
2018	$ 6,400	$ 246	$ 472	$ 7,118
2019	6,700	128	241	7,069
	$ 13,100	$ 374	$ 713	$ 14,187

Debt Contingencies and No-Commitment Debt

As a vehicle to assist the local and other nonstate governments in West Virginia, the State may appropriate sufficient amounts to meet any deficiencies that may arise because of failures by such entities to provide for debt service payments for obligations under the supervision and control of the Municipal Bond Commission. For the year ended June 30, 2017, no such amounts were transferred to the Municipal Bond Commission under this agreement.

The Hospital Finance Authority (HFA) and the Economic Development Authority (EDA) have issued special limited obligations on behalf of third parties that in no way obligate the State, HFA, or EDA, for these debt issuances, unless these entities or the State serve in a third-party role. The obligations become an obligation of the third party when issued, because all rights to payments and/or obligations have been irrevocably assigned to a trustee. Payments are made directly to the trustee from dedicated revenues of the third parties, in accordance with the related bond indentures. The amount of such no-commitment debt outstanding at June 30, 2017, is approximately $2.1 billion and $1.7 billion for HFA and EDA, respectively.

Current Year Extinguishment of Debt

During 2017, the Housing Development Fund redeemed or refunded bonds in the amount of $14,505,000. The 2017 refundings reduced total debt service payments over the next 17 years by approximately $4,645,000 and resulted in an economic gain (difference between the present value of the debt service payments of the refunded bonds and refunding bonds) of approximately $1,861,000. Also during the year, the Fund redeemed $38,495,000 of bonds at redemption prices that approximated their carrying value.

In December 2016, the Water Development Authority refunded three series of previously outstanding bonds which affected loan program II. Series 2016A-II, issued for $51,105,000, with interest rates ranging from 2% to 5%, were used to refund $13,345,000 of the remaining balance of the Authority's outstanding Series 2005 A-II revenue bonds, with interest rates ranging from 4.375% to 5%, and $9,100,00 of the remaining balance of the Authority's outstanding Series 2005 B-II revenue bonds with interest rates ranging from 4.375% to 5%. Series 2016 A-II was also used to refund $32,290,000 of the remaining balance of the Authority's outstanding Series 2006 A-II revenue bonds with interest rates ranging from 4% to 5%. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the refunded debt of $(406,641). The Authority completed the refunding to reduce its total debt service payments over the next 23 years by $7,419,424 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $5,812,520.

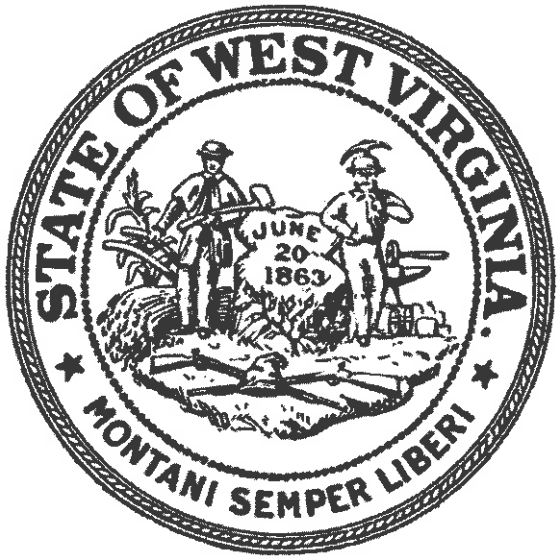
In December 2016, the West Virginia Infrastructure and Jobs Development Council issued 2016 Series A Revenue and Refunding Bonds in the amount of $74,320,00, with interest rates ranging from 2% and 5%, to refund $37,185,000 of the remaining balance of the Council's outstanding 2006 Series A revenue bonds and $7,855,000 of the remaining balance of the Council's outstanding 2006 Series B revenue bonds with interest rates ranging from 4% to 5%. 2016 Series A was also used to refund $33,560,000 of the remaining balance of the Council's outstanding 2007 Series A with interest rates originally ranging from 4.25% to 5%. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the refund of $(991,613). The Water Development Authority, on the behalf of the Council, completed the refunding to reduce its total debt service payments over the next 29 years by $8,640,215 and to obtain an economic gain of $5,826,728.

In January 2017, the Council issued Infrastructure General Obligation Refunding Bonds, Series 2017A, in the amount of $28,215,000 with interest rates ranging from 2% and 5%, to currently refund $31,600,000 of the Council's outstanding Series 2006 general obligation bonds, with interest rates ranging from 4.25% to 5%. Council completed the refunding to reduce its total debt service payments over the next nine years by $3,873,486 and to obtain an economic gain (difference between the present values of the old and new debt service requirements, discounted to an effective interest rate of the new debt and adjusted for addition cash paid) of $3,784,204.

Prior Defeasances

In prior years, the State defeased certain revenue bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payment on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in these financial statements. At June 30, 2017, the following outstanding bonds are considered defeased (expressed in thousands):

Outstanding Amount	
Primary Government	$ 26,100
Discretely Presented Component Units	251,160
Total	$ 277,260


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NOTE 11

LEASES

The State has entered into various lease/purchase agreements with the private sector, primarily for buildings, equipment, and intangibles. These agreements, accounted for as capital leases, are for various terms. While most of these agreements contain fiscal funding clauses indicating that their continuation is subject to continuing appropriation by the Legislature, these leases are accounted for as capital leases and are considered noncancelable for financial reporting purposes.

The State has also entered into lease/purchase agreements with the Economic Development Authority (EDA) which issued bonds to finance construction and acquisition of various capital assets as well as an energy savings project. The State becomes the tenant of the facility under a lease/purchase agreement which provides for the payment of rentals sufficient to cover the related bond debt service and for the passage of title to the State after the bonds have been repaid. These capital leases, totaling $261 million, are shown separately on the government-wide Statement of Net Position as capital leases payable to component units. More information on the related debt of EDA is included in Note 10.

GAAP requires a lease that transfers substantially all of the benefits and risks of ownership to the lessee to be accounted for as the acquisition of a capital asset and the incurrence of an obligation by the lessee. For capital leases in governmental funds, other financing sources are recorded at lease inception. Lease payments are recorded as debt service expenditures. For budgetary purposes, lease payments are only reported as expenditures when paid. In the government-wide and proprietary fund statements, assets and liabilities resulting from capital leases are recorded at lease inception.

The following table is an analysis of the capital leases, including capital leases between the primary government and the EDA described above, by asset category at June 30, 2017 (expressed in thousands):

	Primary Government Governmental Activities	
Asset Type	Assets Acquired By Capital Lease	Accumulated Depreciation
Land	$ 2,362	$ —
Building and Improvements	425,809	123,006
Construction in Process	—	—
Infrastructure	1,175	1,141
Total	$ 429,346	$ 124,147

Future minimum commitments under capital leases as of June 30, 2017, were as follows (expressed in thousands):

Year Ending June 30	Capital Leases: Governmental Activities, Including Payable to EDA	Capital Leases: Discretely Presented Component Units	Total
2018	$ 28,985	$ 7,006	$ 35,991
2019	29,147	6,926	36,073
2020	29,113	7,005	36,118
2021	29,072	6,841	35,913
2022	27,299	16,237	43,536
2023-2027	126,311	16,047	142,358
2028-2032	67,607	10,110	77,717
2033-2037	24,769	10,045	34,814
2038-2042	11,805	5,815	17,620
Total Minimum Lease Payments	374,108	86,032	460,140
Less: Interest	(99,574)	(34,957)	(134,531)
Present Value of Future Minimum Lease Payments	$ 274,534	$ 51,075	$ 325,609

Other leases, principally for equipment, are classified as operating leases with the lease payments recorded as expenditures or expenses during the life of the lease. Operating lease expenditure/expense for the year ended June 30, 2017, was $37 million. Future minimum commitments under operating leases as of June 30, 2017, were as follows (expressed in thousands):

Year Ending June 30	Operating Leases: Governmental Activities	Operating Leases: Discretely Presented Component Units	Total
2018	$ 21,813	$ 8,160	$ 29,973
2019	18,741	6,669	25,410
2020	15,932	4,867	20,799
2021	13,061	4,363	17,424
2022	9,671	3,500	13,171
2023-2027	21,800	14,883	36,683
2028-2032	5,430	9,307	14,737
2033-2037	3,054	526	3,580
2038-2042	—	5	5
2043-2047	—	5	5
2048-2052	—	5	5
2053-2057	—	6	6
Total Minimum Lease Payments	$ 109,502	$ 52,296	$ 161,798

NOTE 12

RETIREMENT SYSTEMS

Plan Description

The West Virginia State Legislature has established eight defined benefit plans (the Plans) and a defined contribution plan to provide retirement benefits for eligible employees. The Plans are a group of defined benefit public employee retirement systems. The Consolidated Public Retirement Board (CPRB) administers the Plans under the direction of its Board of Trustees. The Governmental Employees Deferred Compensation Plan is administered by a third-party administrator and has been excluded from these financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans."

CPRB prepares separately issued financial statements covering the retirement systems, which can be obtained from the Consolidated Public Retirement Board, 4101 MacCorkle Avenue, SE, Charleston, WV 25304 or http://www.wvretirement.com. The Plans' financial statements are prepared using fund accounting principles and the accrual basis of accounting, under which expenses are recorded when liabilities are incurred and revenues are recorded in the accounting period in which they are earned and become measurable. The Plans' fiduciary net position has been determined on the same basis used by the pension plan. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are carried at fair value as determined by a third-party pricing service utilized by the respective investment management companies. Investment transactions are accounted for on a trade-date basis. Unrealized gains and losses are included in investment income. Investment income is determined monthly and distributed to each of the defined benefit plans participating in the investment pools on the last day of the month in the form of reinvested shares.

The Plans are comprised of the following groups of defined benefit plans which provide substantially all employees of the State, its public education system, and other political subdivisions of the State with retirement and death and disability benefits:

- The Public Employees' Retirement System (PERS) is a multiple-employer, cost-sharing, public employee retirement system. The number of local government employers participating in PERS at June 30, 2017, was 655, including 138 West Virginia state agencies, 118 cities and towns, 344 special districts, and 55 counties.

Benefits Provided

For PERS, a member is eligible for normal retirement at age 60 with five or more years of service, or at least age 55 with age and service equal to 80 or greater. A member may retire with the pension reduced actuarially if the member is at least age 55 and has at least 10 years of contributory service or at any age with 30 years of contributory service. A member hired after July 1, 2015, may retire with the pension reduced actuarially if the member is between ages 60 and 62 with at least 30 years of contributory service.

The straight-life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. Average salary is the average of the three consecutive highest annual earnings out of the last 15 years of earnings. For all employees hired after July 1, 2015, average salary is the average of the five consecutive highest annual earnings out of the last 15 years of earnings. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired after July 1, 2015, this age increases to 64 with at least ten years of contributory service, or age 63 with at least 20 years of contributory service.

- The Deputy Sheriff Retirement System (DSRS) is a multiple-employer, cost-sharing, public employee retirement system which was established for all deputy sheriffs hired on or after July 1, 1998. Current employees were eligible to transfer from PERS. The State makes no employer contributions to DSRS.

- The Emergency Medical Services Retirement System (EMSRS) is a multiple-employer, cost-sharing public employee retirement system which was established for eligible emergency medical service officers. Participation is voluntary. The State makes no employer contributions to EMSRS.

- The Municipal Police Officers and Firefighters Retirement System (MPFRS) is a multiple-employer, cost-sharing public employee retirement system which was established for any municipality or municipal subdivision employing municipal police officers or firefighters. Participation is voluntary. The MPFRS had 275 participating members as of June 30, 2017. The State makes no employer contributions to MPFRS.

- The Teachers' Retirement System (TRS) is a multiple-employer, cost-sharing, public employee retirement system. Fifty-five county public school systems, certain personnel of the thirteen State-supported institutions of higher education, West Virginia Department of Education, and boards of higher education participate in the TRS plan. There were 79 employers and one nonemployer contributing entity (the State) participating in the plan as of June 30, 2017.

Benefits Provided

For TRS, a member is eligible for normal retirement at age 60 with 5 years of service, age 55 with 30 years of service or any age with 35 years of service. A member may retire with the pension reduced actuarially if the member is less than age 55 and has between 30 and 35 years of service. For all employees hired after July 1, 2015, qualification for normal retirement is age 62 with 10 years of service. All members hired after July 1, 2015, may retire with the pension reduced actuarially if the member is between ages 60 and 62 with 10 years of service or between ages 55 and 62 with 30 years of service. Terminated members with at least 5, but less than 20, years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement beginning at age 62. Terminated members with at least 20 years of

credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement commencing at age 60. For all employees hired after July 1, 2015, this age increases to 64 with 10 years of service, or age 63 with 20 years of service. Retirement benefits are equivalent to 2% of average annual salary multiplied by years of service. Average salary is the average of the five highest fiscal years of earnings during the last 15 fiscal years of earnings.

- The State Police Death, Disability, and Retirement System (SPDDRS), the State Police Retirement System (SPRS), and the Judges' Retirement System (JRS) are single-employer, public employee retirement systems.

Benefits Provided

For SPDDRS, a member is eligible for normal retirement at age 50 after 20 years of contributory service, or at any age upon completion of 25 years of service. There is no vesting in the State's contributions prior to ten years of service. Benefits payable to members retiring prior to age 50 are deferred until the normal retirement date. The annual retirement benefit is 5.5% of the members' aggregate salary, but not less than $6,000 per year. Total service related disability benefits are equal to the member's annual salary, but not less than $15,000 per year. Aggregate salary may include up to five years of active military service credited at the average departmental salary. Aggregate salary for purposes of determining disability benefits may include salary that would have been earned had the participant served at least 25 years. An annual cost of living adjustment of 3.75% is granted to retirees and beneficiaries. For service-connected total disability retirees, the adjustment begins at age 65.

For SPRS, a member is eligible for normal retirement at age 50 with 25 years of service or age 52 with 20 years of credited service. A member retiring before age 52 with 20 years of credited service, is eligible for a reduced benefit. The annual regular retirement benefit is equal to 2.75% of the final average salary multiplied by the years of service. Final average salary is the average of the five highest calendar years of earnings during the last ten years of earnings. Annual retirement annuity adjustments are 1% for regular retirement and are payable on July 1 of each year after the member reaches 63 years of age.

For JRS, members who were elected or appointed to the bench prior to July 2, 2005, are eligible for normal retirement after reaching 24 years of service of which at least 12 years was as a sitting judge or justice, 16 years of service at age 65 of which at least 12 years was as a sitting judge or justice, or 8 full years of service at age 65. A member who was appointed or elected to the bench on or after July 2, 2005, is eligible for normal retirement upon the attainment of 24 years of service of which at least 14 years were as a sitting judge or justice, or 16 years of service at age 65 of which 14 years was as a sitting judge or justice. A member on the bench prior to July 2, 2005, is eligible for a deferred benefit upon termination of service prior to normal retirement provided the member completes 16 years of service of which 12 years of service is as a sitting judge or justice. A member of the bench on or after July 2, 2005, is eligible for a deferred benefit upon termination of service prior to normal retirement provided the member

completes 16 years of service of which 14 years of service was as a sitting judge or justice.

Plan membership consisted of the following as of the plan valuation date June 30, 2017:

	SPDDRS	SPRS	JRS
Retirees and beneficiaries currently receiving benefits	715	26	57
Terminated members entitled to benefits but not yet receiving them	3	9	2
Terminated nonvested members	6	121	1
Active members	39	595	42
Total	763	751	102

Funding Policy

Funding policies for all the Plans have been established and changed from time to time by action of the State Legislature. Actuarial valuations are performed to assist the Legislature in determining appropriate contribution rates. As a condition of participation in the Plans, employers and/or employees are required to contribute certain percentages of salaries and wages as authorized by statute and specified by CPRB. The following schedule summarizes each defined benefit plan's required contribution rates at June 30, 2017:

Statutory Contribution Rates as a Percent of Covered Payroll

System	Member	Employer
PERS	4.5% - 6.0%	12.0% 11.0% effective July 1, 2017
TRS	6.0%	15.0% State 15.0% Counties
SPDDRS	9.0%	15.0%
SPRS	12.0%	12.0%
JRS	7.0%	Appropriated by the Legislature

The State's required and actual contributions for the year ended June 30, 2017 were (expressed in thousands):

System	Actual Contribution
PERS	$110,591
TRS	426,385
SPDDRS	17,319
SPRS	3,657
JRS	747

Special Funding Situation

The State is a non-employer contributing entity that provides funding through the School Aid Formula (SAF) to subsidize employer contributions of county boards of education and to fund the unfunded liability of TRS for all participating employers. These amounts qualify as a special funding situation in accordance with GASB 68. The State assumes a share of the net pension liability on behalf of the various county boards of education for contributions related to the SAF. The State also assumes a share of the net pension liability on behalf of all participating employers for contributions related to funding of the non-employer contributing entity unfunded liability. The State reports a liability, deferred outflow of resources and deferred inflow of resources, and expense as a result of its requirement to contribute to the TRS plan.

The State Supreme Court has required the State to fund the TRS in an actuarially sound manner to eliminate the unfunded liability over a 40-year period beginning on July 1, 1994, and to meet the cash flow requirements of the TRS in fulfilling its future anticipated obligations to its members. The State Supreme Court has further ordered the State, through the Governor, to require the appropriate funding should the State Legislature fail to do so. Since this ruling, the Legislature has supplemented the funding of the TRS to meet this special funding situation requirement in the amount of $254,218,000 for FY 2016, which is exclusive of the SAF appropriation.

Pension Assets, Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The State's net pension asset (liability), deferred outflows of resources, deferred inflows of resources and pension expense relating to the governmental, business-type, fiduciary, and component units' activities for the PERS plan, governmental and component units' activities for the TRS plan, and governmental activities for the single employer plans are as follows for June 30, 2017 (expressed in thousands):

Description	PERS	TRS	Single Employer Plans	Total
Net Pension Liability	$ (621,010)	$(3,844,927)	$ (103,933)	$ (4,569,870)
Deferred Outflows of Resources	265,258	678,853	44,718	988,829
Deferred Outflows of Resources – Contributions after measurement date	110,591	426,385	21,723	558,699
Deferred Inflows of Resources	(54,198)	(238,957)	(7,819)	(300,974)
Pension Expense	99,430	353,080	17,092	469,602

At June 30, 2017, the State reported a net pension liability of $4,465,937,000, for its proportionate share of the multiple-employer, cost-sharing plans which were measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, rolled forward to the measurement date of June 30, 2016. The pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense are allocated to the internal service funds of the State. The State's proportionate share of the net pension liability for the PERS and TRS was based on the State's share of contributions to the pension plan relative to the contributions of all employers participating in PERS and TRS for the year ended June 30, 2016.

The State's proportionate share of the net pension liabilities for the PERS and TRS plans determined by the actuarial valuation as of June 30, 2015, was $379,669,000 (67.99%) and $3,284,851,000 including a special funding situation (94.79%), respectively. At June 30, 2016, the State's proportionate share of the net pension liability for the PERS and TRS plans were $621,010,000 (67.57%) and $3,844,927,000 including a special funding situation (93.55%), respectively. The State's proportionate share for FY 2017 has decreased by 0.42% for the PERS and decreased by 1.24% for the TRS plan, which results in a change in net pension liability of $241,341,000 and $560,076,000 related to PERS and TRS, respectively.


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The State's amounts for net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense were allocated to the governmental, business-type, fiduciary, and component units' activities based on each reporting unit's share of the State's employer contributions to the PERS and TRS plans. The pension related amounts for primary government, fiduciary and component units are as follows:

PERS (expressed in thousands):

	Governmental Activities	Water Pollution	Infrastructure
Proportionate share of Statewide amount	90.81%	0.11%	0.03%
Net pension liability	$ (563,918)	$ (714)	$ (178)
Pension expense	90,477	91	26
Deferred outflow of resources representing contributions subsequent to the measurement date	100,143	127	22
Deferred outflows of resources representing the changes in employer proportion	17,502	4	5
Deferred outflows of resources representing difference between expected and actual experience	47,307	60	56
Net deferred outflows of resources representing the difference between projected and actual earnings	176,922	224	15
Deferred inflows of resources representing the changes in employer proportion	(22,609)	(12)	(10)
Deferred inflows of resources representing change in assumptions	(27,566)	(35)	(9)
Amortization of applicable deferred amounts in current period	191,556	241	57
Amortization of applicable deferred amounts in future periods:			
2018	26,977	38	9
2019	29,286	36	8
2020	80,414	99	23
2021	54,879	68	17
Sensitivity Analysis:			
Net pension liability at 6.5% discount rate	(1,020,782)	(1,292)	(333)
Net pension liability at 7.5% discount rate	(563,918)	(714)	(178)
Net pension asset (liability) at 8.5% discount rate	(175,922)	(223)	(56)

PEIA	BRIM	Nonmajor Business-type	Total Business-type	Fiduciary Funds	Component Units	Total
0.15%	0.12%	0.30%	0.71%	0.08%	8.40%	100%
$(903)	$(766)	$(1,883)	$(4,444)	$ (512)	$ (52,136)	$ (621,010)
120	84	282	603	25	8,325	99,430
159	123	347	778	103	9,567	110,591
57	30	19	115	—	675	18,292
75	64	156	411	161	4,442	52,321
284	241	591	1,355	75	16,293	194,645
—	—	(134)	(156)	—	(1,083)	(23,848)
(44)	(37)	(92)	(217)	(25)	(2,542)	(30,350)
372	298	540	1,508	211	17,785	211,060
130	103	43	323	73	2,505	29,878
128	103	71	346	73	2,719	32,424
112	89	245	568	63	7,466	88,511
2	3	181	271	2	5,095	60,247
(1,635)	(1,386)	(3,407)	(8,053)	(927)	(94,375)	(1,124,137)
(903)	(766)	(1,883)	(4,444)	(512)	(52,136)	(621,010)
(282)	(239)	(587)	(1,387)	(160)	(16,265)	(193,734)

Deferred outflows of resources and deferred inflows of resources related to the PERS pension were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 194,645	$ —
Changes in proportion and difference between employer contributions and proportionate share of contributions	18,292	(23,848)
Difference between expected and actual experience	52,321	—
Change in assumptions	—	(30,350)
Contributions made subsequent to the measurement date	110,591	—
Total	$ 375,849	$ (54,198)

Deferred outflows of resources of $110,591,000 related to pensions are the result of contributions made subsequent to the measurement date of June 30, 2016 and will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2018	$ 29,878
2019	32,424
2020	88,511
2021	60,247

TRS including special funding situation (expressed in thousands):

	Governmental Activities	Component Units	Total
Proportionate share of statewide amount	99.25%	0.75%	100%
Net pension liability	$ (3,816,204)	$ (28,723)	$ (3,844,927)
Pension expense, net of interfund special funding situation	347,069	6,011	353,080
Deferred outflows of resources representing contributions subsequent to the measurement date	423,961	2,424	426,385
Deferred outflows of resources representing the changes in employer proportion	174,073	1,140	175,213
Deferred outflows of resources representing the net difference between expected and actual experience	34,940	255	35,195
Deferred outflows of resources representing the net difference between projected and actual earnings on pension plan investments	314,054	2,318	316,372
Deferred outflows of resources representing difference in assumptions	150,952	1,121	152,073
Deferred inflows of resources representing the changes in employer proportion	(212,493)	(4,009)	(216,502)
Deferred inflows of resources representing the net difference between expected and actual experience	(22,292)	(163)	(22,455)
Amortization of applicable deferred amounts in current period	439,234	662	439,896
Amortization of applicable deferred amounts in future periods:			
2018	93,853	141	93,994
2019	93,853	141	93,994
2020	93,553	141	93,694
2021	129,237	195	129,432
2022	28,738	44	28,782
Sensitivity Analysis:			
Net pension liability at 6.50% discount rate	(4,827,819)	(36,337)	(4,864,156)
Net pension liability at 7.50% discount rate	(3,816,204)	(28,723)	(3,844,927)
Net pension liability at 8.50% discount rate	(2,951,517)	(22,215)	(2,973,732)

Deferred outflows of resources and deferred inflows of resources related to the TRS pension plan were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 316,372	$ —
Changes in proportion and difference between employer and proportionate share of contributions	175,213	(216,502)
Difference in expected and actual experience	35,195	(22,455)
Difference in assumptions	152,073	
Contributions made subsequent to the measurement date	426,385	—
Total	$ 1,105,238	$ (238,957)

Deferred outflows of resources of $426,385,000 related to pensions are the result of contributions made subsequent to the measurement date of June 30, 2016 and will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2018	$ 93,994
2019	93,994
2020	93,694
2021	129,432
2022	28,782

As of June 30, 2017, the State reported a net pension asset and a net pension liability of $53,745,000 and $157,678,000, respectively, for the single employer plans, which were measured as of June 30, 2016. The total pension liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of June 30, 2015, rolled forward to the measurement date of June 30, 2016. The amounts for net pension asset, net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense were allocated to reporting units related to governmental activities based on each reporting units' employer contributions to the SPDDRS, SPRS, and JRS plans.

Single Employer Plans (expressed in thousands):

	SPRS	SPDDRS	JRS	Total
Net pension asset/(liability)	$ (7,469)	$ (150,209)	$ 53,745	$ (103,933)
Pension expense	4,121	17,081	(4,110)	17,092
Deferred outflow of resources representing contributions subsequent to the measurement date	3,657	17,319	747	21,723
Deferred outflows of resources representing the net difference between projected and actual earnings on pension plan investments	6,602	28,753	7,906	43,261
Deferred outflows of resources representing the difference between expected and actual experience	1,457	—	—	1,457
Deferred inflows of resources representing the difference between expected and actual experience	(155)	—	(7,664)	(7,819)
Amortization of applicable deferred amounts in current period	7,904	28,753	242	36,899
Amortization of applicable deferred amounts in future periods:				
2018	999	3,053	(2,229)	1,823
2019	1,001	3,055	(2,228)	1,828
2020	3,049	13,486	2,337	18,872
2021	2,177	9,159	2,362	13,698
2022-2025	678	—	—	678
Sensitivity Analysis:				
Net pension asset/(liability) 6.5%	(34,483)	(245,100)	41,066	(238,517)
Net pension asset/(liability) 7.5%	(7,469)	(150,209)	53,745	(103,933)
Net pension asset/(liability) 8.5%	14,165	(72,654)	64,498	6,009

Changes in the Net Pension Liability (Asset) (Expressed in Thousands):

SPDDRS	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 6/30/2015	$ 711,517	$ 607,158	$ 104,359
Changes for the year:			
Service cost	1,263	—	1,263
Interest	51,913	—	51,913
Difference between expected and actual experience	6,283	—	6,283
Contributions – employer	—	13,977	(13,977)
Contributions – employee	—	320	(320)
Net investment income	—	(1,230)	1,230
Benefit payments	(41,969)	(41,969)	—
Administrative expense	—	(48)	48
Other changes	—	590	(590)
Net changes	17,490	(28,360)	45,850
Balances at 6/30/2016	$ 729,007	$ 578,798	$ 150,209

SPRS	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at 6/30/2015	$ 128,610	$ 132,117	$ (3,507)
Changes for the year:			
Service cost	6,750	—	6,750
Interest	10,113	—	10,113
Difference between expected and actual experience	1,636	—	1,636
Contributions – employer	—	3,887	(3,887)
Contributions – employee	—	3,755	(3,755)
Net investment income	—	91	(91)
Benefit payments	(1,071)	(1,071)	—
Administrative expense	—	(47)	47
Other	—	(163)	163
Net changes	17,428	6,452	10,976
Balances at 6/30/2016	$ 146,038	$ 138,569	$ 7,469

JRS	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (Asset) (a) – (b)**
Balance at 6/30/2015	$ 112,532	$ 170,703	$ (58,171)
Changes for the year:			
Service cost	2,681	—	2,681
Interest	8,478	—	8,478
Difference between expected and actual experience	(5,813)	—	(5,813)
Contributions – employer	—	739	(739)
Contributions – employee	—	401	(401)
Net investment income	—	(175)	175
Benefit payments	(4,429)	(4,429)	—
Administrative expense	—	(6)	6
Other changes	—	(39)	39
Net changes	917	(3,509)	4,426
Balances at 6/30/2016	$ 113,449	$ 167,194	$ (53,745)

Actuarial Methods and Assumptions

The total pension liabilities for financial reporting purposes were determined by an actuarial valuation as of July 1, 2015 rolled forward to June 30, 2016, using the actuarial assumptions and methods.

Significant assumptions used in the actuarial valuations are as follows:

	PERS	TRS	SPDDRS
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Asset valuation method	Market value	Market value	Market value
Amortization method	Level dollar, fixed period	Level dollar, fixed period	Level dollar, fixed period
Amortization period	Through FY 2035	Through FY 2034	Through FY 2025
Actuarial assumptions:			
Investment rate of return	7.5%	7.5%	7.5%
Projected salary increases:			
PERS:			
State	3.00% – 4.6%	—	—
Nonstate	3.35% – 6.0%	—	—
TRS:			
Teachers	—	3.00% – 6.00%	—
Non Teachers	—	3.00% – 6.50%	—
SPDDRS:	—	—	5.0% for first 2 yrs of service 4.5% for the next 3 yrs of service 4.0% for the next 5 yrs and 3.25% thereafter
Inflation rate	3.0%	3.0%	3.0%
Discount rate	7.5%	7.5%	7.5%
Mortality rates	Active males – RP-2000 non-annuitant mortality table, projected with Scale AA on a fully generational basis; Active females – RP-2000 non-annuitant mortality table, projected with Scale AA on a fully generational basis; Retired healthy males – 110% of RP-2000 healthy annuitant mortality table, projected with Scale AA on a fully generational basis; Retired healthy females – 101% of RP-2000 healthy annuitant mortality table, projected with Scale AA on a fully generational basis; Disabled males – 96% of RP-2000 disabled annuitant table, projected with Scale AA on a fully generational basis; Disabled females – 107% of RP-2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	Active–RP-2000, non-annuitant mortality table, projected with AA on a fully generational basis; retired healthy males – 97% of RP-2000 healthy annuitant table, projected with Scale AA on a fully generational basis; retired healthy females – 94% of RP-2000 healthy annuitant table, projected with Scale AA on a fully generational basis; disabled males – 96% of RP-2000 disabled annuitant table, projected with Scale AA on a fully generational basis; disabled females – 101% of RP-2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	Active – RP-2000 healthy non-annuitant mortality table, projected to 2020 using Scale BB; retired RP-2000 healthy annuitant mortality table projected to 2025 using Scale BB; disabled RP-2000 healthy annuitant mortality table projected to 2025 using Scale BB, set forward 1 yr.
Withdrawal rates:			
State	1.75% - 26%	Teachers: 1.2% - 35%	0.0% - 2.67%
Nonstate	2.0% - 31.2%	Non-teachers: 1.4% - 24.75%	
Disability rates	0.0% - 0.7%	0.0% - 0.7%	.05% - 0.4%
Retirement rates	25% - 100%	0.0% - 100%	20% - 100%
Date range in most recent experience study	2009 - 2014	2010 - 2015	2006 - 2011

	SPRS	JRS
Actuarial cost method	Entry age normal	Entry age normal
Actuarial valuation method	Market value	Market value
Amortization method	Level dollar, fixed period	Level dollar, fixed period
Amortization period	Through FY 2030	Through FY 2018
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	5.0% for first 2 yrs of service, 4.5% for next 3 yrs of service, 4.0% for the next 5 yrs, and 3.25% thereafter	4.25%
Inflation rate	3.0%	3.0%
Discount rate	7.5%	7.5%
Mortality rates	Active – RP-2000 non-annuitant tables projected to 2020 with Scale BB; healthy RP-2000 Healthy annuitant tables, Projected to 2025 with Scale BB; disabled RP-2000 healthy Annuitant tables, projected to 2025 with Scale BB, set forward 1 yr.	Active – N/A; post-retirement RP-2000 healthy annuitant, projected to 2025 Scale BB; disabled – RP-2000 healthy annuitant tables, projected to 2025 with Scale BB, set forward one year.
Withdrawal rates	0.0% – 7.6%	
Disability rates	.05% - 0.4%	
Retirement rates	20% - 100%	5.0% - 100%
Date of most recent experience study	2006 - 2011	2006 - 2011

Long-Term Expected Rates of Return

The long-term rates of return on pension plan investments were determined using the building block method in which estimates of expected real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Rates summarized in the following table include the inflation component and were used for all defined benefit plans as of June 30, 2016:

Asset Class	Long-Term Expected Rate of Return	Target Allocation
US Equity	7.0%	27.5%
International Equity	7.7%	27.5%
Core Fixed Income	2.7%	7.5%
High Yield Fixed Income	5.5%	7.5%
TIPS	2.7%	0%
Real Estate	7.0%	10.0%
Private Equity	9.4%	10.0%
Hedge Funds	4.7%	10.0%
Total		100.0%

Discount Rate

The discount rate used to measure the total pension liability was 7.5% for all defined benefit plans. The projections of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position of each defined benefit pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities of each plan.

Detailed pension plan fiduciary net position for all pension plans are available in a separately issued Consolidated Public Retirement Board annual financial report and each plan has its own Audited Schedules of Employer Allocations and Pension Amounts by Employer report.

Defined Contribution Plans

The Teachers' Defined Contribution Retirement System (TDCRS)

TDCRS, administered by the Consolidated Public Retirement Board, is a multiple-employer defined contribution retirement system primarily covering the full-time employees of the State's 55-county public school systems, the State Department of Education, and the School for the Deaf and the Blind, who were hired between July 1, 1991, and June 30, 2005. TDCRS members also include former TRS plan members, including higher education employees, who have elected to participate in the TDCRS plan. There are approximately 4,363 and 4,513 members in the TDCRS plan at June 30, 2017 and 2016, respectively. TDCRS retirement benefits depend solely on amounts contributed to the plan plus investment earnings. TDCRS closed participation to new members effective June 30, 2005.

State legislation requires enrolled employees to contribute 4.5% of their gross compensation, and the employers contribute 7.5% of covered members' gross compensation from amounts allocated to the employers through the State School Aid Formula. Employer contributions for each employee (and interest allocated to the employee's account) become partially vested after six years and fully vested after 12 years of completed service. Employer contributions and earnings thereon forfeited by employees who leave employment prior to becoming vested are available, in the event the employee does not return to active participant status within five years, to reduce the employer's current-period contribution requirement. Any such forfeitures arising from contributions plus earnings thereon, will be used to reduce future employer contributions.

The TDCRS investments are held and managed by an investment company as the third-party administrator for the plan. As prescribed by West Virginia Code, the TDCRS investments are placed in participant accounts and the participants direct the investment of their account by selecting from a list of plan mutual funds or a long-term fixed investment option. The TDCRS provides members with a choice of sixteen separate investment options made up of a fixed income, balanced, large cap, mid cap, small cap, and international mutual

funds, a money market fund, and a fixed annuity. The State currently does not have specific overall policies addressing limitations on specific risk types, such as credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk.

The TDCRS investments are carried at fair value (except for fully benefit-responsive investment contracts, which are reported at contract value) as determined by a third-party pricing service utilized by an investment management company. For fully benefit-responsive investment contracts, contract value is the relevant measure for the portion of investments attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the plan. Investment income for the TDCRS is determined monthly and distributed to the individual participant accounts.

Custodial Credit Risk - Cash Deposits

The TDCRS' cash deposits with financial institutions were approximately $259,000 at June 30, 2017. These deposits, which had a bank balance of approximately $259,000, are either insured by the Federal Deposit Insurance Corporation or collateralized with securities held in TDCRS' name by its agents.

Interest Rate Risk

As of June 30, 2017, the TDCRS had the following investments and maturities (expressed in thousands):

		Investment Maturities (in Years)		
Investment Type	Fair Value	Less than 1	1-5	6-10
Mutual Funds	$470,828	$470,828	$ —	$ —

For the year ended June 30, 2017, the approximate payroll of state employees covered by TDCRS was $133 million, and total covered payroll for both the TDCRS and TRS was approximately $1.6 billion. Both the employees and employers made the required contributions amounting to $7.0 million and $10.5 million, respectively, or approximately 5.2% and 7.9% of covered payroll.

Teachers' Insurance and Annuity Association

The Teachers' Insurance and Annuity Association and/or College Retirement Equities Fund (TIAA-CREF), a privately administered multiple employer defined contribution retirement plan, provides individual retirement fund contracts for each eligible participating employee. Eligible employees consist mainly of state college/university faculty and staff. For the year ended June 30, 2017, contributions were approximately $45.2 million from the covered employees and approximately $45.1 million from the 13 participating institutions from the State of West Virginia.

Benefits to retired employees are generally based on the value of the individual contracts and the estimated life expectancy of the employee at retirement and are fully vested from the date of employment. The total annual required contribution and the amount paid is 6% of the employee's annual salary and is established by the Board of Trustees of the University System of West Virginia and the Board of Directors of the State College System. The State has no further liability once annual contributions are made.

Great-West Retirement Services

Higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have a one-time option to switch to the New Educators Money 401(a) basic retirement plan, administered by Great-West Retirement Services. New hires have the choice of either plan. For the year ended June 30, 2017, contributions were approximately $671 thousand from the covered employees and $671 thousand from the 13 participating institutions from the State of West Virginia.


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NOTE 13

OTHER POSTEMPLOYMENT BENEFITS

General

In addition to the pension benefits described in Note 12, the State provides certain health care and other insurance benefits, in accordance with state statutes, for retired employees. Substantially, all employees hired prior to July 1, 2001, may become eligible for these benefits if they reach normal retirement age while working for the State. State employees earn sick leave benefits, which accumulate, but do not vest. Eligible employees may convert, at the time of retirement, any unused accumulated sick leave to pay a portion of the employee's postemployment health care insurance premium. If this option is not selected, the leave amount may be applied toward an increase in the employee's retirement benefits with such sick leave constituting additional credited service in the computation of such benefits. The unused portion of sick leave that is expected to be converted to additional credited service for retirement benefits is considered in the actuarial valuation used to calculate the net pension obligation.

The State provides health care credits against monthly health insurance premiums of certain retirees based on various factors, including unused sick leave at the time of retirement. According to West Virginia State Code, employees hired prior to June 30, 1988, can receive health care credit against 100% of their health care coverage. Employees hired between June 30, 1988 and July 1, 2001, can receive health care credits against 50% of their health care cost. Employees hired July 1, 2001, or later, may not convert sick leave into a health care benefit.

In addition to the pension benefits allowing certain retirees to convert sick leave to health care premiums, state statutes provide that employees who retire may continue participation in the State's health insurance plan subject to certain length of service and participation requirements. Such employees are eligible to participate in the public employees' insurance program by making the premium contribution specified by the Public Employee's Insurance Agency (PEIA) Finance Board. Approximately 42,501 retirees, 12,242 inactive plan members, and 45,928 active plan members met those eligibility requirements at June 30, 2017.

During February 2012, Senate Bill 469 was passed granting Other Postemployment Benefits Liability relief to the State's 55 county boards of education effective July 1, 2012. The law, in effect, requires the State to cover any amount of the respective employers' annual required contribution allocated and billed to the county boards of education on or after July 1, 2012, and any amount of the employer annual required contribution allocated and billed to the county boards of education prior to that date for employees who are employed as professional employees, as service personnel, or as professional student support personnel within the limits authorized by this law. In compliance with Senate Bill 469 for fiscal year 2012, Retiree Health Benefit Trust Fund (RHBT) transferred $715 million in annual required contribution liability from the county boards of education to the State.

Plan Description

The State established the RHBT under West Virginia Code §5-16D-2, an irrevocable trust, to account and report for the other postemployment benefits (OPEBs) provided under the multiemployer cost-sharing plan. The PEIA Finance Board was assigned the authority to establish and amend contribution requirements of the plan members and the participating employers, and PEIA administers the plan. The legislation requires the RHBT to determine, through an actuarial study, the contractually required contribution (CRC) which shall be sufficient to maintain the RHBT in an actuarially sound manner. The CRC, which is reviewed and approved by the PEIA Finance Board, shall be allocated to the 557 respective employers who are required by law to remit at least the minimum annual premium component of the CRC.

The RHBT provides the following basic retiree benefit coverage to all participants: hospital, surgical, group major medical, basic group life, and prescription drug coverage for retired employees of the State and various nonstate governmental agencies and their dependents. Plan benefits are established and revised by PEIA and RHBT management with the approval of their Finance Board.

Basis of Accounting

The RHBT is included in the fiduciary funds financial statements. Accordingly, the basic financial statements are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America for governmental entities as prescribed or permitted by the GASB. Revenues are derived mainly from contributions from plan members and employers. Members' contributions are recognized in the period in which the contributions are due. Employers' contributions to the RHBT are recognized pursuant to a legal requirement, when there is a reasonable expectation of collection. Benefits and refunds are recognized when due and payable. RHBT cash and cash equivalents principally consist of the deposits in the Board of Treasury Investments (BTI) pooled funds recorded at fair value as more fully described in Note 4. For year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 15.9%. The money-weighted rated of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

The State's OPEB liability, including the county school boards, to RHBT at June 30, 2017, is $1.9 billion. For financial reporting purposes, the OPEB liability is reported as follows: the Governmental portion on the Balance Sheet is recorded in the Due to Other Funds; the Proprietary portion on the Statement of Net Position is also recorded in the Due to Other Funds; the liability is included in the Due to Fiduciary Funds on the government-wide Statement of Net Position.

Funding Policy

Historically, the obligation associated with retiree health care benefits has been funded and recognized for financial statement purposes on a pay-as-you-go basis. The retiree premiums currently pay approximately 33% of health care claims for retirees and their dependents. The balance of the cost is funded by the State and other participating employers through a retiree subsidy, which is included in the premium charged for the coverage of each active employee. A non-Medicare plan member or beneficiaries receiving benefits contributes monthly health care premiums ranging from $264 to $1,055 per month for retiree-only coverage, and from $529 to $2,510 per month for retiree and spouse coverage. Medicare covered retirees are charged health care premiums ranging from $84 to $437 per month for retiree-only coverage, and from $139 to $1,464 per month for retiree and spouse coverage. Monthly premiums vary based on years of service and choice of coverage. The PEIA Finance Board has taken the first steps in addressing the OPEB problem by requiring any employees hired after July 1, 2010, to pay the full cost of premiums when they retire. This change will not have a substantial impact on the unfunded liability in the short-term but will virtually eliminate the unfunded liability in the long-run.

Revenues collected by RHBT will be used to fund current OPEB health care claims and administrative expenses with residual funds held in trust for future OPEB costs. The rates charged must generate sufficient revenues to not only meet all expected expenses, including insurance, administrative expenses, and incurred but unreported claims of the RHBT, but also include the amounts necessary to fund the unfunded obligation of the plan over an amortization period not to exceed 30 years. The total CRC for the years ended June 30, 2017, June 30, 2016, and June 30, 2015, were approximately $225 million, $236 million, and $262 million, respectively. The percentages contributed were 72%, 54%, and 58%, respectively.

West Virginia Code §5-16-25 requires the Finance Board of PEIA to maintain a reserve of 10% of projected PEIA plan costs for general operation purposes and to provide future plan stability. In the event the reserve fund exceeds certain parameters specified in the Code, the excess is to be transferred to the RHBT, in accordance with Senate Bill 129, which became effective July 1, 2007. In FY 2017, the PEIA reserve did not exceed funding parameters, resulting in zero funds transferred to the RHBT.

Senate Bill 469, effective July 1, 2012, amended West Virginia Code §11-21-96 by dedicating $30 million to be transferred annually from personal income tax previously collected for payment of the unfunded liability of the Workers' Compensation Fund (WCF) to the RHBT. Transfers will not commence until the WCF has been certified by the Governor to the Legislature as paid or provided for in its entirety. Thereafter, transfers will be made until the RHBT unfunded liability has been provided for in its entirety or July 1, 2037, whichever date is later. The aforementioned $30 million transfers commenced in 2017.

In December 2011, the PEIA Finance Board passed a finance plan that placed a 3% cap on the amount participating employers will now pay in retiree premium subsidy annual increases. By this action, the employer is no longer exposed to ever-increasing trends in health care costs, significantly reducing future retiree premium subsidy costs.

Actuarial Value of Plan Assets

The actuarial value of the plan assets is measured at fair value.

Annual OPEB Cost

The State's contributions to RHBT for the years ended June 30, 2017, June 30, 2016, and June 30, 2015, were approximately $128 million, $128 million, and $130 million, respectively; 69%, 54%, and 57%, of the required amount, respectively. These contributions were approximately $57 million, $109 million, and $97 million, respectively, less than the required contributions for each year.

Complete RHBT financial statements, including additional detailed disclosures, may be obtained directly from their administrative offices at Retiree Health Benefit Trust, 601 57th St., SE, Suite 2, Charleston, WV 25304.

NOTE 14

RISK MANAGEMENT

The State is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health and life coverage; and natural disasters. The State of West Virginia operates three significant insurance enterprise funds: Board of Risk and Insurance Management (BRIM), Public Employees' Insurance Agency (PEIA), and Workers' Compensation Fund (WCF).

On March 12, 2011, the West Virginia Legislature created the State Entities Workers' Compensation Program Fund (SEWC) to provide a means of managing workers' compensation coverage for persons directly employed by the State of West Virginia. The SEWC functions as an insurance purchasing risk pool and is administered by the Office of the Insurance Commissioner (OIC). On October 1, 2011, the OIC entered into a high-deductible insurance coverage policy with Zurich. Pursuant to the policy provisions, the SEWC retains the loss exposure up to $250,000 per occurrence. The SEWC has provided for these losses by establishing a Loss Reserve Fund with Zurich. The SEWC had a total of $14.7 million in unpaid claims and claim adjustment expenses at June 30, 2017.

Based on the composition and characteristics of these funds, the SEWC and AccessWV claim liabilities are not discounted.

The Patient Injury Compensation Fund (PICF) is an agency fund of the State, administered by BRIM. The balance of the PICF does not reflect claims until an award becomes final and all reasonable means of recovery have been exhausted. The PICF works on a "claims filed" basis and $2.3 million was paid on four claims filed in fiscal year 2017. There are 15 claims pending totaling $10.5 million as of June 30, 2017. Since the inception of the PICF, there have been approximately $8.5 million in payments through June 30, 2017. The assets and liabilities as of June 30, 2017, are approximately $3.1 million. The amount of settlements in the major insurance enterprise funds have not exceeded insurance coverage in the past three years.

Description of the Funds

Board of Risk and Insurance Management

BRIM provides a property and liability self-insurance program for its member agencies. BRIM has general supervision and control over the insurance of all state property, including that of the institutions of higher education and the discretely presented component units. In addition, the political subdivisions in the State and certain other charitable and public service organizations may request coverage by BRIM. Types of coverage provided by BRIM have been expanded over time to include medical malpractice, automobile liability, and coal mine subsidence reinsurance. At the end of the fiscal year, approximately 1,100 organizations participated in the BRIM risk pool.

Underwriting and rate-setting policies are established by BRIM. The cost of all coverage as determined by BRIM shall be paid by the participants. The BRIM risk pool retains a $1 million per occurrence coverage maximum on all third-party liability claims. In the normal course of business, BRIM seeks to reduce the loss that may arise from catastrophes or other events that cause unfavorable operating results by reinsuring levels of risk in various areas of exposure with other insurance enterprises or reinsurers. Excess coverage under this program is limited to $400 million per event, subject to limits on certain property. Reinsurance permits recovery of a portion of losses from reinsurers; however, it does not discharge the primary liability of BRIM as direct insurer of the risks insured. BRIM had reinsurance recovery at June 30, 2017, of $1.7 million. BRIM does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. There have been no significant reductions in insurance coverage from the prior year.

Public Employees' Insurance Agency

PEIA provides a program of health, life, and prescription insurance for its member agencies. PEIA provides coverage for all participating state employees, including those of the institutions of higher education and the discretely presented component units. In addition, the political subdivisions in the State and certain other charitable and public service organizations may request coverage by PEIA. PEIA's general objectives are to provide a basic employee benefit insurance program which includes hospital, surgical, major medical, prescription drug, basic life, and accidental death for all participating employers and employees. Underwriting and rate-setting policies are established by PEIA. The cost of all coverage, as determined by PEIA, shall be paid by the participants. Life insurance coverage is limited to $500,000. Premiums are established by PEIA at varying rates dependent upon, among other things, coverage required, number of dependents, state vs. nonstate employees, and active employee vs. retired employee. PEIA retains all risks for the health and prescription features of its indemnity plan. PEIA has transferred the risks for health and prescription coverage for those individuals covered by the Managed Care Organization (MCO) Plan to the plan providers. PEIA has reinsured 100% of the basic life benefits; however, PEIA remains contingently liable in the event the insurer does not honor its obligation. PEIA presently charges equivalent premiums for participants in either the indemnity plan or the MCO Plan. Altogether, PEIA insures approximately 169,000 individuals, including participants and dependents.

Workers' Compensation Fund

The Workers' Compensation Commission (WCC) was an agency of the State of West Virginia from 1913 until 2005, which provided for the payment of benefits to all employees sustaining personal injuries in the course of, and as a result of, their covered employment. On February 16, 2005, the West Virginia legislature enacted "Senate Bill 1004" which established a framework for the privatization of the State's monopolistic workers' compensation system and created the means to transition the WCC into a domestic employers' mutual insurance company. On December 31, 2005, the West Virginia WCC ceased to exist as a separate state entity and all regulatory duties for workers' compensation insurance transitioned to the Office of the West Virginia Insurance Commissioner (the Insurance Commissioner), as did the administrative oversight of certain assets and liabilities of the former WCC. The Industrial Council was established by Senate Bill 1004 to assist the Insurance Commissioner in the regulation of the workers' compensation system. Any other applicable state agency or department, whose functions are necessary for the regulation of the workers' compensation insurance industry, transferred to the Industrial Council including, but not limited to, the following WCC functions: rate-making, self-insurance, office of judges, and board of review. The Industrial Council consists of five voting members appointed by the governor, with the advice and consent of the Senate, who meet the prescribed requirements and qualifications.

On January 1, 2006, the former WCC became a private sector insurance company named BrickStreet Mutual Insurance Company (BrickStreet). BrickStreet's liabilities consist of all claims payment obligations (indemnity and medical expenses) for all claims, actual and incurred but not reported, with a date of injury on or after July 1, 2005. However, any payments made on these claims before January 1, 2006, were incurred by the WCF and BrickStreet liabilities began with claims payments becoming due and owing on said claims on or after January 1, 2006. A portion of the WCC's assets transferred to BrickStreet, included funding for BrickStreet's initial capital, as well as the transfer of a portion of the employees to the company. The remainder of the assets and employees transferred to the Industrial Council and the Insurance Commissioner.

The "workers' compensation old fund" (Old Fund) was created for those funds transferred to the offices of the Insurance Commissioner and those funds due and owing the workers' compensation fund as of June 30, 2005. The Old Fund assets and liabilities are the responsibility of the State and did not novate or otherwise transfer to BrickStreet. Disbursements from the Old Fund are related to the liabilities and appropriate administrative expenses necessary for the administration of all claims, actual and incurred but not reported, with a date of injury on or before June 30, 2005.

Senate Bill 1004 also created the "workers' compensation uninsured employers' fund," "self-insured guaranty risk pool," "self-insured security risk pool," "private carrier guaranty fund," and an "assigned risk fund" in the State's treasury. For financial statement presentation purposes, these funds as well as the "Old Fund" are included as the Workers' Compensation Fund (WCF) in the Proprietary Funds financial statements of the State.

On February 26, 2016, the WV Legislature passed Senate Bill 419, amending and reenacting sections of the Code to redirect certain employer surcharges and lottery revenues to the General Fund for periods prior to June 30, 2017. Subsequent to fiscal year 2017, the employer surcharges and lottery revenues, estimated to yield approximately $50 million annually, will remain statutorily dedicated to the Old Fund until the deficit is eliminated.

Unpaid Claims Liabilities

The three major insurance funds establish claims liabilities based on estimates of the ultimate cost of claims (including future claims adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The estimates of the claims liabilities include amounts for nonincremental claims adjustment expense. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims liabilities does not result in an exact amount. As a result, there is at least a reasonable possibility that recorded estimates will change by material amounts in the near term. Accordingly, the actual incurred losses and loss adjustment expenses may vary significantly from the estimated amount included in the financial statements. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

Information concerning the changes in those aggregate liabilities for the past two fiscal years is shown in the following table (expressed in thousands):

	BRIM		PEIA		WCF	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Unpaid claims and claims adjustments expense at beginning of year	$168,435	$160,960	$ 73,523	$ 78,077	$1,573,300	$1,568,600
Incurred claims and claims adjustments expense:						
Provision for insured events of the current fiscal year	70,705	66,740	542,457	556,952	463	1,297
Increase (decrease) in provision for insured events of prior fiscal years	(11,556)	(2,987)	(880)	(2,180)	58,509	123,795
Amortization of discount	—	—	—	—	65,197	66,268
Total incurred claims and claims adjustment expense	59,149	63,753	541,577	554,772	124,169	191,360
Payments:						
Claims and claims adjustment expense attributable to insured events of the current fiscal year	11,922	12,863	480,228	500,897	30	381
Claims and claims adjustment expense attributable to insured events of the prior fiscal years	50,743	43,415	70,223	58,429	179,439	186,279
Total payments	62,665	56,278	550,451	559,326	179,469	186,660
Total unpaid claims and claims adjustment expense liability, end of year	$164,919	$168,435	$ 64,649	$ 73,523	$1,518,000	$1,573,300

The above PEIA payments are net of pharmacy rebates of $37,275 and $24,184 for the years ended June 30, 2017 and June 30, 2016, respectively.

Neither BRIM nor PEIA discount their estimated claims liability. If BRIM's unpaid claims and claims adjustment expense liability were discounted using a 4% discount factor for 2017 to take into consideration the time value of money, the result would be a decrease in the liability and an increase in net position of approximately $14.4 million for fiscal year 2017. The overall unpaid claim liability number includes a provision for allocated and unallocated claims adjustment expense. At June 30, 2017, the total undiscounted claims liability for WCF approximated $2.27 billion. Invested assets of WCF are not sufficient at current investment rates to retire the claims liability and WCF has a significant deficit. GASB standards provide that, if discounting is used, the pool should use a rate that is determined by giving consideration to such factors as the pool's expected settlement rate for those liabilities and its expected investment yield rate. Based on the expected investment yields on WCF's investment portfolio, the estimated liability for unpaid claims and claim adjustment expenses (claims liability) has been discounted using a blended rate of 4.5% and 4%. If discounting of the WCF claims liability was limited to anticipated investment income, the claims liability would have increased by approximately $418 million to a claims liability of approximately $1.94 billion, and the total deficit would have increased to approximately $315 million at June 30, 2017.

The OIC management believes the discounted liability for unpaid claims and claims adjustment expenses is adequate. However, due to the inherent variability of the assumptions used to estimate this liability, actual incurred losses and loss adjustment expenses may vary significantly from the estimated amount included in the WCF's financial statements.

Fund Deficit and Deficit Funding Plan for Workers' Compensation

As stated earlier in this note, the WCC was terminated effective December 31, 2005, and its powers were transferred to the Industrial Council established by Senate Bill 1004 to assist the Insurance Commissioner in the regulation of the workers' compensation system. Senate Bill 1004 further established a workers' compensation debt reduction fund in the State treasury for the deposit of monies received after June 30, 2005, including certain funds designated in Code §4-11a-2 (d): $30 million to be received annually until 2025 from the tobacco master settlement agreement, which was stopped in Senate Bill 185, March 2007, and replaced with $50.4 million in annual personal income tax proceeds in addition to the personal income tax proceeds already dedicated to the WCF, Code §29-22A-10, 10b: an estimated $11 million to be received annually from the video lottery income, Code §11-13V-4: new and additional severance taxes imposed estimated to yield an approximate $125 million annually, Code §11-21-96: personal income tax proceeds of approximately $45 million annually, and Code §23-2C-3 (f) (3): monthly premium surcharges to be collected for all West Virginia employers expected to yield $43 million annually. The net proceeds from collection of these monies are to be dedicated to paying the unfunded liability in the Workers' Compensation Fund until fully paid or paying debt service on bonds sold to raise funds to pay the unfunded liability in the Workers' Compensation Fund.

On February 26, 2016, the WV Legislature passed Senate Bill 419, amending and reenacting Codes: §4-11A-18, §11-13A-3b, §11-13V-4, §11-21-96, §23-2C-3, §29-22A-10d, and §29-22A-10e all relating to the termination of transfers of certain tax revenues to the Workers' Compensation Debt Reduction Fund; termination of additional severance taxes on coal, natural gas, and timber on or after July 1, 2016, and authorizing redirection of the additional severance tax revenues to the General Fund prior to the termination date, and authorizing redirection by Executive Order of amounts collected from employer surcharges and assessments on workers' compensation insurance policies for periods prior to June 30, 2017, and authorizing redirection of amounts collected from certain deposits of revenue derived from net terminal income for periods prior to June 30, 2017. Subsequent to fiscal year 2017, the employer surcharges and lottery revenues, estimated, to yield approximately $50 million annually, will remain statutorily dedicated to the Old Fund until the deficit is eliminated.

On April 8, 2017, Senate Bill 362 was passed which authorized redirection by Executive Order of 75% of the amounts collected from employer surcharges and assessments on worker's compensation insurance policies for periods prior to June 30, 2018 and authorized redirection of 75% of the amounts collected from certain deposits of revenues derived from net terminal income for periods prior to June 30, 2018. The Governor may, by Executive Order, redirect seventy-five percent of the deposits of the amount collected from premium surcharges, self-insured assessments and net terminal income deposits for any period

commencing after fiscal year 2018, the employer surcharges and lottery revenues, estimated to yield approximately $4 million annually, will remain statutorily dedicated to the Old Fund until the deficit is eliminated. On August 7, 2017, the Governor issued Executive Order 6-17, thereby redirecting 75% of Old Fund fiscal year 2018 deficit reduction revenues to the State's General Revenue Fund.

Required Supplementary Information

Each of the three risk pools has issued separate, audited financial reports on its operations. Those reports include the required supplementary information concerning the reconciliation of claims liabilities by type of contract, if applicable, and ten-year claim development information.

Complete financial statements of the individual insurance enterprise funds, including additional detailed disclosures, can be obtained directly from their respective administrative offices:

Board of Risk and Insurance Management
1124 Smith Street
Suite 4300
Charleston, WV 25301

Public Employees' Insurance Agency
601 57th St., SE
Suite 2
Charleston, WV 25304

Workers' Compensation Fund
c/o Offices of the Insurance Commissioner
900 Pennsylvania Avenue
Charleston, WV 25302


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NOTE 15

COMMITMENTS AND CONTINGENCIES

Environmental Protection Claims

The State, through the Department of Environmental Protection (DEP), maintains several environmental protection programs including a bonding program for coal operators for mine reclamation; an abandoned oil and gas well bonding program; a Landfill Closure Assistance Program (LCAP); and an underground storage tank program. Under such programs, the State charges various fees, premiums, and other assessments, and sets bonding amounts that operators are required to maintain to ensure that funds are available in the event that the operator is unable to fulfill its environmental protection responsibilities. Based upon the State's estimate of the liability for incurred losses under the programs, the bonding amounts and funding structures established by the State have proven inadequate to fund the actual costs of environmental protection that the State has incurred in acceptance of the related insurance risk. As a result, the State has been required at various times to increase fees and bonding rates. Administrative changes in permitting regulations governing the industries and businesses benefiting from the State's maintenance of such environmental protection programs are constantly under review.

Management has estimated the total cost at current dollars of remediation efforts to approximate $373 million at June 30, 2017. The estimated remediation costs is not expected to be liquidated by expendable available financial resources, so the obligation is reported as a liability in the governmental activities on the statement of net position. As such, the State has recorded in governmental activities the following liabilities related to the above programs at June 30, 2017 (expressed in thousands):

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Amount Due Within One Year
Mine Reclamation Program	$ 217,551	$ 41,389	$ —	$ 258,940	$ 51,323
Landfill Closure Assistance Program	118,764	—	8,056	110,708	6,950
Underground Storage Tanks	3,018	—	99	2,919	107
Oil and Gas Well Program	477	—	110	367	367
Total Environmental Liability	$ 339,810	$ 41,389	$ 8,265	$ 372,934	$ 58,747

The nature of the environmental liabilities requires the use of estimates and assumptions by management. Accordingly, it is at least reasonably possible that a significant change in the estimate will occur in the near term resulting from various factors including inflation, deflation, technology, assumption changes, or change in applicable laws or regulations.

Mine Reclamation Program

The Special Reclamation Program was created to enable compliance with a federal mandate that allows the State to operate an alternative bonding program to ensure that mining sites are reclaimed in accordance with federal and state regulations. This program created funds for reclamation costs if the operator does not perform the reclamation and the respective bond is forfeited by the operator. In addition, the State also accrues for active water treatment sites under this program. The State's estimated liability for these water treatment sites assumes a 20-year treatment period until the sites are properly reclaimed since the treatment costs beyond a 20-year period cannot be reasonably estimated. The actual length of water treatment and the actual ultimate liability could differ significantly from this estimate.

Forfeited operator bonds, as well as a tax imposed on clean mined coal, currently 27.9 cents per ton, are set aside to fund this program. The Special Reclamation Fund plans to make expenditures for reclamation and water treatment systems as more funding becomes available. The Legislature further established a Special Reclamation Fund Advisory Council (the Council). The Council's role is to develop a financial plan that ensures long-term stability of the special reclamation program. The Legislature further requires actuarial studies of the fund's fiscal soundness every two years.

Landfill Closure Assistance Program (LCAP)

The LCAP was established to provide landfill closure assistance to owners/permittees or landfills that were required to cease operations pursuant to certain statutory closure deadlines for noncomposite-lined facilities. The program designs and constructs all closure-related activities necessary to provide sufficient leachate management, sediment and erosion control, gas management, groundwater monitoring and final cover cap on noncomposite-lined landfills, as funds are available. The LCAP began with 28 landfills. Four landfills have been added to the original inventory by the Legislative process and one in 2015. There are six landfills left to be closed. As of June 30, 2017, the liability is estimated at $111 million and is projected to be paid through fiscal year 2053. In addition, the State, through the Solid Waste Management Board (the Board), operated one landfill that was closed in 1993. The Board made an application through the DEP for closure assistance from the LCAP. The Board's application was accepted by the LCAP and since then the LCAP has paid the landfill costs.

Underground Storage Tank (UST) Program

The insurance fund for the operators of the underground storage tanks has discontinued accepting new operators into the fund. In response to a lawsuit filed against the fund, the fund's assets have largely been paid out on a pro rata share to those insured. DEP continues to pursue additional sources of money from the Governor and the Legislature that will allow the insured sites to be remediated in an approved voluntary remediation plan or other cost-effective manner. DEP's plan also requires the claimants to submit a schedule for the completion of the work, and it is DEP's objective to have a clearly determined date by which remediation will be accomplished at all sites and no further reimbursements required. In this regard, it should be noted that 10 of 58 sites insured have been issued "no further action" letters, meaning they have been cleaned up to the required standards and will no longer incur additional cost. DEP believes requiring these sites to participate in an approved plan that requires the most cost-effective method of cleanup will result in an overall cost savings to the State and still protect the public health and environment. DEP has maintained an inventory of claims submitted that have not been approved for payment by the Underground Storage Tank Advisory Committee and DEP, and these invoices will be reviewed by a consultant before payment. DEP notified tank owners that it would reimburse owners for all approved past costs and reimburse the seven priority sites for any ongoing work. DEP has entered into formal agreements with 20 of the 48 site owners. The fund balance at June 30, 2017, was $3.3 million and there were claims paid from the fund in fiscal year 2017 of approximately $102 thousand. As of June 30, 2017, $3 million has been recorded as a liability in the accompanying financial statements.

Other Contingencies

In addition to the environmental protection claims explained above, the State has recorded an obligation in the amount of $83 million, of which $14.7 million is a current obligation, for the payment of other contingencies. Such other contingencies include, but are not limited to, unclaimed property and Division of Highway claims. These claims are based on management's evaluation of the nature of such claims and consideration of historical loss experience for the respective types of action. Certain other claims may be covered by the State's insurance carrier under its general liability or medical malpractice coverage.

An employer who has been granted self-insured status for workers' compensation insurance coverage must post security with the WCF for an actuarially determined amount of its liabilities incurred with dates of injury prior to July 1, 2004. Payments made for claims of employees of defaulted self-insured employers for injuries prior to July 1, 2004, will be made from the Self-insured Security Pool established by Senate Bill 1004. The assets of the Security Pool consist of the proceeds received from the security held by the WCF and any necessary assessments made to active self-insured employers for the default of a self-insured employer.

Payments for the injuries of defaulted self-insured employers incurred after July 1, 2004, will be made by the Self-insured Guaranty Pool; however, any self-insured employer who fails the analytical financial review will also be required to post security to the Guaranty Pool on any workers' compensation liabilities incurred after July 1, 2004. The Self-insured Guaranty Pool is funded through quarterly assessments to self-insured employers and the proceeds received from the security held. To the extent a self-insured employer cannot meet its obligations under the Law, the two self-insured pools previously discussed remain contingently liable for all policy benefits. The only sources of revenue permitted under the Law to fund the Security Pool and the Guaranty Pool must be obtained from self-insured employers. Self-insured employers are considered joint and severally liable for the obligations of a defaulted self-insured employer. The amount has not been included in the estimated liabilities for unpaid claims and claim adjustment expense because the likelihood of future self-insurer defaults has not been estimated.

It is not possible to predict with certainty the ultimate outcome of all lawsuits or claims pending or threatened against the State, including those discussed above, some of which involve claims for significant amounts. Based on the current status of all legal proceedings for which accruals have not been made in the State's financial statements, it is the opinion of management and the Attorney General that the proceedings will not have a material adverse impact on the State's overall financial position. However, depending on the amount and timing of the resolution, some or all of these matters could materially affect the State's change in financial position or cash flows for a particular period.

Federal Grants

Payments received under the reimbursement arrangements with agencies of the federal government are subject to retroactive audit and adjustment. Management believes that adequate provisions have been made for reasonable adjustments that may result from regulatory reviews and disallowed costs. However, laws and regulations governing these programs are extremely complex and subject to different interpretation. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount. Management believes it is in compliance with all applicable laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusions.

The State, including its institutions of higher education, receives significant financial assistance from the U.S. Government in the form of grants and other federal awards. Entitlement to those resources is generally conditioned upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for allowable purposes. The State provides for estimates of any material disallowance arising in connection with the operation of these federally funded programs as such amounts become reasonably estimable. Federal awards are subject to financial and compliance audits under either the federal Single Audit Act or by grantor agencies of the federal government or their designees. The ultimate obligations

that may arise from cost disallowance or sanctions as a result of those audits and the related impact on the financial statements of the State or its component units is unknown. The ultimate resolution of the regulatory review process could materially impact the State's future change in financial position or cash flows in a particular period.

Arbitrage Rebates

The Internal Revenue Code of 1986 establishes rules and regulations for arbitrage rebates which are applicable to portions of the primary government and most of the discretely presented component units. Arbitrage rebate liabilities have been recorded in the financial statements under accrued and other liabilities, and the respective agencies have reserved estimated amounts for their future payment.

Construction and Other Commitments

(Expressed in Thousands)

	Amount Committed	Commitment
Governmental Funds:		
Transportation	$ 849,296	Construction
Enterprise Funds:		
Water Pollution Control Revolving Fund	53,014	Committed for loans
West Virginia Infrastructure and Jobs Development Council	33,978	Funding of water and economic Development projects
Discretely Presented Component Units:		
West Virginia Lottery	9,460	Capital assets and construction
Economic Development Authority	62,745	Committed for loans
Housing Development Fund	29,654	Committed for loans
Parkways Authority	33,853	Turnpike improvements
Higher Education	30,211	Construction
School Building Authority	117,397	Acquisition, construction and maintenance grants to county school boards

The Department of Transportation's Inspection Program (DOT) has reviewed information on obsolete and deficient bridges. Transportation is concerned about safety and tries to prioritize bridges for repair and replacement based on engineering assessments. Transportation's long-range plans to address this issue will be impacted by actions that may be taken by both the federal and state government, including funding levels provided for this purpose, which cannot be estimated at this time.

West Virginia University (WVU) has signed an agreement providing for the purchase of steam for a remaining period of 13 years. Under the agreement, WVU has an annual minimum steam purchase requirement, purchased at an operating rate calculated in accordance with the agreement. An additional $1.5 million was accrued at June 30, 2017, to record the WVU's liability to meet the minimum steam purchase requirement for the contract year ended September 30, 2017. Payments in future years will be dependent on actual operating costs and other cost indices in those years.

The West Virginia Providing Real Opportunities for Maximizing In-State Student Excellence (PROMISE) scholarship program provides scholarships to students within the West Virginia secondary education system who meet the scholarship requirements. The basic scholarship requirements include maintaining a 3.0 grade average, receiving an ACT composite score of 22 with a minimum sub-score of 20 in each of the four subject areas, and enrolling in a college or university in West Virginia. The program will pay for tuition and fees, and had $2.2 million at June 30, 2017, to fund the program obligations. Subsequent to year-end, the program received $6.6 million from the Lottery and $18.5 million in general revenue.

NOTE 16

SUBSEQUENT EVENTS

On August 1, 2017, the Housing Development Fund redeemed various Housing Finance Bonds and General New Issue Bond Program Bonds in advance of the scheduled maturities at a par amount of $7,970,000.

On September 26, 2017, the Glenville State College (Glenville) Board of Governors issued $36,285,000 in Improvement and Refunding Revenue Bonds, Series 2017. The proceeds were used for refunding and redeeming Series 2016 Campus Community Center Bonds, Series 2007 Science Center Bonds, Series 2009 Goodwin Hall Bonds, Series 2011A Student Housing Bonds, and the 2011 Notes Payable.

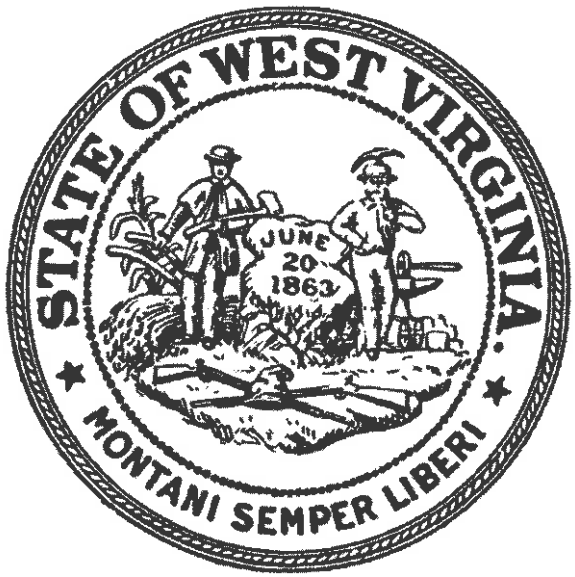
On October 7, 2017, the citizens of West Virginia voted to allow the Division of Highways to issue up to $1,600,000 in general obligation bonds over the next four years. The bonds would be used for major interstate and highways repairs and expansions projects, along with new bridge construction. As of the date of these financial statements no bonds have not been issued.

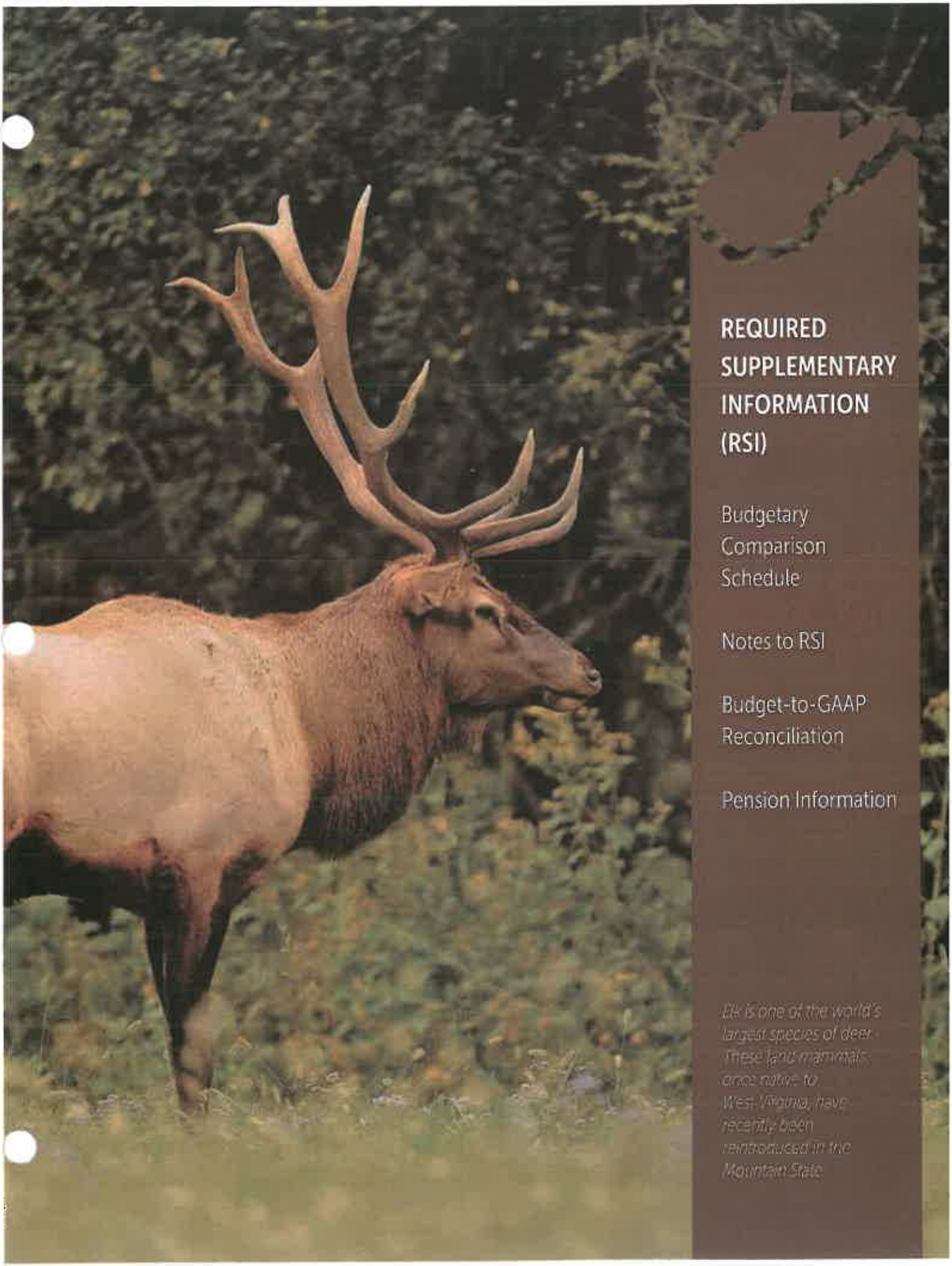
On October 26, 2017, the Division of Highways issued the Surface Transportation Improvements Special Obligation Notes Series 2017 A bonds in the amount of $219,985,000. The proceeds were used to fund bridge replacement and interstate rehabilitation projects.

On November 1, 2017, the Housing Development Fund redeemed various Housing Finance Bonds and General New Issue Bond Program Bonds in advance of the scheduled maturities at a par amount of $11,460,000.

On December 21, 2017, the Higher Education Policy Commission issued $26,455,000 in Refunding Revenue Bonds Series 2017. The proceeds of the 2017 bonds provided funds to refund the outstanding principal amount of the 2007 Series A bonds, advance refund certain maturities of outstanding principal amount the 2010 Series A Tax-Exempt bonds, and pay costs of issuing the 2017 Series bonds.

On December 21, 2017, the West Virginia University Research Corporation entered into a loan agreement of $42,000,000. The majority of the loan, $36,118,000, was used to payoff two existing loans. The remaining balance was for various other fees.


STATE OF WEST VIRGINIA
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REQUIRED SUPPLEMENTARY INFORMATION (RSI)

Budgetary Comparison Schedule

Notes to RSI

Budget-to-GAAP Reconciliation

Pension Information

Elk is one of the world's largest species of deer. These land mammals, once native to West Virginia, have recently been reintroduced in the Mountain State.

Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)

	General Revenue Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes:				
Personal Income	$ 1,914,225	$ 1,914,225	$ 1,813,866	$ (100,359)
Consumer Sales	1,285,000	1,285,000	1,222,283	(62,717)
Severance	262,544	262,544	321,031	58,487
Corporate Income/Business Franchise	137,400	137,400	116,306	(21,094)
Business and Occupation	115,500	115,500	111,885	(3,615)
Gasoline and Motor Carrier	—	—	—	—
Wholesale Motor Fuel	—	—	—	—
Automobile Privilege	—	—	—	—
Other	343,000	343,000	344,062	1,062
Excess Lottery Transfer	65,000	65,000	65,464	464
Intergovernmental	—	—	—	—
Licenses, Permits, and Fees	8,950	8,950	8,666	(284)
Departmental Collections	19,100	19,100	19,134	34
Interest Income	8,000	8,000	6,045	(1,955)
Other	28,700	28,700	137,768	109,068
Industrial Access Road Transfer	—	—	—	—
Total Revenues	4,187,419	4,187,419	4,166,510	(20,909)
Expenditures:				
Legislature	15,727	15,727	12,409	3,318
Judicial	141,760	141,760	133,193	8,567
Executive	36,348	121,348	30,402	90,946
Department of Administration	61,027	61,027	58,054	2,973
Bureau of Commerce	52,362	52,362	47,386	4,976
Department of Environmental Protection	6,518	6,518	5,940	578
Education	2,365,029	2,365,029	2,332,284	32,745
Health and Human Resources	1,095,297	1,100,797	1,036,302	64,495
Military Affairs and Public Safety	358,837	358,837	333,187	25,650
Revenue	26,524	26,524	19,825	6,699
Transportation	5,498	5,498	2,067	3,431
Veteran's Assistance	10,304	10,304	9,794	510
Bureau of Senior Services	12,142	12,142	12,142	—
Miscellaneous Boards and Commissions	—	—	—	—
Total Expenditures	4,187,373	4,277,873	4,032,985	244,888
Excess (Deficiency) of Revenues Over (Under) Expenditures Current Year	46	(90,454)	133,525	223,979
Expenditures from Prior Year Appropriations	304,467	304,467	167,971	136,496
Total Excess (Deficiency) of Revenues Over (Under) Expenditures Current Year	(304,421)	(394,921)	(34,446)	360,475
Budgetary Fund Balance, Beginning of Year, as Adjusted	395,809	395,809	395,809	—
Adjustments for Accruals, etc.	—	—	903	903
Budgetary Fund Balance, End of Year	$ 91,388	$ 888	$ 362,266	$ 361,378

Federal Revenue			
Original Budget	Final Budget	Actual	Variance With Final Budget
$ —	$ —	$ —	$ —
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
4,763,281	4,809,266	4,350,363	(458,903)
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
4,763,281	4,809,266	4,350,363	(458,903)
3,000	3,000	400	2,600
4,550	4,550	2,902	1,648
23,600	23,900	6,983	16,917
—	—	—	—
135,141	151,201	71,908	79,293
196,298	226,298	78,685	147,613
584,125	606,125	434,606	171,519
3,639,465	4,079,189	3,666,692	412,497
174,570	174,570	47,404	127,166
3,000	3,000	84	2,916
32,393	32,393	20,260	12,133
10,193	10,193	8,008	2,185
14,536	14,536	12,348	2,188
5,562	5,562	1,434	4,128
4,826,433	5,334,517	4,351,714	982,803
(63,152)	(525,251)	(1,351)	523,900
—	—	—	—
(63,152)	(525,251)	(1,351)	523,900
39,352	39,352	39,352	—
—	—	(461)	(461)
$ (23,800)	$ (485,899)	$ 37,540	$ 523,439

State Road			
Original Budget	Final Budget	Actual	Variance With Final Budget
$ —	$ —	$ —	$ —
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
388,200	388,200	383,180	(5,020)
—	—	—	—
189,575	189,575	204,111	14,536
—	—	—	—
—	—	—	—
449,750	509,600	442,121	(67,479)
92,068	92,068	104,354	12,286
—	—	—	—
—	—	—	—
36,310	36,310	24,339	(11,971)
(3,000)	(3,000)	—	3,000
1,152,903	1,212,753	1,158,105	(54,648)
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
1,255,390	1,274,890	1,172,803	102,087
—	—	—	—
—	—	—	—
—	—	—	—
1,255,390	1,274,890	1,172,803	102,087
(102,487)	(62,137)	(14,698)	47,439
—	—	—	—
(102,487)	(62,137)	(14,698)	47,439
79,360	79,360	79,360	—
—	—	—	—
$ (23,127)	$ 17,223	$ 64,662	$ 47,439

(Continued)

Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)
(Continued)

	Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes:				
Personal Income	$ —	$ —	$ —	$ —
Consumer Sales	—	—	—	—
Severance	—	—	—	—
Corporate Income/Business Franchise	—	—	—	—
Business and Occupation	—	—	—	—
Gasoline and Motor Carrier	—	—	—	—
Wholesale Motor Fuel	—	—	—	—
Automobile Privilege	—	—	—	—
Other	—	—	—	—
Excess Lottery Transfer	—	—	—	—
Intergovernmental	—	—	—	—
Licenses, Permits, and Fees	—	—	—	—
Departmental Collections	2,044,937	1,415,157	1,577,595	162,438
Interest Income	—	—	—	—
Other	—	—	—	—
Industrial Access Road Transfer	—	—	—	—
Total Revenues	2,044,937	1,415,157	1,577,595	162,438
Expenditures:				
Legislature	4,187	4,097	1,439	2,658
Judicial	1,600	1,600	799	801
Executive	52,407	53,139	35,553	17,586
Department of Administration	186,352	187,352	160,112	27,240
Bureau of Commerce	51,673	57,723	38,129	19,594
Department of Environmental Protection	78,359	78,663	45,247	33,416
Education	210,816	218,874	199,476	19,398
Health and Human Resources	564,447	605,417	532,819	72,598
Military Affairs and Public Safety	42,285	43,575	23,916	19,659
Revenue	992,521	1,003,921	552,948	450,973
Transportation	13,751	13,751	7,201	6,550
Veteran's Assistance	3,130	3,130	2,845	285
Bureau of Senior Services	61,639	70,689	68,151	2,538
Miscellaneous Boards and Commissions	134,881	134,999	89,839	45,160
Total Expenditures	2,398,048	2,476,930	1,758,474	718,456
Excess (Deficiency) of Revenues Over (Under) Expenditures Current Year	(353,111)	(1,061,773)	(180,879)	880,894
Expenditures from Prior Year Appropriations	58,571	58,571	16,643	41,928
Total Excess (Deficiency) of Revenues Over (Under) Expenditures Current Year	(411,682)	(1,120,344)	(197,522)	922,822
Budgetary Fund Balance, Beginning of Year, as Adjusted	2,707,047	2,707,047	2,707,047	—
Adjustments for Accruals, etc.	—	—	(5,098)	(5,098)
Budgetary Fund Balance, End of Year	$ 2,295,365	$ 1,586,703	$2,504,427	$ 917,724

REQUIRED SUPPLEMENTARY INFORMATION
Notes to Required Supplementary Information
Budgetary Reporting

The State's annual budget is prepared on a cash basis, modified only at year-end to allow for a 31-day period for the payment of vendor invoices for goods and services previously encumbered. Appropriations expire or lapse at the end of this period.

Budgetary Process

Appropriation requests for the upcoming fiscal year are submitted to the State Budget Office (Budget) by September 1. Budget conducts budget hearings and reviews revenue estimates for recommendation and preparation of the proposed budget. The Governor presents the proposed budget to the State Legislature in January. Included in that budget proposal is the Governor's official revenue estimate for the upcoming fiscal year. To maintain a balanced budget, the Legislature can appropriate expenditures only to the level of the Governor's official revenue estimate and prior year fund balance.

The Legislature also holds budget hearings, considers the effect of other proposed legislation, and gathers other information during its 60-day session which occurs January through March of each calendar year. During the last days of the legislative session, the Legislature passes the budget and the Governor approves, vetoes, or allows the budget to become law without signing.

In the event that there is a shortfall of General Revenue Fund collections during the year, the Governor may impose a spending reduction. In 1994, the Legislature created a Revenue Shortfall Reserve Fund (Rainy Day Fund) designed to prevent a spending reduction. By law, the first 50% of the General Revenue Fund surplus for a fiscal year is set aside in a reserve or Rainy Day Fund not to exceed 13% of the total appropriations from General Revenue for that year. This fund may be used to offset a shortfall of revenues which would otherwise require the Governor to impose expenditure reductions.

In the event of higher than estimated revenue collections throughout the year, supplemental appropriation requests may be made to the Legislature. In FY 2016, Appropriated Special Revenue and Federal Funds were increased by total supplemental appropriations of $533 million. During the budget process, the Legislature may also decide to reappropriate certain unexpended budgetary appropriations for expenditure in the next year. Accounts reappropriated generally relate to special activities or projects that may require several years to complete. Reappropriated prior year general revenue appropriations of $283 million are reported as "Expenditures From Prior Year Appropriations."

In addition to the above, in the event of a General Revenue budget surplus from the previous fiscal year, additional appropriation requests may be made to the Legislature. Appropriations from 2016 General Revenue were increased by approximately $27 million for surplus appropriations. The $27 million surplus appropriations are also reported as "Expenditures From Prior Year Appropriations."

After the budget is legally enacted, certain appropriations from General Revenue may be altered or transferred within each Cabinet Secretariat. The transfers may not exceed more than 5% of the funds appropriated to any one agency or board, and are altered at the budgetary activity level. Other specific transfers are allowed in all the budgetary funds from the object classes of personal services and unclassified budget object classes to employee benefits or from personal services and employee benefits to other budget object classes, and are not limited to Secretariat authority.

The budget laws provide for the ability of the Governor to increase the appropriations of the budgetary Appropriated Special Revenue Funds and the Federal Funds when the Legislature is not in session. Detailed spending plans, identification of new revenue sources, and justifications are required for review and approval.

Budgetary Control

The State Legislature annually appropriates those general government activities determined to be important to controlling the financial operations of the State. The Legislature appropriates expenditures for those defined budgetary activities, often further defined by the object classes of personal services, employee benefits, equipment repairs and alterations, or unclassified.

The State's accounting system controls expenditures for appropriated accounts at the budgetary activity level on a predefined quarterly basis. The State Auditor exercises control over spending at the budgetary activity level on an annual appropriation basis.

Budget further monitors the rate and nature of spending for all budgetary accounts by requiring the organization responsible for the budgeted activities to submit annual spending plans reflecting further details on their expected quarterly spending patterns and the types of expenditures for the budgeted accounts. From these spending plans, Budget monitors and limits expenditures within predefined quarterly allotments. Expenditures during a quarter may not exceed the amount of the approved allotment, unless the Governor approves the expenditure of a larger amount. Any amounts remaining unexpended at the close of a quarter are available for reallocation and expenditure during any succeeding quarter of the same fiscal year.

Budget also utilizes encumbrance accounting to control purchase orders and other commitments. Under the budgetary process, unexpended appropriations and encumbrances expire at the end of the 31-day period following each fiscal year-end. All unpaid invoices and claims after that date must be submitted by the vendor to the State Court of Claims, unless the related activity has been reappropriated by the Legislature.

Budgetary Funds

The State uses four budgetary fund groups to summarize accounts or activities which have been legally appropriated. The budgetary fund groups are described as follows:

General Revenue Fund – consists primarily of the major tax revenues of the State such as Consumer Sales Tax, Personal Income Tax, Business and Occupation Tax, Corporate Net Income Tax, and Severance Tax. The General Revenue Fund supports the operation of certain primary government activities and certain other agencies.

Federal Fund – consists of any financial awards made to any state agency by the U.S. Government, whether a loan, grant, subsidy, augmentation, reimbursement or any other form of such awards, including state funds used for federal matching purposes.

Road Fund – consists of revenues from gasoline and other motor fuel excise and license taxes, motor vehicle registration and license fees, and all other revenue derived from motor vehicles or motor fuel. The Road Fund is appropriated by the Legislature and used solely for construction, repair, and maintenance of public highways, and also for the payment of interest and principal on all road bonds.

Appropriated Special Revenue Fund – consists of individual accounts created for special purposes. These accounts generate revenue derived from established rates or fees. The spending within these accounts is limited to the amount collected or the amount appropriated by the Legislature, whichever is less.

The State has other special revenue accounts which are not appropriated. These accounts are special accounts which derive revenues from special fees or charges, or exist for internal agency purposes such as payroll clearing accounts, cost allocations, etc., but are not subject to specific legislative appropriation. Accordingly, these accounts have not been reported in the State's budgetary comparison schedule.

2017 Budgetary Reporting

In FY 2017, $38.0 million was transferred to the Rainy Day Fund.

The State's budgetary General Revenue Fund balance at July 1, 2016, has been adjusted as follows (expressed in thousands):

General Revenue Fund:	
Beginning Fund Balance	$ 312,477
Prior Year Refunds	435
Transfer from Expired Funds	97,300
Adjustment	(14,403)
Adjusted Beginning Fund Balance	$ 395,809

Budgetary Reporting and GAAP

Because the budgetary basis differs from accounting principles generally accepted in the United States, budget and actual amounts in the accompanying Budgetary Comparison Schedule are presented on the budgetary basis. A more detailed budgetary basis report, Supplementary Information to the State of West Virginia Comprehensive Annual Financial Report, is produced for internal purposes to demonstrate budgetary compliance and is available at the Financial Accounting and Reporting Section for public inspection. A reconciliation that compares the excess of revenues over expenditures on a budgetary basis for the year ended June 30, 2017, to the excess of revenues and other financing sources over expenditures and other financing uses presented in conformity with accounting principles generally accepted in the United States is set forth in the following schedule.

Required Supplementary Information
Budgetary Comparison Schedule
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)

Budgetary Funds	General Revenue Fund	Federal Fund	State Road Fund	Appropriated Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 4,166,510	$ 4,350,274	$ 1,158,105	$ 1,577,595
Differences – Budget to GAAP:				
Intrafund transactions not included in GAAP revenues:	(5,442,219)	—	—	—
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	114,441	—	14,869	—
Basis of Accounting Difference	361,473	—	43,116	—
Reclassifications:				
Nonappropriated Budgetary Fund's Revenue included as revenue/transfers in the GAAP General, Transportation, and Other Funds	5,703,051	—	24,111	—
Budgetary special revenue funds transferred to GAAP General, Transportation, Tobacco Settlement Finance Authority and Other Funds	900,220	—	6,678	(1,577,595)
Budgetary federal funds transferred to GAAP General, Transportation, Tobacco Settlement Finance Authority and Other Funds	4,220,719	(4,350,274)	19,902	—
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	$ 10,024,195	$ —	$ 1,266,781	$ —
Uses/Outflows of resources				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 4,200,956	$ 4,351,714	$ 1,172,803	$ 1,775,117
Differences – Budget to GAAP:				
Intrafund transactions not included in GAAP expenditures	(5,442,219)	—	—	—
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(106,477)	—	—	—
Basis of Accounting Difference	596,816	—	39,235	—
Reclassifications:				
Nonappropriated Budgetary Fund's exp./tranfers out included as exp, in the GAAP General, Transportation, WV Infrastructure, and Other Funds	5,580,979	—	32,786	—
Budgetary general revenue funds transferred to GAAP General, Transportation, Tobacco Settlement Finance Authority, and Other Funds	(10,566)	—	3,602	—
Budgetary special revenue funds transferred to GAAP General, Transportation, Tobacco Settlement Finance Authority, and Other Funds	1,028,482	—	6,506	(1,775,117)
Budgetary federal revenue funds transferred to GAAP General, Transportation, Tobacco Settlement Finance Authority, and Other Funds	4,222,961	(4,351,714)	20,016	—
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	$ 10,070,932	$ —	$ 1,274,948	$ —

Schedule of the State's Proportionate Share of the Net Pension Liability
Multiple-Employer Cost Sharing Plans
June 30, 2017
(Expressed in Thousands)

	PERS		
	2017	2016	2015
State's proportion of the net pension liability	67.57%	67.99%	68.33%
State's proportionate share of the net pension liability	$ 621,010	$ 379,669	$ 252,194
State's covered payroll	$ 937,259	$ 923,143	$ 915,586
State's proportionate share of the net pension's liability as a percentage of its covered payroll	66.26%	41.13%	27.54%
Plan fiduciary net position as a percentage of the total pension liability	86.11%	91.29%	93.98%

	TRS		
	2017	2016	2015
State's proportion of the net pension liability	1.46%	1.35%	1.35%
State's proportionate share of the net pension liability	$ 60,156	$ 46,931	$ 46,438
State's covered payroll	$ 312,801	$ 306,699	$ 343,570
State's proportionate share of the net pension's liability as a percentage of its covered payroll	19.23%	15.30%	13.52%
Plan fiduciary net position as a percentage of the total pension liability	61.42%	66.25%	65.95%

Note: This schedule is intended to show 10 years. Additional years will be added as they become available.

Required Supplementary Information
Schedule of State Contributions – PERS
Last Four Fiscal Years
(Expressed in Thousands)

	PERS			
	2017	2016	2015	2014
Contractually required contribution	$ 110,591	$ 126,530	$ 129,240	$ 132,760
Contributions in relation to the Contractually required contribution	110,591	126,530	129,240	132,760
Contribution deficiency (excess)	$ —	$ —	$ —	$ —
State's Covered Payroll	$ 921,592	$ 937,259	$ 923,143	$ 915,586
Contributions as a percentage of Covered Payroll	12.00%	13.50%	14.00%	14.50%

Note: This schedule is intended to show 10 years. Additional years will be added as they become available.

Required Supplementary Information
Schedule of State Contributions – TRS
Last Four Fiscal Years
(Expressed in Thousands)

	TRS – State			
	2017	2016	2015	2014
Contractually required contribution	$ 5,780	$ 6,043	$ 6,662	$ 6,922
Contributions in relation to the contractually required contribution	5,780	6,043	6,662	6,922
Contribution deficiency (excess)	$ —	$ —	$ —	$ —
Covered payroll	$ 282,077	$ 312,801	$ 306,699	$ 343,570
Contributions as a percentage of covered payroll	2.05%	1.93%	2.17%	2.01%

Note: This schedule is intended to show 10 years. Additional years will be added as they become available.

Required Supplementary Information
Schedule of State Contributions – TRS – Special Funding Situation
Last Four Fiscal Years
(Expressed in Thousands)

	TRS – Special Funding Situation			
	2017	2016	2015	2014
Statutorily required contribution	$ 420,605	$ 392,714	$ 458,452	$ 484,159
Contributions in relation to the statutorily required contribution	420,605	392,714	458,452	484,159
Contribution deficiency (excess)	$ —	$ —	$ —	$ —

Note: This schedule is intended to show 10 years. Additional years will be added as they become available.

Required Supplementary Information
Schedule of State Contributions – Single Employer Plans
Last Ten Fiscal Years
(Expressed in Thousands)

Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
SPDDRS (1)					
2017	$ 16,875	$ 17,155	$ (280)	$ 3,181	539.30 %
2016	13,209	13,977	(768)	3,713	376.43 %
2015	20,860	21,668	(808)	5,120	423.20 %
2014	25,146	26,218	(1,072)	5,988	437.84 %
2013	15,162	16,210	(1,048)	6,779	239.12 %
2012	22,051	23,297	(1,246)	8,001	291.18 %
2011	25,940	25,131	809	8,960	280.48 %
2010	12,416	12,169	247	10,215	119.13 %
2009	4,018	4,679	(661)	10,400	44.99 %
2008	5,693	5,352	341	10,997	48.67 %
SPRS					
2017	$ 4,427	$ 3,657	$ 770	$ 31,582	11.58 %
2016	3,402	3,887	(485)	31,792	12.23 %
2015	3,183	4,060	(877)	29,574	13.73 %
2014	3,363	4,049	(686)	27,701	14.62 %
2013	3,802	4,193	(391)	27,670	15.15 %
2012	3,837	4,544	(707)	24,725	18.38 %
2011	4,387	4,570	(183)	23,635	19.34 %
2010	4,642	3,005	1,637	22,382	13.43 %
2009	3,446	2,340	1,106	20,285	11.54 %
2008	2,161	2,318	(157)	18,850	12.30 %
JRS					
2017	$ 709	$ 739	$ (30)	$ 9,122	8.10 %
2016	739	739	—	8,870	8.33 %
2015	2,845	2,845	—	9,248	30.76 %
2014	2,456	2,456	—	8,870	27.69 %
2013	2,422	2,422	—	8,860	27.34 %
2012	2,740	3,997	(1,257)	8,860	45.11 %
2011	3,454	3,954	(500)	8,256	47.89 %
2010	2,879	3,854	(975)	8,140	47.35 %
2009	2,763	6,034	(3,271)	8,261	73.04 %
2008	3,267	6,034	(2,767)	8,261	73.04 %

Notes:
(1) Contributions for SPDDRS include employer contributions and other payments designated by WV State Code Section 15-2-26 - Payments to members for court attendance and mileage; rewards for apprehending wanted persons; fees for traffic accident reports and photographs; fees for criminal investigation reports and photographs; fees for criminal history record checks; and fees for criminal history record reviews and challenges or from any other sources designated by the superintendent.

Required Supplementary Information
Schedule of Changes in the State's Net Pension Liability and Related Ratios
Fiscal Years Ending June 30
(Expressed in Thousands)

	SPDDRS 2017	SPDDRS 2016	SPDDRS 2015
Total pension liability:			
Service cost	$ 1,263	$ 1,774	$ 2,215
Interest	51,913	50,748	49,778
Difference between actual and expected experience	6,283	4,344	—
Benefit payments	(41,969)	(39,708)	(37,565)
Net change in total pension liability	17,490	17,158	14,428
Total pension liability – beginning	711,517	694,359	679,931
Total pension liability – ending (a)	729,007	711,517	694,359
Plan fiduciary net position:			
Contributions – employer	13,977	21,668	26,955
Contributions – member	320	445	545
Net investment income	(1,230)	22,866	90,872
Benefit payments	(41,969)	(39,708)	(37,565)
Administrative expense	(48)	(51)	(52)
Other	590	861	—
Net change in plan fiduciary net position	(28,360)	6,081	80,755
Plan fiduciary net position – beginning	607,158	601,077	520,322
Plan fiduciary net position – ending (b)	578,798	607,158	601,077
State's net pension liability (asset) – ending (a) - (b)	$ 150,209	$ 104,359	$ 93,282
Plan fiduciary net position as a percentage of total pension liability	79.40%	85.33%	86.57%
Covered payroll	$ 3,713	$ 5,120	$ 5,988
State's net pension liability (asset) as a percentage of covered payroll	4044.98%	2038.28%	1557.82%
Information presented based upon measurement date of:	6/30/2016	6/30/2015	6/30/2014

Note: This schedule is intended to show 10 years. Additional years will be added as they become available.

Required Supplementary Information
Schedule of Changes in the State's Net Pension Liability and Related Ratios
Fiscal Years Ending June 30
(Expressed in Thousands)

	SPRS	SPRS	SPRS
Total pension liability:	**2017**	**2016**	**2015**
Service cost	$ 6,750	$ 6,337	$ 5,890
Interest	10,113	9,024	8,021
Difference between actual and expected experience	1,636	(201)	—
Benefit payments	(1,071)	(1,051)	(913)
Net change in total pension liability	17,428	14,109	12,998
Total pension liability – beginning	128,610	114,501	101,503
Total pension liability – ending (a)	146,038	128,610	114,501
Plan fiduciary net position:			
Contributions – employer	3,887	4,060	4,049
Contributions – member	3,755	3,609	3,630
Net investment income	91	4,972	17,756
Benefit payments	(1,071)	(1,051)	(913)
Administrative expense	(47)	(45)	(42)
Other	(163)	—	—
Net change in plan fiduciary net position	6,452	11,545	24,480
Plan fiduciary net position – beginning	132,117	120,572	96,092
Plan fiduciary net position – ending (b)	138,569	132,117	120,572
State's net pension liability (asset) – ending (a) - (b)	$ 7,469	$ (3,507)	$ (6,071)
Plan fiduciary net position as a percentage of total pension liability	94.89%	102.73%	105.30%
Covered payroll	$ 31,792	$ 29,574	$ 27,701
State's net pension liability (asset) as a percentage of covered payroll	23.49%	(11.86%)	(21.92%)
Information presented based upon measurement date of:	6/30/2016	6/30/2015	6/30/2014

Note: This schedule is intended to show 10 years. Additional years will be added as they become available.

Required Supplementary Information
Schedule of Changes in the State's Net Pension Liability and Related Ratios
Fiscal Years Ending June 30
(Expressed in Thousands)

	JRS	JRS	JRS
Total pension liability:	**2017**	**2016**	**2015**
Service cost	$ 2,681	$ 2,812	$ 2,819
Interest	8,478	8,458	7,978
Difference between actual and expected experience	(5,813)	(6,506)	—
Benefit payments	(4,429)	(4,313)	(4,455)
Net change in total pension liability	917	451	6,342
Total pension liability – beginning	112,532	112,081	105,739
Total pension liability – ending (a)	113,449	112,532	112,081
Plan fiduciary net position:			
Contributions – employer	739	2,845	2,456
Contributions – member	401	413	426
Net investment income	(175)	6,525	25,263
Benefit payments	(4,429)	(4,313)	(4,455)
Administrative expense	(6)	(6)	(7)
Other	(39)	—	80
Net change in plan fiduciary net position	(3,509)	5,464	23,763
Plan fiduciary net position – beginning	170,703	165,239	141,476
Plan fiduciary net position – ending (b)	167,194	170,703	165,239
State's net pension liability (asset) – ending (a) - (b)	$ (53,745)	$ (58,171)	$ (53,158)
Plan fiduciary net position as a percentage of total pension liability	147.37%	151.69%	147.43%
Covered payroll	$ 8,870	$ 9,248	$ 8,870
State's net pension liability (asset) as a percentage of covered payroll	(605.92%)	(629.01%)	(599.30%)
Information presented based upon measurement date of:	6/30/2016	6/30/2015	6/30/2014

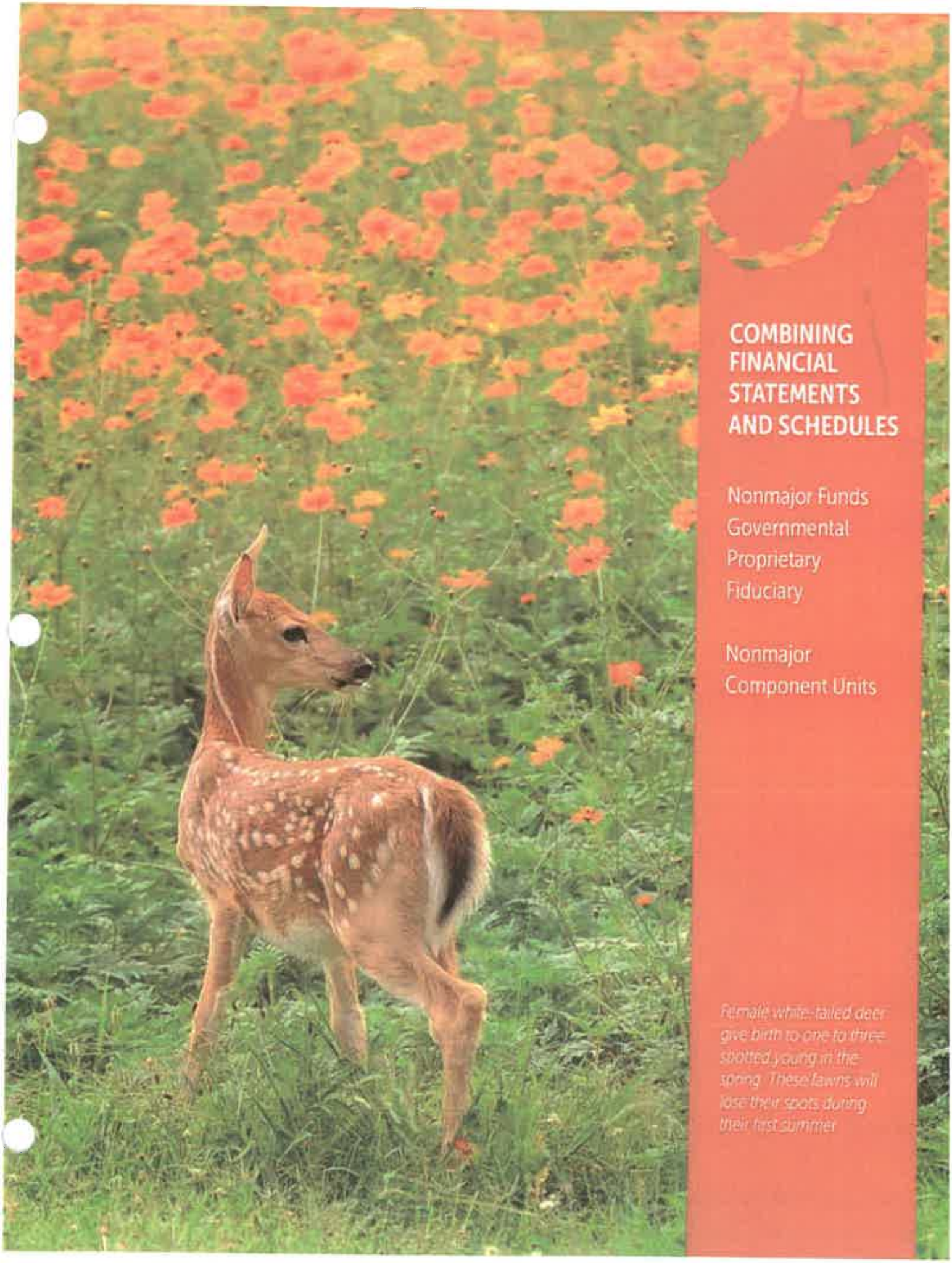
Note: This schedule is intended to show 10 years. Additional years will be added as they become available.

Notes to Required Supplementary Information

Changes in Assumptions

An experience study, which was based on the years 2010 through 2015, was approved by the Consolidated Public Retirement Board. As a result, valuation assumptions were changed as of June 30, 2016 to reflect the most recent experience study:

	2016	2015	2014
Projected salary increases			
State	3.00% – 4.6%	3.00% – 4.6%	4.25% – 6.0%
Nonstate	3.35% – 6.0%	3.35% – 6.0%	4.25% – 6.0%
Inflation rate	3.0%	1.90%	2.20%
Mortality rates	Healthy males – RP-2000 healthy annuitant table projected Scale AA; healthy females - RP-2000 healthy annuitant table projected Scale AA; disabled male 96% of RP-2000 disabled annuitant table projected with Scale AA disabled females – 107% of RP-2000 disabled annuitant table, projected with Scale AA	Healthy males – 110% of RP-2000 healthy annuitant table projected Scale AA; healthy females –101% of RP-2000 healthy annuitant table projected Scale AA; disabled male 96% of RP-2000 disabled annuitant table projected with Scale AA disabled females – 107% of RP-2000 disabled annuitant table, projected with Scale AA	Healthy males – 1983 GAM Healthy females-1971 set back 1 yr, disabled GAM males – 1971 GAM set forward 8 yrs, Disabled females – Revenue ruling 96-7
Withdrawal rates			
State	1.75-35.1%	1.75-35.1%	1-26%
Nonstate	2-35.8%	2-35.8%	2-31.2%
Disability rates	0-.675%	0-.675%	0-.8%



COMBINING FINANCIAL STATEMENTS AND SCHEDULES

Nonmajor Funds
Governmental
Proprietary
Fiduciary

Nonmajor
Component Units

Female white-tailed deer give birth to one to three spotted young in the spring. These fawns will lose their spots during their first summer.


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GOVERNMENTAL FUND TYPES - NONMAJOR

Special Revenue:

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes.

Debt Service:

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects:

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. These funds consist of the following:

Education, Arts, Sciences, and Tourism Fund This Fund is established to provide public financial support for constructing, equipping, improving, and maintaining capital improvement projects which promote education and tourism in the State.

Lease Purchase Account This Account is established to ensure that revenues and expenditures for the acquisition of capital assets through lease-purchase agreements are properly recorded.

Permanent Funds:

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the State's programs, for the benefit of the government or its citizenry.

The Irreducible School Fund The Fund, which was constitutionally established, is required to maintain a minimum level of investments. All earnings from these investments are transferred to the General Fund for educational expenditures.

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017
(Expressed in Thousands)

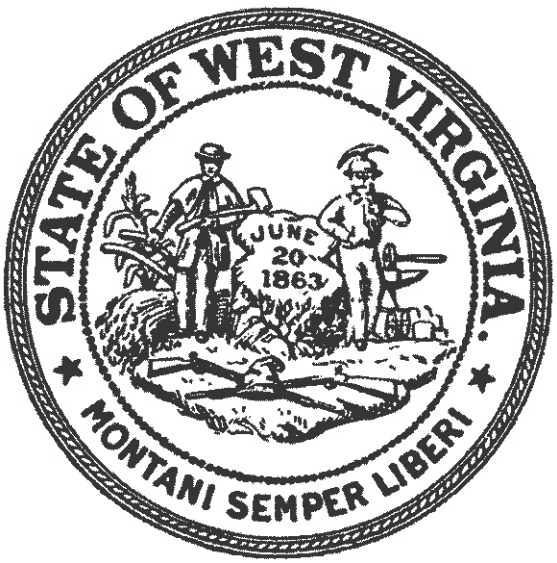
	Special Revenue	Debt Service
Assets:		
Cash and Cash Equivalents	$ 337,275	$ 53,042
Investments	120,905	—
Receivables, Net	7,532	26
Due from Other Governments	2,433	—
Due from Other Funds	64	—
Due from Component Units	—	1,055
Inventories	15	—
Restricted Assets:		
Cash and Cash Equivalents	1,470	—
Total Assets	$ 469,694	$ 54,123
Liabilities:		
Accounts Payable	$ 26,573	$ —
Accrued and Other Liabilities	22,166	—
Due to Other Governments	9,314	—
Due to Other Funds	30,421	—
Total Liabilities	88,474	—
Fund Balances:		
Nonspendable:		
Inventories	15	—
Permanent Fund	—	—
Restricted for:		
Capital Projects	—	—
Debt Service	—	54,123
Development, Tourism, and Recreation	63,888	—
Education	—	—
Public Protection	57,160	—
Committed to:		
General Government Operations	1,642	—
Public Protection	265,899	—
Assigned to:		
Public Protection	6,226	—
Unassigned	(13,610)	—
Total Fund Balances	381,220	54,123
Total Liabilities and Fund Balances	$ 469,694	$ 54,123

Capital Projects		Permanent Fund	
Education, Arts, Sciences and Tourism Fund	Lease Purchase Account	Irreducible School	Total
$ 391	$ 10,295	$ 1,888	$ 402,891
—	—	—	120,905
—	4	1	7,563
—	—	—	2,433
—	—	—	64
—	—	—	1,055
—	—	—	15
—	—	—	1,470
$ 391	$ 10,299	$ 1,889	$ 536,396
$ 32	$ —	$ —	$ 26,605
—	—	—	22,166
—	—	—	9,314
—	—	—	30,421
32	—	—	88,506
—	—	—	15
—	—	1,000	1,000
359	10,299	—	10,658
—	—	—	54,123
—	—	—	63,888
—	—	889	889
—	—	—	57,160
—	—	—	1,642
—	—	—	265,899
—	—	—	6,226
—	—	—	(13,610)
359	10,299	1,889	447,890
$ 391	$ 10,299	$ 1,889	$ 536,396

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)

	Special Revenue	Debt Service
Revenues:		
Intergovernmental	$ 134,094	$ —
Licenses, Permits, and Fees	113,422	—
Charges for Services	—	—
Lottery Revenue	—	10,659
Investment Earnings	25,342	200
Other	6,426	—
Total Revenues	279,284	10,859
Expenditures:		
Legislative	1,804	—
Administration	—	3
Commerce	—	209
Environmental Protection	146,660	—
Employment Programs	51,546	—
Military Affairs and Public Safety	—	1
Revenue	23,510	—
Veterans Assistance	—	1
Regulatory Boards and Commissions	22,554	1
Capital Outlay	—	—
Debt Service:		
Principal	—	45,300
Interest	—	29,404
Total Expenditures	246,074	74,919
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,210	(64,060)
Other Financing Sources (Uses):		
Face Value of Long-Term Debt	—	28,215
Premiums on Bond Issuance	—	3,807
Payments to Refunded Bond Escrow Agents	—	(32,022)
Transfers In	10,125	64,817
Transfers Out	(62,888)	(225)
Total Other Financing Sources (Uses)	(52,763)	64,592
Net Changes in Fund Balances	(19,553)	532
Fund Balances, Beginning of Year	400,773	53,591
Fund Balances, End of Year	$ 381,220	$ 54,123

Capital Projects		Permanent Fund	
Education, Arts, Sciences and Tourism Fund	Lease Purchase Account	Irreducible School	Total
$ —	$ —	$ —	$ 134,094
—	—	—	113,422
—	—	89	89
—	—	—	10,659
5	28	6	25,581
—	—	795	7,221
5	28	890	291,066
—	—	—	1,804
—	—	—	3
—	—	—	209
—	—	—	146,660
—	—	—	51,546
—	—	—	1
—	—	—	23,510
—	—	—	1
—	—	—	22,555
1,708	—	—	1,708
—	—	—	45,300
—	—	—	29,404
1,708	—	—	322,701
(1,703)	28	890	(31,635)
—	—	—	28,215
—	—	—	3,807
—	—	—	(32,022)
—	—	—	74,942
—	—	(585)	(63,698)
—	—	(585)	11,244
(1,703)	28	305	(20,391)
2,062	10,271	1,584	468,281
$ 359	$ 10,299	$ 1,889	$ 447,890


STATE OF WEST VIRGINIA
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SPECIAL REVENUE FUNDS

Nonmajor Funds

Environmental Protection The Fund consists of various programs intended to maintain and improve the environmental quality of the State and its natural resources. Included in this Fund are programs addressing the following: Underground Storage Tanks, Groundwater, Solid Waste Environmental Response and Enforcement, Special Reclamation, Mines and Minerals, Dam Safety, Hazardous Waste Emergency Response, Oil and Gas Reclamation, Oil and Gas Operating Permit and Processing, as well as other miscellaneous programs.

Public Service Commission The Commission is responsible for appraising and balancing the interests of current and future utility service customers, the State's economy, and the utilities subject to its jurisdiction. It is directed to identify, explore and consider the potential benefits and risks associated with emerging and state-of the-art concepts in utility management, rate design, and conservation.

Crime Victims' Compensation The intent of the Fund is to provide partial relief to the innocent victims of crime, including claimant's attorneys and witnesses, for the failure of the State to fully provide for the safety of its citizens and the inviolability of their property. To fund this program, individuals convicted of any felony or misdemeanor, excluding nonmoving traffic violations, must pay an additional amount over and above ordinary court costs.

Insurance Commission The Commission is responsible for promoting a competitive and solvent insurance market of domestic, foreign, and alien insurers. Additionally, the Fund is authorized to promulgate and adopt and enforce such rules and regulations relating to insurance as are deemed necessary to protect and safeguard the interests of policyholders and the public.

WORKFORCE West Virginia The Bureau of Employment Programs doing business as WORKFORCE West Virginia includes the Employment Service Division (ES) and the administrative activities of the Unemployment Compensation Division (UC). Local offices are operated throughout the State to serve those seeking and providing employment.

Wildlife Resources Fund The Fund is responsible for recognizing the inestimable importance of conserving the wildlife resources of West Virginia. In addition, the Fund provides the opportunity for citizens and residents of the State to invest in the future of its wildlife resources. The Fund is financed from the proceeds of the sale of lifetime hunting and fishing licenses, as well as proceeds from gifts, grants, and contributions. The interest on this Fund shall be used only for the purpose of supporting wildlife conservation programs of the State.

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017
(Expressed in Thousands)

	Environmental Protection	Public Service Commission	Crime Victims' Compensation
Assets:			
Cash and Cash Equivalents	$ 280,952	$ 26,150	$ 1,706
Investments	57,663	—	—
Receivables, Net	2,664	130	1
Due from Other Governments	140	2,293	—
Due from Other Funds	—	30	—
Inventories	—	—	—
Restricted Assets:			
Cash and Cash Equivalents	323	1,147	—
Total Assets	$ 341,742	$ 29,750	$ 1,707
Liabilities:			
Accounts Payable	$ 17,503	$ 8,733	$ 45
Accrued and Other Liabilities	16,965	1,511	14
Due to Other Governments	939	7,266	5
Due to Other Funds	107	8,211	1
Total Liabilities	35,514	25,721	65
Fund Balances (Deficits):			
Nonspendable:			
Inventories	—	—	—
Restricted for:			
Development, Tourism, and Recreation	—	—	—
Public Protection	54,901	2,259	—
Committed to:			
General Government Operations	—	—	1,642
Public Protection	245,123	1,748	—
Assigned to:			
Public Protection	6,204	22	—
Unassigned	—	—	—
Total Fund Balances (Deficits)	306,228	4,029	1,642
Total Liabilities and Fund Balances	$ 341,742	$ 29,750	$ 1,707

Insurance Commission	WORKFORCE West Virginia	Wildlife Resources Fund	Total
$ 26,477	$ 1,985	$ 5	$ 337,275
—	—	63,242	120,905
4,077	19	641	7,532
—	—	—	2,433
18	16	—	64
—	15	—	15
—	—	—	1,470
$ 30,572	$ 2,035	$ 63,888	$ 469,694
$ —	$ 292	$ —	$ 26,573
1,248	2,428	—	22,166
—	1,104	—	9,314
10,296	11,806	—	30,421
11,544	15,630	—	88,474
—	15	—	15
—	—	63,888	63,888
—	—	—	57,160
—	—	—	1,642
19,028	—	—	265,899
—	—	—	6,226
—	(13,610)	—	(13,610)
19,028	(13,595)	63,888	381,220
$ 30,572	$ 2,035	$ 63,888	$ 469,694

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)

	Environmental Protection	Public Service Commission	Crime Victims' Compensation
Revenues:			
Intergovernmental	$ 81,971	$ 2,561	$ 400
Licenses, Permits, and Fees	54,442	22,337	1,258
Investment Earnings and Losses	16,607	—	19
Other	6,413	—	13
Total Revenues	159,433	24,898	1,690
Expenditures:			
Legislative	—	—	1,804
Environmental Protection	146,660	—	—
Employment Programs	—	—	—
Revenue	—	—	—
Regulatory Boards and Commissions	—	22,554	—
Total Expenditures	146,660	22,554	1,804
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,773	2,344	(114)
Other Financing Sources (Uses):			
Transfers In	1,095	—	—
Transfers Out	(34,494)	(4,104)	(40)
Total Other Financing Sources (Uses)	(33,399)	(4,104)	(40)
Net Change in Fund Balances	(20,626)	(1,760)	(154)
Fund Balances (Deficits), Beginning of Year	326,854	5,789	1,796
Fund Balances (Deficits), End of Year	$ 306,228	$ 4,029	$ 1,642

Insurance Commission	WORKFORCE West Virginia	Wildlife Resources Fund	Total
$ —	$ 49,162	$ —	$ 134,094
34,797	—	588	113,422
7	—	8,709	25,342
—	—	—	6,426
34,804	49,162	9,297	279,284
—	—	—	1,804
—	—	—	146,660
—	51,546	—	51,546
23,510	—	—	23,510
—	—	—	22,554
23,510	51,546	—	246,074
11,294	(2,384)	9,297	33,210
9,030	—	—	10,125
(24,250)	—	—	(62,888)
(15,220)	—	—	(52,763)
(3,926)	(2,384)	9,297	(19,553)
22,954	(11,211)	54,591	400,773
$ 19,028	$ (13,595)	$ 63,888	$ 381,220


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DEBT SERVICE FUNDS

Nonmajor Funds

West Virginia Infrastructure and Jobs Development Council The Council coordinates the review and funding of water, wastewater, and economic development projects in the State. This Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest for the Council's general obligation debt.

Education, Arts, Sciences, and Tourism Fund This Fund is used to account for and report the financial resources that are restricted, committed, or assigned to expenditure for principal and interest on the bonds issued to provide public financial support for constructing, equipping, improving, and maintaining capital improvement projects which promote education, arts, sciences, and tourism in the State.

Lease Purchase Account This Account is established to ensure that revenues and expenditures for the debt service of the lease-purchase agreements are properly recorded.

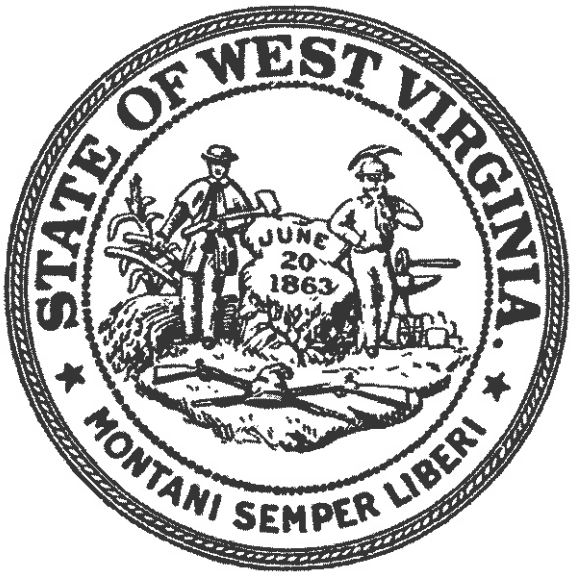
Economic Development Project Fund This Fund is used to account for and report the financial resources that are restricted, committed, or assigned to expenditure for principal and interest on the bonds issued to provide funds to finance a portion of the costs of construction, equipping, improving or maintaining economic development projects, capital improvement projects and infrastructure projects which promote economic development in the State.

Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2017
(Expressed in Thousands)

	Lease Purchase Accounts	Education, Arts, Sciences, and Tourism Fund	Economic Development Project Fund	Total
Assets:				
Cash and Cash Equivalents	$ 6,932	$ 14	$ 46,096	$ 53,042
Receivables, Net	1	1	24	26
Due from Component Units	55	1,000	—	1,055
Total Assets	$ 6,988	$ 1,015	$ 46,120	$ 54,123
Fund Balances:				
Restricted for Debt Service	$ 6,988	$ 1,015	$ 46,120	$ 54,123
Total Fund Balances	$ 6,988	$ 1,015	$ 46,120	$ 54,123

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)

	Lease Purchase Account	West Virginia Infrastructure and Jobs Development Council	Education, Arts, Sciences, and Tourism Fund	Economic Development Project Fund	Total
Revenues:					
Lottery Revenues	$ 661	$ —	$ 9,998	$ —	$ 10,659
Investment Earnings	27	33	12	128	200
Total Revenues	688	33	10,010	128	10,859
Expenditures:					
Administration	3	—	—	—	3
Commerce	—	209	—	—	209
Military Affairs and Public Safety	1	—	—	—	1
Veterans Assistance	1	—	—	—	1
Regulatory Boards and Commissions	1	—	—	—	1
Debt Service:					
Principal	14,525	16,835	3,290	10,650	45,300
Interest	9,822	4,821	6,709	8,052	29,404
Total Expenditures	24,353	21,865	9,999	18,702	74,919
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,665)	(21,832)	11	(18,574)	(64,060)
Other Financing Sources (Uses):					
Face Value of Long-Term Debt Issued	—	28,215	—	—	28,215
Premiums (Discounts) on Bonds Issued	—	3,807	—	—	3,807
Payments to Refunded Bonded Escrow Age	—	(32,022)	—	—	(32,022)
Transfers In	23,775	22,056	—	18,986	64,817
Transfers Out	—	(225)	—	—	(225)
Total Other Financing Sources	23,775	21,831	—	18,986	64,592
Net Change in Fund Balances	110	(1)	11	412	532
Fund Balances, Beginning of Year	6,878	1	1,004	45,708	53,591
Fund Balances, End of Year	$ 6,988	$ —	$ 1,015	$ 46,120	$ 54,123


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INTERNAL SERVICE FUNDS FINANCIAL STATEMENTS

Internal Service Funds account for the operations of those state agencies that provide goods and services to other state agencies and governmental units on a cost-reimbursement basis. The Internal Service Funds consist of the following:

State Building Fund The Fund operates and maintains the primary state government office building complex and related facilities. These facilities are leased to the state agencies that occupy the facilities.

Information Services and Communications The Fund is responsible for establishing, developing, and improving data-processing functions, for promulgating standards for the utilization of data-processing equipment, and for promoting the effective and efficient operation of the legislative, executive, and judicial branches of State Government. Costs are recovered through service charges to user agencies.

Travel Management The Fund, a central motor pool responsible for the storage, maintenance, and repairs of state-owned vehicles and aircraft, is maintained by the Department of Administration. User agencies are billed for leasing such vehicles and for use of aircraft.

Investment Management Board The Board serves as the Trustee to provide prudent fiscal administration, investment, and management of the State's pension funds, workers' compensation, pneumoconiosis, and other long-term funds.

Board of Treasury Investments The BTI serves as the investment vehicle for the operating cash of state agencies and authorities, local governments, and other political subdivisions.

Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2017
(Expressed in Thousands)

	State Building Fund	Information Services and Communication	Travel Management	Enterprise Readiness Planning Board	Investment Management Board	Board of Treasury Investments	Total
Assets:							
Current Assets:							
Cash and Cash Equivalents	$ 2,784	$ 9,022	$ 3,343	$ 4,005	$ 5,184	$ 942	$ 25,280
Receivables, Net	—	435	—	842	8,841	519	10,637
Due from Other Funds	1,855	4,999	101	80	—	—	7,035
Due from Component Units	—	119	26	—	—	—	145
Inventories	571	319	—	—	—	—	890
Other Assets	—	—	—	—	66	—	66
Restricted Assets:							
Cash and Cash Equivalents	—	—	754	—	—	—	754
Total Current Assets	5,210	14,894	4,224	4,927	14,091	1,461	44,807
Noncurrent Assets:							
Restricted Assets:							
Cash and Cash Equivalents	18,508	—	—	—	—	—	18,508
Capital Assets, Net	186,718	1,725	16,689	72,661	313	4	278,110
Total Noncurrent Assets	205,226	1,725	16,689	72,661	313	4	296,618
Total Assets	210,436	16,619	20,913	77,588	14,404	1,465	341,425
Deferred Outflows of Resources:							
Related to Pensions	2,898	8,275	464	1,208	—	—	12,845
Total Deferred Outflows of Resources	2,898	8,275	464	1,208	—	—	12,845
Liabilities:							
Current Liabilities:							
Accounts Payable	2,194	2,964	152	1,042	9,969	474	16,795
Accrued and Other Liabilities	155	416	27	63	—	—	661
Due to Other Governments	63	207	12	40	—	—	322
Due to Other Funds	3,094	8,291	395	241	—	—	12,021
Capital Leases and Other Debt	132	376	6,039	—	—	—	6,547
Capital Leases Payable to Component Units	1,290	—	—	—	—	—	1,290
Total Current Liabilities	6,928	12,254	6,625	1,386	9,969	474	37,636
Noncurrent Liabilities:							
Capital Leases and Other Debt	2,590	929	7,245	—	—	—	10,764
Capital Leases Payable to Component Units	56,760	—	—	—	—	—	56,760
Net Pension Liability	2,650	7,524	420	1,454	—	—	12,048
Compensated Absences	333	1,066	58	285	—	—	1,742
Total Noncurrent Liabilities	62,333	9,519	7,723	1,739	—	—	81,314
Total Liabilities	69,261	21,773	14,348	3,125	9,969	474	118,950
Deferred Inflows of Resources:							
Related to Pensions	1,464	4,397	259	71	—	—	6,191
Total Deferred Inflows of Resources	1,464	4,397	259	71	—	—	6,191
Net Position:							
Net Investment in Capital Assets	127,775	483	4,159	72,661	313	4	205,395
Restricted for Capital Projects	18,508	—	—	—	—	—	18,508
Restricted for General Government Operations	—	—	754	—	—	—	754
Unrestricted (Deficit)	(3,674)	(1,759)	1,857	2,939	4,122	987	4,472
Total Net Position (Deficit)	$142,609	$ (1,276)	$ 6,770	$ 75,600	$ 4,435	$ 991	$ 229,129

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)

	State Building Fund	Information Services and Communication	Travel Management	Enterprise Readiness Planning Board	Investment Management Board	Board of Treasury Investments	Total
Operating Revenues:							
Charges for Services	$ 18,328	$ 39,786	$ 8,424	$ 16,336	$ 46,116	$ 2,844	$ 131,834
Operating Expenses:							
Cost of Sales and Services	20,898	36,612	1,842	10,549	41,451	2,385	113,737
General and Administration	1,696	1,744	509	707	4,558	280	9,494
Pension Expense	332	1,240	55	537	—	—	2,164
Depreciation and Amortization	4,770	986	9,019	4,644	115	2	19,536
Total Operating Expenses	27,696	40,582	11,425	16,437	46,124	2,667	144,931
Operating Income (Loss)	(9,368)	(796)	(3,001)	(101)	(8)	177	(13,097)
Nonoperating Revenues (Expenses):							
Gain (Loss) on Sale of Equipment	(2)	(1)	(127)	—	—	—	(130)
Investment Income	27	—	—	—	16	—	43
Interest Expense	(2,392)	(19)	—	—	—	—	(2,411)
Lottery Revenues	5,705	—	—	—	—	—	5,705
Other Nonoperating Revenues	—	—	299	—	—	—	299
Total Nonoperating Revenues (Expenses), Net	3,338	(20)	172	—	16	—	3,506
Income (Loss) Before Capital Contributions and Transfers	(6,030)	(816)	(2,829)	(101)	8	177	(9,591)
Capital Contributions and Transfers:							
Capital Contribution	1,563	—	—	—	—	—	1,563
Transfers In	6,907	—	1,123	—	—	—	8,030
Transfers Out	(6,008)	—	—	—	—	—	(6,008)
Total Transfers	2,462	—	1,123	—	—	—	3,585
Change in Net Position	(3,568)	(816)	(1,706)	(101)	8	177	(6,006)
Net Position (Deficit), Beginning of Year	146,177	(460)	8,476	75,701	4,427	814	235,135
Net Position (Deficit), End of Year	$ 142,609	$ (1,276)	$ 6,770	$ 75,600	$ 4,435	$ 991	$ 229,129

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)

	State Building Fund	Information Services and Communication	Travel Management	Enterprise Readiness Planning Board	Investment Management Board	Board of Treasury Investments	Total
Cash Flows from Operating Activities:							
Receipts from Customers	$ 16,585	$ 39,929	$ 8,401	$ 16,534	$ 45,955	$ 2,895	$ 130,299
Payments to Suppliers	(22,376)	(23,189)	(2,354)	(13,391)	(40,956)	(2,704)	(104,970)
Payments to Employees	(5,260)	(15,559)	(909)	(322)	(3,582)	—	(25,632)
Net Cash Provided by (Used for) Operating Activities	(11,051)	1,181	5,138	2,821	1,417	191	(303)
Cash Flows from Noncapital Financing Activities:							
Transfers In	6,907	—	1,123	—	—	—	8,030
Transfers Out	(6,008)	—	—	—	—	—	(6,008)
Distributions or Subsidies from (to) Other Organizations	5,705	—	—	—	—	—	5,705
Net Cash Provided by (Used for) Noncapital Financing Activities	6,604	—	1,123	—	—	—	7,727
Cash Flows from Capital and Related Financing Activities:							
Proceeds from Sale of Capital Bonds and Other Debts	—	—	5,027	—	—	—	5,027
Repayment of Capital Debt	(670)	(431)	(6,790)	—	—	—	(7,891)
Interest Paid on Capital Debt	(2,392)	(19)	—	—	—	—	(2,411)
Acquisition and Construction of Capital Assets	(16,963)	(225)	(6,411)	(2,702)	(99)	(2)	(26,402)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(20,025)	(675)	(8,174)	(2,702)	(99)	(2)	(31,677)
Cash Flows from Investing Activities:							
Purchase of Investments	(864)	—	—	—	—	—	(864)
Proceeds from Sale of Investments	864	—	—	—	—	—	864
Investment Earnings	27	—	—	—	13	—	40
Net Cash Provided by (Used for) Investing Activities	27	—	—	—	13	—	40
Net Increase (Decrease) in Cash and Cash Equivalents	(24,445)	506	(1,913)	119	1,331	189	(24,213)
Cash and Cash Equivalents, Beginning of Year	45,737	8,516	6,010	3,886	3,853	753	68,755
Cash and Cash Equivalents, End of Year	$ 21,292	$ 9,022	$ 4,097	$4,005	$ 5,184	$ 942	$ 44,542

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)
(Continued)

	State Building Fund	Information Services and Communication	Travel Management	Enterprise Readiness Planning Board	Investment Management Board	Board of Treasury Investments	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Operating Income (Loss)	$ (9,368)	$ (796)	$ (3,001)	$ (101)	$ (8)	$ 177	$ (13,097)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation and Amortization	4,770	986	9,019	4,644	115	2	19,536
Pension Expense	332	1,240	55	537	—	—	2,164
Changes in Assets, Liabilities, and Deferred Outflows of Resources:							
Receivables	(1,744)	143	(23)	198	(162)	51	(1,537)
Inventories	(42)	136	—	—	—	—	94
Other Assets	—	—	—	—	2	—	2
Accounts Payable and Accrued Liabilities	(4,602)	578	(829)	(1,940)	1,470	(39)	(5,362)
Other Liabilities	65	254	(5)	(267)	—	—	47
Deferred Outflows of Resources	(462)	(1,360)	(78)	(250)	—	—	(2,150)
Net Cash Provided by (Used for) Operating Activities	$ (11,051)	$ 1,181	$ 5,138	$ 2,821	$ 1,417	$ 191	$ (303)
Schedule of Noncash Capital and Financing Activities:							
Contributions of Capital Assets	$ 1,564	$ —	$ —	$ —	$ —	$ —	$ 1,564

PROPRIETARY FUNDS - NONMAJOR

Drinking Water Treatment Revolving Fund Low interest loans are made to communities to assist in financing drinking water infrastructure projects including, but not limited to, treatment, distribution, transmission, and storage. The Fund is to remain in perpetuity by recirculating the principal and interest earned from the loans.

Alcohol Beverage Control Administration The Administration is responsible for the regulation and control of the manufacture, sale, distribution, transportation, storage, and consumption of alcoholic liquors. The Administration shall establish stores and agencies and shall fix uniform prices for the sale of alcoholic liquors.

West Virginia Prepaid College Plan The Plan is responsible for providing individuals and organizations the opportunity to prepay future college tuition and mandatory fees at West Virginia public and private colleges and universities. Prices for contracts are based on weighted-average tuition and mandatory fees as determined annually by the Plan's consulting actuaries and its Board. In March 2003, the West Virginia Legislature closed the Prepaid Tuition Plan to new contracts until the Legislature authorizes the Plan to reopen. The Prepaid Tuition Plan will continue in existence and no contracts in effect will be affected by the closure. All contract holders will continue to pay any amounts due, including monthly installments, penalties and fees, and the Prepaid Tuition Plan will continue to pay all benefits due.

West Virginia Correctional Industries (WVCI) WVCI uses the services of inmates to manufacture and produce articles and products to furnish necessities, including furniture, cleaning supplies, institutional products, signs, and printing services, to any government and/or nonprofit organization in West Virginia, units of the federal government, and units of government of other states. The Commissioner of the Division of Corrections has exclusive authority to execute contracts for the sale of products manufactured or serviced at the State's correctional facilities and shall determine the prices of WVCI articles and products. The prices shall be uniform for all, and as near as is practicable, to the fair market price. The Commissioner may also enter into contracts with private entities under which inmate or resident labor is provided through WVCI for work involving the delivery of products or for service work.

AccessWV The Plan is responsible for providing health care coverage consistent with comprehensive coverage to every eligible person who is not eligible for Medicare. The Plan shall be operated so as to qualify as an acceptable alternative mechanism under the federal Health Insurance Portability and Accountability Act and as an option to provide health insurance coverage for individuals eligible for the federal health care tax credit established by the federal Trade Adjustment Assistance Reform Act of 2002 (Section 35 of the Internal Revenue Code of 1986). The coverage to be issued by the Plan, its schedule of benefits, exclusions, and other limitations shall be established by the board and subject to the approval of the Insurance Commissioner. The Plan will establish and modify, from time to time, as appropriate, rates, rate schedules, rate adjustments, expense allowances, agents' referral fees, claim reserve formulas, and any other actuarial function appropriate to the operation of the Plan.

State Entities Workers' Compensation (SEWC) The Fund is responsible for providing a means of managing workers' compensation coverage for persons directly employed by the State of West Virginia. The West Virginia Offices of the Insurance Commissioner was given the responsibility of administering the SEWC. The SEWC is a public entity risk pool functioning as an insurance purchasing pool.

Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2017
(Expressed in Thousands)

	Business-type Activities – Enterprise Funds		
	Drinking Water Treatment Revolving Fund	Alcohol Beverage Control Administration	West Virginia Prepaid College Plan
Assets:			
Current Assets:			
Cash and Cash Equivalents	$ 21,869	$ 13,374	$ 5,861
Receivables, Net	9,236	428	172
Due from Other Funds	—	—	—
Due from Component Units	—	—	—
Inventories	—	26	—
Other Assets	—	—	—
Total Current Assets	31,105	13,828	6,033
Noncurrent Assets:			
Investments	—	—	49,025
Receivables, Net	132,117	—	37
Capital Assets, Net	—	1,796	—
Total Noncurrent Assets	132,117	1,796	49,062
Total Assets	163,222	15,624	55,095
Deferred Outflows of Resources:			
Related to Pensions	—	980	133
Total Deferred Outflows of Resources	—	980	133
Liabilities:			
Current Liabilities:			
Accounts Payable	—	3,652	82
Accrued Tuition Contract Benefits	—	—	16,023
Accrued and Other Liabilities	—	228	—
Due to Other Funds	—	2,225	245
Due to Component Units	9	—	—
Insurance and Compensation Benefits Obligations	—	—	—
Compensated Absences	—	—	54
Total Current Liabilities	9	6,105	16,404
Noncurrent Liabilities:			
Accrued Tuition Contract Benefits	—	—	45,681
Insurance and Compensation Benefits Obligations	—	—	—
Net Pension Liability	—	1,649	234
Compensated Absences	—	238	—
Total Noncurrent Liabilities	—	1,887	45,915
Total Liabilities	9	7,992	62,319
Deferred Inflows of Resources:			
Related to Pensions	—	179	47
Total Deferred Inflows of Resources	—	179	47
Net Position (Deficit):			
Net Investment in Capital Assets	—	1,796	—
Restricted for:			
General Government Operations	—	—	1,872
Lending Activities	163,213	—	—
Insurance Activities	—	—	—
Unrestricted (Deficit)	—	6,637	(9,010)
Total Net Position (Deficit)	$163,213	$ 8,433	$ (7,138)

West Virginia Correctional Industries	State Entities Workers' Compensation	Total
$ 2,683	$ 11,085	$ 54,872
88	—	9,924
1,253	—	1,253
76	—	76
1,857	—	1,883
—	19,374	19,374
5,957	30,459	87,382
—	—	49,025
—	—	132,154
820	—	2,616
820	—	183,795
6,777	30,459	271,177
—	—	1,113
—	—	1,113
118	—	3,852
—	—	16,023
—	—	228
—	—	2,470
—	—	9
—	5,600	5,600
—	—	54
118	5,600	28,236
—	—	45,681
—	9,100	9,100
—	—	1,883
119	—	357
119	9,100	57,021
237	14,700	85,257
—	—	226
—	—	226
820	—	2,616
—	—	1,872
—	—	163,213
—	15,759	15,759
5,720	—	3,347
$ 6,540	$ 15,759	$ 186,807

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)

	Business-type Activities – Enterprise Funds		
	Drinking Water Treatment Revolving Fund	**Alcohol Beverage Control Administration**	**West Virginia Prepaid College Plan**
Operating Revenues:			
Charges for Services and Sales	$ 1,359	$ 93,039	$ —
Insurance Premiums	—	—	—
Tuition Contracts	—	—	115
Licenses, Permits, and Fees	—	3,794	—
Other	—	59	1,367
Total Operating Revenues	1,359	96,892	1,482
Operating Expenses:			
Cost of Sales and Services	—	72,197	—
Insurance Claims and Claims Adjustment Provisions	—	—	—
Tuition Contract Benefits and Expenses	—	—	1,548
General and Administration	—	4,918	1,080
Pension Expense	—	245	37
Depreciation and Amortization	—	293	—
Other	760	—	—
Total Operating Expenses	760	77,653	2,665
Operating Income (Loss)	599	19,239	(1,183)
Nonoperating Revenues (Expenses):			
Gain (Loss) on Sale of Equipment	—	—	—
Interest and Other Investment Income	195	—	5,588
Other Nonoperating Revenues	—	162	—
Total Nonoperating Revenues (Expenses), Net	195	162	5,588
Income (Loss) Before Transfers	794	19,401	4,405
Transfers:			
Transfers In	7,611	—	—
Transfers Out	—	(26,317)	—
Total Transfers	7,611	(26,317)	—
Change in Net Position	8,405	(6,916)	4,405
Net Position (Deficit), Beginning of Year	154,808	15,349	(11,543)
Net Position (Deficit), End of Year	$ 163,213	$ 8,433	$ (7,138)

West Virginia Correctional Industries	AccessWV	State Entities Workers' Compensation	Total
$ 7,311	$ —	$ —	$ 101,709
—	—	12,901	12,901
—	—	—	115
—	—	—	3,794
—	—	—	1,426
7,311	—	12,901	119,945
3,711	—	—	75,908
—	—	9,769	9,769
—	—	—	1,548
2,784	—	1,535	10,317
—	—	—	282
108	—	—	401
—	—	—	760
6,603	—	11,304	98,985
708	—	1,597	20,960
(7)	—	—	(7)
—	—	95	5,878
—	—	—	162
(7)	—	95	6,033
701	—	1,692	26,993
—	—	—	7,611
(1,065)	(30)	(9,000)	(36,412)
(1,065)	(30)	(9,000)	(28,801)
(364)	(30)	(7,308)	(1,808)
6,904	30	23,067	188,615
$ 6,540	$ —	$ 15,759	$186,807

Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)

	Business-type Activities – Enterprise Funds		
	Drinking Water Treatment Revolving Fund	**Alcohol Beverage Control Administration**	**West Virginia Prepaid College Plan**
Cash Flows From Operating Activities:			
Receipts from Customers	$ 7,540	$ 96,830	$ 108
Payments to Suppliers	—	(73,429)	(614)
Payments to Employees	—	(3,862)	(528)
Payments to Beneficiaries	—	—	(10,825)
Payments for Loans Originated	(16,264)	—	—
Payments for Premiums	—	—	—
Payments to Claimants	—	—	—
Other Operating Cash Receipts	—	—	1,357
Other Operating Cash Payments	(75)	—	—
Net Cash Provided by (Used for) Operating Activities	(8,799)	19,539	(10,502)
Cash Flows from Noncapital Financing Activities:			
Transfers In	7,611	—	—
Transfers Out	—	(26,317)	—
Entitlements and Grants	—	162	—
Provided from Issuing Liquor Licenses	—	—	—
Net Cash Provided by (Used for) Noncapital Financing Activities	7,611	(26,155)	—
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	—	(16)	—
Net Cash Used for Capital and Related Financing Activities	—	(16)	—
Cash Flows from Investing Activities:			
Purchase of Investments	—	—	(994)
Proceeds from Sale of Investments	—	—	11,500
Investment Earnings	195	—	1,005
Net Cash Provided by Investing Activities	195	—	11,511
Net Increase (Decrease) in Cash and Cash Equivalents	(993)	(6,632)	1,009
Cash and Cash Equivalents, Beginning of Year	22,862	20,006	4,852
Cash and Cash Equivalents, End of Year	$ 21,869	$ 13,374	$ 5,861

West Virginia Correctional Industries	AccessWV	State Entities Workers' Compensation	Total
$ 7,858	$ —	$ 18,356	$ 130,692
(3,624)	—	(7)	(77,674)
(2,075)	—	—	(6,465)
—	—	—	(10,825)
—	—	—	(16,264)
—	—	(6,376)	(6,376)
—	—	(8,839)	(8,839)
—	—	—	1,357
(725)	—	(2,111)	(2,911)
1,434	—	1,023	2,695
—	—	—	7,611
(1,065)	(30)	(9,000)	(36,412)
—	—	—	162
—	—	—	—
(1,065)	(30)	(9,000)	(28,639)
(251)	—	—	(267)
(251)	—	—	(267)
—	—	—	(994)
—	—	—	11,500
—	—	95	1,295
—	—	95	11,801
118	(30)	(7,882)	(14,410)
2,565	30	18,967	69,282
$ 2,683	$ —	$ 11,085	$ 54,872

Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)
(Continued)

	Business-type Activities – Enterprise Funds		
	Drinking Water Treatment Revolving Fund	**Alcohol Beverage Control Administration**	**West Virginia Prepaid College Plan**
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	$ 599	$ 19,239	$ (1,183)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by (Used for) Operating Activities:			
Depreciation and Amortization	—	293	—
Pension Expense	—	245	37
Changes in Assets, Liabilities, and Deferred Inflows of Resources:			
Receivables	(9,398)	(61)	76
Inventories	—	11	—
Accounts Payable and Accrued Liabilities	—	31	(29)
Tuition Contracts Benefits and Expenses	—	—	(9,370)
Due to/from Other Funds	—	100	15
Other Liabilities	—	—	—
Compensated Absences	—	(9)	(11)
Deferred Outflows Related to Pensions	—	(310)	(37)
Net Cash Provided by (Used for) Operating Activities	$ (8,799)	$ 19,539	$ (10,502)
Schedule of Noncash Capital and Financing Activities:			
Loans Originated with Principal Forgiveness Features	$ 701	$ —	$ —

West Virginia Correctional Industries	AccessWV	State Entities Workers' Compensation	Total
$ 708	$ —	$ 1,597	$ 20,960
108	—	—	401
—	—	—	282
564	—	18	(8,801)
181	—	—	192
(129)	—	(1,200)	(1,327)
—	—	—	(9,370)
—	—	—	115
—	—	608	608
2	—	—	(18)
—	—	—	(347)
$ 1,434	$ —	$ 1,023	$ 2,695
$ —	$ —	$ —	$ 701

PENSION TRUST AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Pension Trust These Funds are accounted for in essentially the same manner as proprietary funds and are described below:

Consolidated Public Retirement Board The Consolidated Public Retirement Board consists of nine plans. There are eight defined benefit plans as follows: The Public Employees' Retirement System (PERS) plan is a multiple-employer defined benefit, cost-sharing public employee retirement system. This plan covers substantially all employees of the State and its component units, as well as employees of participating nonstate governmental entities who are not participants of another State or municipal retirement system. The Deputy Sheriff Retirement System (DSRS) plan is a multiple-employer defined benefit, cost-sharing public employee retirement system. This plan covers all deputy sheriffs hired on or after July 1, 1998, as well as eligible transferees from PERS. The Emergency Medical Services Retirement System (EMSRS) is a multiple-employer, cost-sharing public employee retirement system which was established for eligible emergency medical service officers. Participation is voluntary. The Teachers' Retirement System (TRS) plan is a multiple-employer defined benefit, cost-sharing public employee retirement system. This plan covers all full-time employees of the public school systems in the State, as well as certain personnel of the State-supported institutions of higher education, State Department of Education, and boards of higher education. The Public Safety Death, Disability and Retirement Fund (PSDDRF) plan is a single-employer defined benefit public employee retirement system. This plan covers all West Virginia State Police hired before July 1, 1994. The State Police Retirement System (SPRS) was implemented to cover all State Police employees hired on or after July 1, 1994. The Judges Retirement System (JRS) plan is a single-employer defined benefit public employee retirement system. This plan covers the State's judges who elect to participate. The Teachers' Defined Contribution Retirement System (TDCRS) plan is a multiple-employer defined contribution retirement system. This plan primarily covers full-time employees of the State's county public school systems. The Municipal Police Officers and Firefighters Retirement System (MPFRS) plan is a multiple-employer defined benefit retirement system. This plan provides for any municipality or municipal subdivision employing municipal police officers or firefighters.

Other Employee Benefit Trust Fund This fund type is used to report a trust arrangement and is accounted for in essentially the same manner as proprietary funds.

The West Virginia Retiree Health Benefit Trust Fund The West Virginia Retiree Health Benefit Trust Fund (RHBT), an irrevocable trust, was established under West Virginia Code 5-16D and is administered by the West Virginia Public Employees Insurance Agency (PEIA) and the PEIA Finance Board. The RHBT is a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. It provides the following basic retiree benefit coverage to all participants: hospital, surgical, group major medical, basic group life, accidental death, dental, and prescription drug coverage for retired employees of the State of West Virginia and various nonstate agencies and their dependents. All premium rates for plan members and employers are established based upon actuarially determined projected coverage costs as reviewed and approved by the Finance Board of PEIA.

Combining Statement of Plan Net Position
Pension Trust and Other Employee
Benefit Trust Funds
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)

	Public Employees' Retirement System	Teachers' Retirement System	Public Safety Death, Disability, and Retirement Fund	State Police Retirement System	Judges' Retirement System
Assets:					
Cash and Cash Equivalents	$ 479	$ 77	$ —	$ —	$ —
Investments:					
Equity in Pooled Investments	6,311,881	7,259,593	641,748	166,483	189,956
Mutual Funds	—	—	—	—	—
Receivables, Net:					
Contributions	8,087	28,967	—	—	—
Participant Loans	5	2,204	—	208	—
Accounts	—	—	—	—	—
Due from Other Funds	65,000	—	—	—	—
Due from Component Units	72	—	—	—	—
Total Assets	6,385,524	7,290,841	641,748	166,691	189,956
Deferred Outflows of Resources:					
Related to Pensions	—	—	—	—	—
Total Deferred Outflows of Resources	—	—	—	—	—
Liabilities:					
Accrued and Other Liabilities	364	379	—	3	—
Due to Other Funds	63	—	—	—	—
Due to Component Units	—	—	—	—	—
Insurance Claims Payable	—	—	—	—	—
Net Pension Liability	—	—	—	—	—
Total Liabilities	427	379	—	3	—
Deferred Inflows of Resources:					
Related to Pensions	—	—	—	—	—
Total Deferred Inflows of Resources	—	—	—	—	—
Net Position Held in Trust for:					
Restricted for:					
Pensions	6,385,097	7,290,462	641,748	166,688	189,956
Other Postemployment Benefits	—	—	—	—	—
Total Net Position	$ 6,385,097	$ 7,290,462	$ 641,748	$ 166,688	$ 189,956

Teachers' Defined Contribution Retirement System	Deputy Sheriff Retirement System	Emergency Medical Services Retirement System	Municipal Police Officers and Fire Fighters Retirement System	Total Pension Trust Funds	Other Employee Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Fund
$ 4,713	$ 46	$ —	$ —	$ 5,315	$ 91,783	$ 97,098
—	199,467	70,455	5,375	14,844,958	735,817	15,580,775
470,828	—	—	—	470,828	—	470,828
1,727	1,005	706	147	40,639	1,222	41,861
246	310	4	—	2,977	—	2,977
—	—	—	—	—	19,549	19,549
—	—	—	—	65,000	1,669	66,669
—	—	—	—	72	273	345
477,514	200,828	71,165	5,522	15,429,789	850,313	16,280,102
—	—	—	—	—	339	339
—	—	—	—	—	339	339
6,615	8	—	—	7,369	3,584	10,953
—	—	—	—	63	1,557	1,620
—	—	—	—	—	6	6
—	—	—	—	—	21,057	21,057
—	—	—	—	—	512	512
6,615	8	—	—	7,432	26,716	34,148
—	—	—	—	—	25	25
—	—	—	—	—	25	25
470,899	200,820	71,165	5,522	15,422,357	—	15,422,357
—	—	—	—	—	823,911	823,911
$ 470,899	$ 200,820	$ 71,165	$ 5,522	$ 15,422,357	$ 823,911	$ 16,246,268

Combining Statement of Changes in Plan Net Position
Pension Trust and Other Employee
Benefit Trust Funds
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)

	Public Employees' Retirement System	Teachers' Retirement System	Public Safety Death, Disability, and Retirement Fund	State Police Retirement System	Judges' Retirement System
Additions:					
Contributions:					
Members	$ 63,578	$ 91,503	$ 362	$ 3,634	$ 372
Employers	165,676	131,289	444	3,657	747
Other	—	320,158	16,875	—	—
Total Contributions	229,254	542,950	17,681	7,291	1,119
Investment Income (Loss):					
Net Appreciation (Depreciation) in Fair Value of Investments	821,805	934,557	82,437	20,938	24,652
Interest	53,285	60,538	5,356	1,408	1,618
Net Investment Income (Loss)	875,090	995,095	87,793	22,346	26,270
Transfers to Plan	110	149	—	—	—
Other Income	1,031	2,822	847	—	—
Total Additions	1,105,485	1,541,016	106,321	29,637	27,389
Deductions:					
Benefits Expense	402,213	780,030	43,325	957	4,510
Forfeitures	—	—	—	—	—
Refunds of Contributions	10,566	9,028	—	497	99
Administrative Expenses	4,989	4,582	46	64	6
Pension Expense	—	—	—	—	—
Transfer from Plan	—	—	—	—	12
Total Deductions	417,768	793,640	43,371	1,518	4,627
Change in Net Position:					
Restricted for Pension Benefits	687,717	747,376	62,950	28,119	22,762
Held in Trust for Other Postemployment Benefits	—	—	—	—	—
Net Position, Beginning of Year	5,697,380	6,543,086	578,798	138,569	167,194
Net Position, End of Year	$ 6,385,097	$ 7,290,462	$ 641,748	$ 166,688	$ 189,956

Teachers' Defined Contribution Retirement System	Deputy Sheriff Retirement System	Emergency Medical Services Retirement System	Municipal Police Officers and Fire Fighters Retirement System	Total Pension Trust Funds	Other Employee Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Fund
$ 6,971	$ 4,166	$ 2,314	$ 846	$ 173,746	$ 88,482	$ 262,228
10,510	5,917	2,859	846	321,945	145,146	467,091
—	—	—	—	337,033	35,000	372,033
17,481	10,083	5,173	1,692	832,724	268,628	1,101,352
34,935	25,591	8,911	566	1,954,392	92,518	2,046,910
14,636	1,691	595	40	139,167	6,929	146,096
49,571	27,282	9,506	606	2,093,559	99,447	2,193,006
—	—	—	—	259	—	259
980	433	—	—	6,113	557	6,670
68,032	37,798	14,679	2,298	2,932,655	368,632	3,301,287
—	8,957	2,201	—	1,242,193	227,096	1,469,289
1,603	—	—	—	1,603	—	1,603
16,829	1,186	575	79	38,859	—	38,859
1,288	102	53	14	11,144	3,268	14,412
—	—	—	—	—	25	25
247	—	—	—	259	—	259
19,967	10,245	2,829	93	1,294,058	230,389	1,524,447
48,065	27,553	11,850	2,205	1,638,597	—	1,638,597
—	—	—	—	—	138,243	138,243
422,834	173,267	59,315	3,317	13,783,760	685,668	14,469,428
$ 470,899	$ 200,820	$ 71,165	$ 5,522	$15,422,357	$ 823,911	$ 16,246,268


STATE OF WEST VIRGINIA
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INVESTMENT TRUST FUNDS

Investment Trust Funds The investment trust funds account for the external portion of the State's external investment pools. The State maintains two external investment pools, the West Virginia Money Market and West Virginia Government Money Market pools. The external portion belongs to local governments and municipalities. These Funds are accounted for in essentially the same manner as proprietary funds.

Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2017
(Expressed in Thousands)

	West Virginia Money Market	West Virginia Government Money Market	Total
Assets:			
Cash and Cash Equivalents	$ 130,499	$ 183,020	$ 313,519
Total Assets	$ 130,499	$ 183,020	$ 313,519
Net Position:			
Held in Trust for External Investment Pool Participants	$ 130,499	$ 183,020	$ 313,519
Total Net Position	$ 130,499	$ 183,020	$ 313,519

Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Year Ended June 30, 2017
(Expressed in Thousands)

	West Virginia Money Market	West Virginia Government Money Market	Total
Additions:			
Deposits, Pool Participants	$ 302,067	$ 254,231	$ 556,298
Investment Income:			
Net Appreciation, in Fair Value of Investments	840	870	1,710
Total Additions	302,907	255,101	558,008
Deductions:			
Withdrawals	270,549	230,705	501,254
Change in Net Position Held in Trust for External Investment Pool Participants	32,358	24,396	56,754
Net Position, Beginning of Year	98,141	158,624	256,765
Net Position, End of Year	$ 130,499	$ 183,020	$ 313,519


STATE OF WEST VIRGINIA
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AGENCY FUNDS

Agency Funds These Funds are custodial in nature and do not involve measurement of operations. They include the following:

Local Government This includes two funds, the Local Government Fund and the Municipal Bond Commission, which account for taxes collected by the State that are to be remitted to respective local governments.

Other Agency Funds These funds are the Consolidated Investment Pool, the Patient Injury Compensation Fund, and other small agency funds which account for various assets and liabilities generated through agency relationships. These include patient and inmate funds and other amounts collected on behalf of third parties, performance bonds required by the Department of Energy and Labor, the Department of Environmental Protection, and other restricted assets held by the Governor's Office of Community and Industrial Development. The Patient Injury Compensation Fund was created for the purpose of providing fair and reasonable compensation in medical malpractice actions for any portion of economic damages awarded that is uncollectible as a result of limitations on economic damage awards for trauma care, or as a result of the operation of the joint and several liability principles and standards set forth in the West Virginia State Code.

Combining Statement of Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)

	Local Government		Other Agency			
	Local Government	Municipal Bond Commission	Consolidated Investment Pool	Patient Injury Compensation Fund	Other Agency Funds	Total
Assets:						
Current Assets:						
Cash and Cash Equivalents	$ 2,008	$ 3,566	$ 78,431	$ 3,147	$ 19,102	$ 106,254
Investments	—	—	9,007	—	—	9,007
Receivables, Net	—	—	104	2	3	109
Total Assets	$ 2,008	$ 3,566	$ 87,542	$ 3,149	$ 19,105	$ 115,370
Liabilities:						
Current Liabilities:						
Accounts Payable	$ —	$ —	$ 17	$ 15	$ —	$ 32
Due to Other Governments	2,008	3,566	—	—	823	6,397
Agency Liabilities	—	—	87,525	3,134	18,282	108,941
Total Liabilities	$ 2,008	$ 3,566	$ 87,542	$ 3,149	$ 19,105	$ 115,370

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Local Government				
Assets:				
Cash	$ 1,854	$ 632,821	$ 632,667	$ 2,008
Due from Other Funds	135	—	135	—
Total Assets	$ 1,989	$ 632,821	$ 632,802	$ 2,008
Liabilities:				
Accounts Payable	$ —	$ 213,376	$ 213,376	$ —
Due to Other Governments	1,989	419,445	419,426	2,008
Total Liabilities	$ 1,989	$ 632,821	$ 632,802	$ 2,008
Municipal Bond Commission				
Assets:				
Cash	$ 17,078	$ 508,368	$ 521,880	$ 3,566
Total Assets	$ 17,078	$ 508,368	$ 521,880	$ 3,566
Liabilities:				
Accounts Payable	$ —	$ 300	$ 300	$ —
Due to Other Governments	17,078	508,068	521,580	3,566
Total Liabilities	$ 17,078	$ 508,368	$ 521,880	$ 3,566
Consolidated Investment Pool				
Assets:				
Cash	$ 4,784	$ 73,263	$ 74,027	$ 4,020
Equity in Pooled Cash Equivalents	41,865	92,090	59,544	74,411
Investments	7,823	1,825	641	9,007
Accrued Interest Receivable	—	104	—	104
Total Assets	$ 54,472	$ 167,282	$ 134,212	$ 87,542
Liabilities:				
Accounts Payable	$ —	$ 6,426	$ 6,409	$ 17
Agency Liabilities	54,472	160,856	127,803	87,525
	$ 54,472	$ 167,282	$ 134,212	$ 87,542

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Patient Injury Compensation Fund				
Assets:				
Cash and Cash Equivalents	$ 33	$ 6,379	$ 5,088	$ 1,324
Equity in Pooled Cash	904	5,629	4,710	1,823
Accrued Interest Receivable	—	2	—	2
Total Assets	$ 937	$ 12,010	$ 9,798	$ 3,149
Liabilities:				
Accounts Payable	$ 1,023	$ 2,299	$ 3,307	$ 15
Agency Liabilities	(86)	9,711	6,491	3,134
Total Liabilities	$ 937	$ 12,010	$ 9,798	$ 3,149
Other Agency Funds				
Assets:				
Cash and Cash Equivalents	$ 14,914	$ 232,515	$ 232,173	$ 15,256
Equity in Pooled Cash	3,739	568	461	3,846
Accrued Interest Receivable	7	3	7	3
Total Assets	$ 18,660	$ 233,086	$ 232,641	$ 19,105
Liabilities:				
Due to Other Governments	$ 910	$ 3,817	$ 3,904	$ 823
Agency Liabilities	17,750	229,269	228,737	18,282
Total Liabilities	$ 18,660	$ 233,086	$ 232,641	$ 19,105
Total All Agency Funds				
Assets:				
Cash and Cash Equivalents	$ 38,663	$ 1,453,346	$ 1,465,835	$ 26,174
Equity in Pooled Cash Equivalents	46,508	98,287	64,715	80,080
Investments	7,823	1,825	641	9,007
Accrued Investment Receivable	7	109	7	109
Due from Other Governments	135	—	135	—
Total Assets	$ 93,136	$ 1,553,567	$ 1,531,333	$ 115,370
Liabilities:				
Accounts Payable	$ 1,023	$ 222,401	$ 223,392	$ 32
Due to Other Governments	19,977	931,330	944,910	6,397
Agency Liability	72,136	399,836	363,031	108,941
Total Liabilities	$ 93,136	$ 1,553,567	$ 1,531,333	$ 115,370

DISCRETELY PRESENTED COMPONENT UNITS FINANCIAL STATEMENTS

Nonmajor Component Units

Educational Broadcasting Authority The Authority is responsible for extending educational, cultural, and informational experiences to all citizens of the State through the construction and operation of noncommercial, educational television and radio stations, and related facilities. Revenues for operations are derived primarily through private donations, with additional supplements from federal and state grants.

Jobs Investment Trust The Board is responsible for improving and promoting economic development in the State. It can issue loans to businesses that will stimulate economic growth and provide or retain jobs in the State.

West Virginia State Rail Authority The Authority is responsible for the rehabilitation, improvement, and restoration of the financial stability of the railway system in the State, enabling it to remain a viable mode of transportation for the public sector. The Authority, empowered to issue bonds and set rates for the rail system, additionally receives federal and state grants to supplement the cost of operations.

Solid Waste Management Board The Board is responsible for the improved collection and disposal of solid wastes, and for encouraging recycling, reuse, or recovery of resources from wastes. The intent of the Board is to become a viable financing mechanism for solid waste projects in West Virginia, and it is empowered to issue bonds and set rate structures at its discretion.

Racing Commission The Commission has full jurisdiction and supervision over all horse and dog race meetings, and all persons involved in the holding or conducting of horse or dog race meetings. It can fix the annual fee for permits and registrations. Other racing taxes and fees are set by West Virginia State Code, Chapter 19, Article 23.

Public Defender Corporation The Corporation is responsible for fulfilling the State's obligation to provide legal representation to eligible clients. Funding of the individual public defender corporations is by appropriation determined by the executive director of the Public Defender Services.

Municipal Pensions Oversight Board The Board's purpose is to monitor and improve the performance of municipal policemen's and firemen's pension and relief funds assuring prudent administration, investment, and management of the funds. The board also assists municipal boards of trustees in performing their duties related to pensions, assures the funds' compliance with applicable laws and distributes insurance premium tax revenues to the individual pension funds.

Combining Statement of Net Position
Nonmajor Discretely Presented Component Units
June 30, 2017
(Expressed in Thousands)

	Educational Broadcasting Authority	Job Investment Trust	WV State Rail Authority
Assets:			
Current Assets:			
Cash and Cash Equivalents	$ 1,432	$ 8,371	$ 6,241
Investments	2,510	—	—
Receivables, Net	955	—	34
Due from Primary Government	15	—	336
Inventories	—	—	19
Other Assets	—	—	—
Restricted Assets:			
Cash and Cash Equivalents	—	—	—
Receivables, Net	—	—	—
Total Current Assets	4,912	8,371	6,630
Noncurrent Assets:			
Investments	—	3,931	—
Receivables, Net	—	3,007	—
Other Assets	—	88	—
Restricted Assets:			
Receivables, Net	—	—	—
Other Restricted Assets	229	—	—
Capital Assets, Net	3,858	97	38,540
Total Noncurrent Assets	4,087	7,123	38,540
Total Assets	8,999	15,494	45,170
Deferred Outflows of Resources:			
Related to Pensions	1,177	107	165
Total Deferred Outflows of Resources	1,177	107	165
Liabilities:			
Current Liabilities:			
Accounts Payable	673	12	30
Accrued and Other Liabilities	—	66	44
Due to Primary Government	2,533	—	875
Unearned Revenue	—	—	3
Compensated Absences	275	—	60
Total Current Liabilities	3,481	78	1,012
Noncurrent Liabilities:			
Accrued and Other Liabilities	—	—	—
Unearned Revenue	—	—	53
Liabilities Payable from Restricted Assets	—	—	—
Net Pension Liability	2,013	179	286
Compensated Absences	—	—	—
Total Noncurrent Liabilities	2,013	179	339
Total Liabilities	5,494	257	1,351
Deferred Inflows of Resources:			
Related to Pensions	147	19	29
Total Deferred Inflows of Resources	147	19	29
Net Position (Deficit):			
Net Investment in Capital Assets	3,858	97	38,540
Restricted for:			
Nonexpendable	229	—	—
Specific Component Unit Purposes	—	—	—
Unrestricted (Deficit)	448	15,228	5,415
Total Net Position (Deficit)	$ 4,535	$ 15,325	$ 43,955

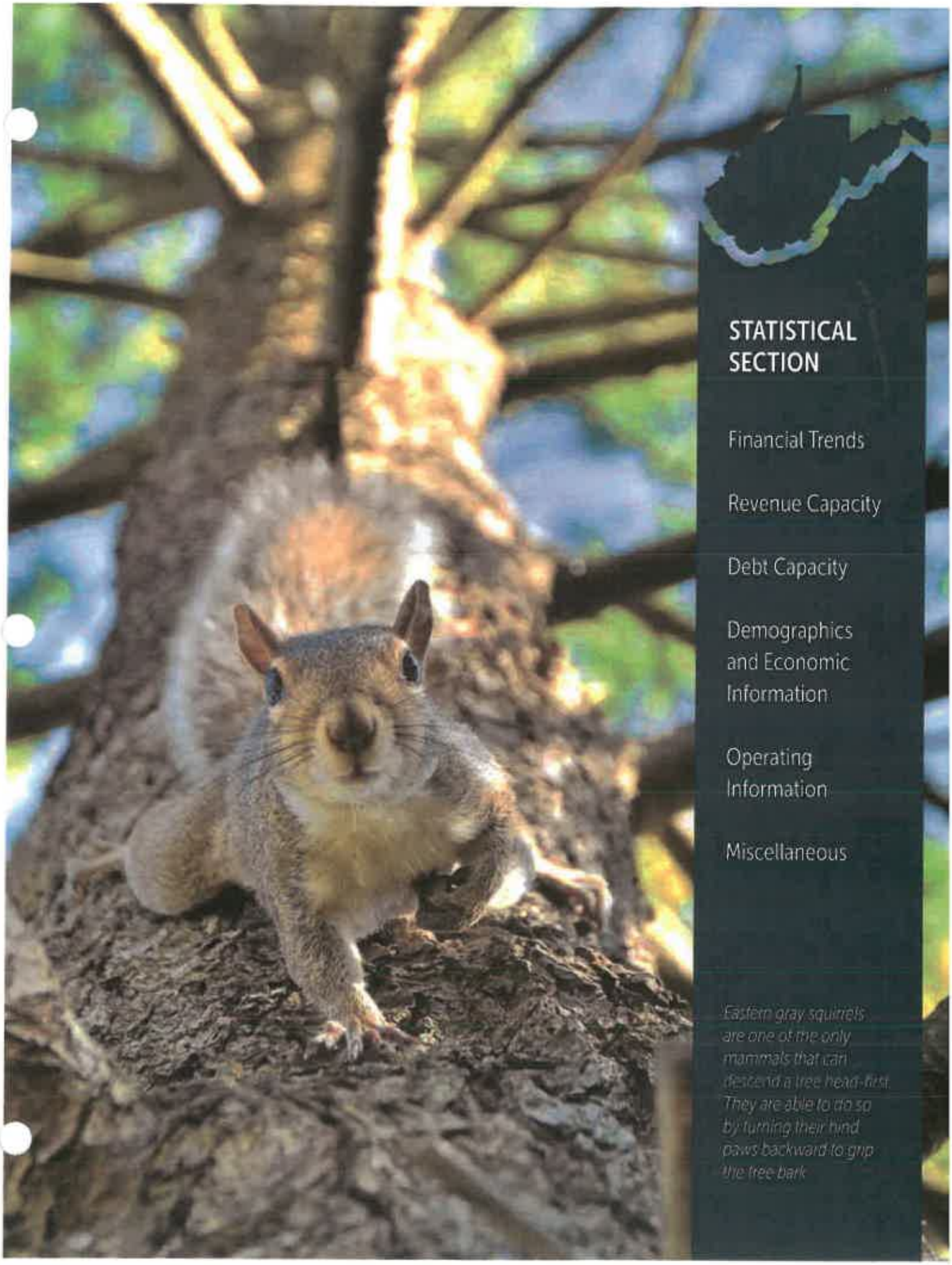
Solid Waste Management Board	Racing Commission	Public Defender Corporation	Municipal Pensions Oversight Board	Total
$ 2,659	$ 2,548	$ 5,704	$ 29,072	$ 56,027
—	—	—	—	2,510
237	25	—	—	1,251
—	3	—	—	354
—	—	—	—	19
1	—	16	—	17
3,821	14,275	—	—	18,096
247	379	—	—	626
6,965	17,230	5,720	29,072	78,900
—	—	—	—	3,931
—	—	—	—	3,007
—	—	—	—	88
609	—	—	—	609
—	—	—	—	229
26	—	875	6	43,402
635	—	875	6	51,266
7,600	17,230	6,595	29,078	130,166
177	687	4,691	81	7,085
177	687	4,691	81	7,085
124	365	10	26	1,240
—	123	388	37	658
351	1,279	4,473	12	9,523
—	—	—	—	3
—	—	927	—	1,262
475	1,767	5,798	75	12,686
200	—	—	—	200
—	—	—	—	53
—	14,275	—	—	14,275
300	1,203	7,492	138	11,611
51	182	—	—	233
551	15,660	7,492	138	26,372
1,026	17,427	13,290	213	39,058
42	198	576	8	1,019
42	198	576	8	1,019
26	—	875	6	43,402
—	—	—	—	229
4,477	—	—	28,932	33,409
2,206	292	(3,455)	—	20,134
$ 6,709	$ 292	$ (2,580)	$ 28,938	$ 97,174

Combining Statement of Activities
Nonmajor Discretely Presented Component Units
For the Fiscal Year Ended June 30, 2017
(Expressed in Thousands)

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue
Component Units:				
Educational Broadcasting Authority	$ 9,546	$ 2,444	$ 1,401	$ (5,701)
Jobs Investment Trust	2,835	393	620	(1,822)
WV State Rail Authority	4,310	2,940	—	(1,370)
Solid Waste Management Board	3,307	2,405	—	(902)
Racing Commission	3,288	2,912	—	(376)
Public Defender Corporation	17,871	—	3	(17,868)
Municipal Pensions Oversight Board	18,087	—	—	(18,087)
Total Component Units	$ 59,244	$ 11,094	$ 2,024	$ (46,126)

General Revenue							
Unrestricted Investment Earnings	Grants and Contributions Not Restricted for Specific Programs	Miscellaneous	Payments from the State of West Virginia	Total General Revenue and Special Item	Change in Net Position	Net Position, Beginning of Year, as Restated	Net Position, End of Year
$ 32	$ 1,293	$ 1,249	$ 4,244	$ 6,818	$ 1,117	$ 3,418	$ 4,535
40	—	—	—	40	(1,782)	17,107	15,325
59	—	—	1,926	1,985	615	42,340	43,955
—	—	28	—	23	(879)	7,588	6,709
—	—	—	—	—	(376)	668	292
3	—	66	18,382	18,451	583	(3,163)	(2,580)
219	—	—	18,331	18,550	463	28,475	28,938
$ 353	$ 1,293	$ 1,338	$ 42,883	$ 45,867	$ (259)	$ 97,433	$ 97,174


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STATISTICAL SECTION

Financial Trends

Revenue Capacity

Debt Capacity

Demographics and Economic Information

Operating Information

Miscellaneous

Eastern gray squirrels are one of the only mammals that can descend a tree head-first. They are able to do so by turning their hind paws backward to grip the tree bark.


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Statistical Section
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Schedule 2 - Changes in Net Position 278
Schedule 3 - Fund Balances - Governmental Funds 282
Schedule 4 - Changes in Fund Balances - Governmental Funds 284

Revenue Capacity Information - These schedules contain trend information to help the reader understand the State's capacity to raise revenues and the sources of those revenues.

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Debt Capacity Information - These schedules contain trend information to help the reader understand the State's outstanding debt, the capacity to repay that debt, and the ability to issue additional debt in the future.

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Demographic and Economic Information - These schedules offer indicators to help the reader understand the environment within which the government's financial activities take place.

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Operating Information - These schedules assist the reader in evaluating the size, efficiency, and effectiveness of the State's government.

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Miscellaneous Statistics - This information may provide the reader with more insight into the State's financial and demographic status.

Schedule 16 - Miscellaneous Statistics 310

Note: GASB 63 was implemented in fiscal year 2013 which changed net assets to net position.

Sources: Unless otherwise noted, the information in the following schedules is derived from the State's Comprehensive Annual Financial Reports.

Schedule 1
Net Position by Component
Last Ten Fiscal Years
(Expressed in Thousands)

	2017	2016	2015	2014
Governmental Activities				
Net Investment in Capital Assets	$ 8,996,053	$ 8,986,789	$ 8,890,142	$ 8,791,243
Restricted	402,490	422,147	439,118	367,636
Unrestricted Net Position (Deficit)	(4,455,964)	(4,563,114)	(4,718,599)	(17,631)
Total Governmental Activities Net Position	$ 4,942,579	$ 4,845,822	$ 4,610,661	$ 9,141,248
Business-type Activities				
Net Investment in Capital Assets	$ 2,863	$ 2,940	$ 2,963	$ 3,175
Restricted	1,809,614	1,741,004	1,813,975	1,812,958
Unrestricted Net Position (Deficit)	282,812	201,954	201,022	41,180
Total Business-type Activities Net Position (Deficit)	$ 2,095,289	$ 1,945,898	$ 2,017,960	$ 1,857,313
Primary Government				
Net Investment in Capital Assets	$ 8,998,916	$ 8,989,729	$ 8,893,105	$ 8,794,418
Restricted	2,212,104	2,163,151	2,253,093	2,180,594
Unrestricted Net Position (Deficit)	(4,173,152)	(4,361,160)	(4,517,577)	23,549
Total Primary Government Net Position	$ 7,037,868	$ 6,791,720	$ 6,628,621	$ 10,998,561

Notes: Beginning in FY 2008, the School Building Authority is no longer included in the Governmental Funds. It is now accounted for as a discretely presented component unit. The 2006-2007 amounts above have not been restated to reflect this change in presentation because the necessary information is not readily available.

Beginning in FY 2010, the WV Infrastructure and Jobs Development Council is no longer included in the Governmental Funds and is now accounted for as an Enterprise Fund. Previous amounts have not been restated.

Beginning in FY 2011, the Lottery is no longer included in the business-type activities. It is now accounted for as a discretely presented component unit. Previous amounts have not been restated.

GASB 63 was implemented in fiscal year 2013 which changed net assets to net position.

2013	2012	2011	2010	2009	2008
$ 8,620,814	$ 8,404,751	$ 8,288,909	$ 7,909,484	$ 7,532,883	$ 7,230,626
407,011	504,680	551,892	435,296	817,524	926,541
78,335	298,279	1,347,124	1,407,481	1,725,672	1,402,670
$ 9,106,160	$ 9,207,710	$ 10,187,925	$ 9,752,261	$ 10,076,079	$ 9,559,837
$ 3,392	$ 4,555	$ 6,200	$ 31,428	$ 11,732	$ 12,330
1,792,845	1,721,727	1,551,461	1,432,449	1,000,274	1,074,139
(222,728)	(450,488)	(568,660)	(744,459)	(1,095,509)	(1,329,576)
$ 1,573,509	$ 1,275,794	$ 989,001	$ 719,418	$ (83,503)	$ (243,107)
$ 8,624,206	$ 8,409,306	$ 8,295,109	$ 7,940,912	$ 7,544,615	$ 7,242,956
2,199,856	2,226,407	2,103,353	1,867,745	1,817,798	2,000,680
(144,393)	(152,209)	778,464	663,022	630,163	73,094
$ 10,679,669	$ 10,483,504	$ 11,176,926	$ 10,471,679	$ 9,992,576	$ 9,316,730

Schedule 2
Changes in Net Position
Last Ten Fiscal Years
(Expressed in Thousands)

	2017	2016	2015	2014
Governmental Activities				
Expenses:				
Legislative	$ 24,189	$ 25,766	$ 26,762	$ 30,147
Judicial	134,351	133,702	126,904	143,929
Executive	176,485	139,580	124,455	154,212
Administration	262,684	234,542	280,007	308,685
Commerce	166,225	166,129	141,566	182,198
Environmental Protection	173,689	84,533	109,036	150,859
Employment Programs	55,231	48,173	43,876	50,406
Education	2,777,727	2,708,236	2,762,735	2,924,767
Health and Human Resources	5,810,783	5,352,930	5,241,337	4,759,982
Military Affairs and Public Safety	502,408	417,604	412,894	424,232
Revenue	89,178	78,504	86,654	131,627
Transportation	1,153,708	1,183,397	1,121,182	1,148,566
Veterans Assistance	20,572	20,588	19,264	23,551
Senior Services	41,934	44,037	49,205	45,846
Regulatory Boards and Commissions	53,909	47,680	74,255	44,847
Interest on Long-Term Debt	110,722	112,273	123,064	119,268
Total Expenses	11,553,795	10,797,674	10,743,196	10,643,122
Program Revenues:				
Charges for Services:				
Legislative	1,268	1,431	1,436	1,440
Judicial	1,768	1,730	944	972
Executive	18,002	14,407	22,440	24,539
Administration	42,766	45,767	51,167	15,608
Commerce	41,017	43,541	46,972	48,312
Environmental Protection	53,209	74,621	71,302	85,487
Employment Programs	—	—	—	—
Education	—	2,580	3,970	3,982
Health and Human Resources	70,812	72,849	84,731	83,974
Military Affairs and Public Safety	16,018	10,868	8,751	9,847
Revenue	42,421	42,754	50,547	33,231
Transportation	101,562	92,171	97,716	92,772
Veterans Assistance	—	—	—	—
Senior Services	3	—	—	—
Regulatory Boards and Commissions	42,259	26,158	31,317	31,403
Total Charges for Services	431,105	428,877	471,293	431,567
Operating Grants and Contributions:				
Legislative	309	136	784	1,523
Judicial	2,899	1,978	2,296	1,453
Executive	24,812	33,725	14,076	64,345
Administration	—	3,006	50,731	43,532
Commerce	60,378	41,846	39,802	54,672
Environmental Protection	87,674	98,312	102,018	103,557
Employment Programs	49,288	48,050	45,306	49,686
Education	440,701	451,719	443,295	405,576
Health and Human Resources	4,319,051	3,940,757	3,811,046	3,385,470
Military Affairs and Public Safety	130,128	118,282	65,630	59,304
Revenue	2,645	1,917	144	35
Veterans Assistance	8,208	8,008	9,604	7,814
Senior Services	22,318	23,489	22,728	22,588
Regulatory Boards and Commissions	2,910	3,049	3,058	2,782
Total Operating Grants and Contributions	5,151,321	4,774,274	4,610,518	4,202,337
Capital Grants & Contributions:				
Executive	—	—	—	—
Administration	1,563	2,552	—	3,180
Education	—	—	—	—
Military Affairs and Public Safety	2,128	1,235	17,241	24,395
Transportation	526,571	452,435	373,708	—
Veterans Assistance	1,564	—	—	476,631
Total Capital Grants and Contributions	531,826	456,222	390,949	504,206
Total Program Revenues	6,114,252	5,659,373	5,472,760	5,138,110
Total Governmental Activities Net Program Expenses	(5,439,543)	(5,138,301)	(5,270,436)	(5,505,012)

2013	2012	2011	2010	2009	2008
$ 34,693	$ 36,722	$ 31,721	$ 28,896	$ 29,552	$ 28,027
129,667	140,515	130,104	124,627	106,933	102,738
117,706	216,356	325,389	261,764	143,872	128,261
309,009	320,377	260,298	163,662	201,469	213,546
233,474	231,178	217,334	204,178	201,901	204,448
168,322	204,158	174,211	141,279	110,652	74,827
47,369	51,595	58,312	57,286	45,000	56,122
3,059,791	3,757,725	2,839,216	2,850,805	2,821,883	2,646,434
4,660,450	4,402,259	4,317,911	4,088,254	3,737,102	3,451,206
446,954	491,717	441,523	441,068	427,575	381,104
62,615	91,344	82,820	270,870	83,458	51,242
1,028,742	1,299,400	1,035,601	1,064,417	977,616	876,073
19,212	27,019	—	—	—	—
47,608	47,561	47,186	46,671	43,729	43,701
62,883	92,662	33,328	36,917	35,079	35,168
125,559	125,105	135,443	135,534	141,756	140,208
10,554,054	11,535,693	10,130,397	9,916,228	9,107,577	8,433,105
1,550	1,591	1,571	1,598	1,644	1,654
969	1,024	1,116	929	907	1,014
21,110	22,093	22,868	19,787	17,365	15,248
31,569	33,180	6,289	29,086	28,337	29,115
43,882	48,928	44,747	46,009	48,685	45,684
84,358	61,188	52,683	49,450	56,016	44,720
—	—	—	—	—	—
3,563	4,362	4,195	3,352	3,096	1,698
90,383	90,604	88,737	84,680	81,230	74,960
10,308	11,146	10,019	10,352	12,957	11,097
30,888	31,729	73,947	69,800	45,944	62,352
100,966	100,700	101,000	100,533	91,669	102,561
—	—	—	—	—	—
—	1	—	1	—	4
25,090	31,254	30,815	30,407	26,121	27,897
444,636	437,800	437,987	445,984	413,971	418,004
984	1,977	634	2,135	1,212	255
491	640	1,049	986	850	813
62,496	136,752	214,224	164,062	40,551	35,615
48,938	45,498	41,426	38,498	37,716	36,670
70,260	70,004	73,424	59,632	34,220	38,138
104,386	142,590	116,378	121,366	67,529	50,090
50,537	51,845	58,008	54,460	46,804	55,839
420,116	446,297	444,269	452,315	377,749	380,708
3,222,601	3,045,355	3,252,622	3,077,246	2,783,872	2,365,068
76,807	82,240	52,057	74,472	67,269	95,331
23	9	28	12	156	—
2,298	—	—	—	—	—
22,025	23,351	22,671	20,614	14,310	21,244
3,033	2,747	2,105	2,014	2,598	2,937
4,084,995	4,049,305	4,278,895	4,067,812	3,474,836	3,082,708
—	—	3	—	—	41
—	2,005	—	57,442	—	28
—	—	—	—	—	1,027
46,326	49,854	74,581	—	11,518	4,743
493,949	519,768	554,394	18,758	476,779	419,810
3,005	5,321	—	558,947	—	—
543,280	576,948	628,978	635,147	488,297	425,649
5,072,911	5,064,053	5,345,860	5,148,943	4,377,104	3,926,361
(5,481,143)	(6,471,640)	(4,784,537)	(4,767,285)	(4,730,473)	(4,506,744)

(Continued)

Schedule 2
Changes in Net Position
Last Ten Fiscal Years
(Expressed in Thousands)
(Continued)

	2017	2016	2015	2014
General Revenue and Other Changes in Net Position				
Taxes:				
Personal Income	$ 1,830,106	$ 1,849,056	$ 1,921,597	$ 1,771,473
Consumer Sales	1,312,353	1,291,813	1,265,957	1,216,812
Business	581,896	640,081	907,362	937,751
Medicaid	217,665	222,578	197,692	189,111
Transportation	593,158	605,403	640,135	628,989
Other	409,426	303,770	249,102	303,889
Entitlements and Grants	–	–	–	31,078
Unrestricted Investment Earnings	73,552	34,380	12,259	71,178
Tobacco Settlement Revenues	61,426	62,697	62,105	61,337
Federal Appropriations – Jobs Growth Tax Relief	–	–	–	–
Lottery Revenue	336,294	342,702	356,401	343,220
Miscellaneous	106,526	129,760	131,023	125,770
Special Item	–	–	–	–
Transfers	15,204	(108,778)	(230,208)	(217,282)
Excess Reserve Transfer to RHBT	–	–	–	–
Total General Revenue, Special Item and Transfers	5,537,606	5,373,462	5,513,425	5,463,326
Total Governmental Activities Changes in Net Position	$ 98,063	$ 235,161	$ 242,989	$ (41,686)
Business-type Activities				
Expenses:				
West Virginia Lottery	$ –	$ –	$ –	$ –
Water Pollution Control Revolving Fund	3,467	4,745	6,358	9,991
Workers' Compensation Fund	134,443	202,406	44,488	129,087
Unemployment Compensation	169,197	509,796	225,940	274,215
WV Infrastructure & Jobs Development Council	23,941	60,622	71,587	29,752
Public Employees' Insurance Agency	552,882	542,825	577,433	573,008
Board of Risk and Insurance Management	66,152	67,650	72,436	67,524
Other Business-type Activities	98,901	103,294	108,868	110,133
Total Expenses	1,048,983	1,491,338	1,107,110	1,193,710
Program Revenues:				
Charges for Services:				
West Virginia Lottery	–	–	–	–
Water Pollution Control Revolving Fund	5,995	5,850	5,725	5,611
Workers' Compensation Fund	35,738	105,897	46,272	45,099
Unemployment Compensation	204,496	431,717	223,836	270,784
WV Infrastructure & Jobs Development Council	3,095	1,940	2,591	3,076
Public Employees' Insurance Agency	576,153	507,419	516,689	515,987
Board of Risk and Insurance Management	64,587	58,303	51,940	45,959
Other Business-type Activities	118,471	118,985	120,634	123,772
Total Charges for Services	1,008,535	1,230,111	967,687	1,010,288
Capital Grants & Contributions:				
Water Pollution Control Revolving Fund	–	–	–	–
West Virginia Lottery	–	–	–	–
Total Capital Grants & Contributions	–	–	–	–
Total Revenues	1,008,535	1,230,111	967,687	1,010,288
Total Business-type Activities Net Program Expenses	(40,448)	(261,227)	(139,423)	(183,422)
General Revenue & Other Changes in Net Assets:				
Unrestricted Investment Earnings	167,076	31,098	29,282	175,662
Tobacco Settlement Revenue	–	–	–	–
Lottery Revenue	31,500	42,735	37,000	57,000
Miscellaneous	6,467	6,554	7,271	17,282
Transfers	(15,204)	108,778	230,208	217,282
Total General Revenue and Other Changes in Net Position	189,839	189,165	303,761	467,226
Total Business-type Activities Changes in Net Position	$ 149,391	$ (72,062)	$ 164,338	$ 283,804
Total Primary Government Change in Net Position	$ 247,454	$ 163,099	$ 407,327	$ 242,118

2013	2012	2011	2010	2009	2008
$ 1,771,481	$ 1,790,146	$ 1,657,258	$ 1,534,970	$ 1,630,492	$ 1,557,957
1,198,983	1,216,561	1,150,887	1,131,075	1,088,901	990,051
923,575	905,515	977,252	844,405	912,252	1,040,604
203,421	190,419	173,103	157,693	165,759	161,896
605,768	594,871	574,949	541,023	533,833	564,736
304,693	318,938	264,260	277,811	297,644	394,798
15,896	5,056	29,995	–	–	–
23,287	54,699	63,821	89,635	(33,983)	89,581
88,327	63,270	61,233	66,199	81,703	73,079
–	–	–	–	–	–
388,888	497,874	408,974	–	–	–
94,150	112,324	103,228	97,791	96,098	128,940
–	–	–	–	–	–
(220,028)	(258,248)	(244,759)	279,309	206,287	214,864
–	–	–	–	–	(108,168)
5,398,441	5,491,425	5,220,201	5,019,911	4,978,986	5,108,338
$ (82,702)	$ (980,215)	$ 435,664	$ 252,626	$ 248,512	$ 601,594
$ –	$ –	$ –	$ 899,247	$ 1,022,747	$ 1,087,321
10,645	5,740	26,723	34,796	1,905	1,651
105,430	147,230	179,803	173,967	36,252	(161,079)
380,239	365,323	444,036	605,272	356,715	175,107
17,669	18,503	16,024	22,882	–	–
490,841	524,789	527,830	437,496	394,616	444,380
57,293	57,288	37,624	35,614	40,498	47,229
114,918	108,221	101,937	97,089	69,184	77,329
1,177,035	1,227,094	1,333,977	2,306,363	1,921,917	1,671,938
–	–	–	1,358,092	1,493,036	1,523,457
5,011	4,631	4,548	4,509	4,154	3,819
54,817	54,361	51,015	50,460	49,921	44,073
356,531	400,238	467,910	510,048	249,996	141,921
2,771	4,381	3,162	2,756	–	–
513,982	499,236	499,726	481,060	402,377	360,564
41,243	45,587	46,376	51,613	56,337	66,592
123,710	117,206	103,143	97,846	90,438	83,542
1,098,065	1,125,640	1,175,880	2,556,384	2,346,259	2,223,968
–	–	–	–	11,384	20,788
–	–	–	–	–	–
–	–	–	–	11,384	20,788
1,098,065	1,125,640	1,175,880	2,556,384	2,357,643	2,244,756
(78,970)	(101,454)	(158,097)	250,021	435,726	572,818
94,612	66,690	160,942	190,159	(86,937)	38,441
–	–	–	–	–	–
57,000	57,000	51,000	–	–	–
6,473	6,309	7,362	54,718	17,102	32,022
220,028	258,248	244,759	(279,309)	(206,287)	(214,864)
378,113	388,247	464,063	(34,432)	(276,122)	(144,401)
$ 299,143	$ 286,793	$ 305,966	$ 215,589	$ 159,604	$ 428,417
$ 216,441	$ (693,422)	$ 741,630	$ 468,215	$ 408,117	$ 1,030,011

Schedule 3
Fund Balances
Governmental Funds
Last Ten Fiscal Years
(Expressed in Thousands)

	2017	2016	2015	2014
General Fund				
Reserved	$ —	$ —	$ —	$ —
Unreserved	—	—	—	—
Nonspendable:				
Inventories	11,113	9,936	10,288	11,485
Receivables	128,761	128,116	129,150	132,830
Restricted for:				
Government Operations	500	132	846	5,600
Development, Tourism, and Recreation	1,768	511	2,376	9,318
Education	180	65	268	1,508
Health & Social Services	527	160	780	3,644
Public Protection	314	81	402	3,411
Committed for:				
General Government Operations	4,771	1,213	5,430	960,077
Rainy Day Funds	663,061	789,352	879,749	—
Development, Tourism, and Recreation	2,246	695	3,160	16,972
Education	24,126	24,031	17,590	18,189
Health & Social Services	5,020	871	5,268	25,700
Public Protection	1,720	479	2,308	10,801
Assigned for:				
General Government Operations	—	6,183	—	26,692
Development, Tourism, and Recreation	—	—		1,219
Education	—	—	—	2,257
Health & Social Services	—	—	—	3,883
Public Protection	—	—	—	1,683
Unassigned	(1,231,719)	(1,324,232)	(1,284,506)	(1,284,401)
Total General Fund	$ (387,612)	$ (362,407)	$ (226,891)	$ (49,132)
All Other Governmental Funds				
Reserved				
Special Revenue Funds	$ —	$ —	$ —	$ —
Permanent Funds	—	—	—	—
Capital Projects	—	—	—	—
Debt Service	—	—	—	—
Unreserved, Reported in:				
Special Revenue Funds	—	—	—	—
Capital Projects	—	—	—	—
Debt Service	—	—	—	—
Nonspendable:				
Inventories	52,860	49,814	48,686	37,980
Permanent Fund	1,000	1,000	1,000	1,000
Receivables	543,598	564,488	585,811	606,938
Restricted for:				
Capital Projects	10,658	12,333	13,270	13,750
Debt Services	153,621	153,646	154,491	153,707
Development, Tourism, and Recreation	63,888	54,591	54,668	52,493
Education	889	584	1,174	357
Public Protection	57,160	51,334	53,233	44,940
Transportation	12,737	12,031	12,968	14,224
Committed for:				
General Government Operations	1,642	1,796	2,268	2,345
Public Protection	265,899	299,757	311,564	290,746
Assigned for:				
Health and Social Services	—	—	—	—
Public Protection	6,226	4,506	7,265	9,596
Transportation	67,439	6,309	61,181	92,946
Unassigned	(13,610)	(9,953)	(9,072)	(8,797)
Total All Other Governmental Funds	1,224,007	1,202,236	1,298,507	1,312,225
Total Fund Balances, Governmental Funds	$ 836,395	$ 839,829	$ 1,071,616	$ 1,263,093

Note: GASB 54 (FY 2010) required reclassification of certain funds.

2013	2012	2011	2010	2009	2008
$ —	$ —	$ —	$ —	$ 400,816	$ 346,377
—	—	—	—	767,100	822,579
13,268	11,143	9,928	11,426	—	—
122,135	111,340	153,307	152,911	—	—
9,821	17,065	5,936	16,012	—	—
14,748	16,162	12,881	12,598	—	—
2,625	2,207	3,582	3,203	—	—
7,300	17,399	14,195	9,962	—	—
6,682	7,217	8,435	17,371	—	—
1,044,948	946,290	421,296	413,657	—	—
—	—	—	—	—	—
33,168	8,745	36,811	46,104	—	—
23,804	14,123	18,376	21,417	—	—
81,720	27,501	220,216	227,265	—	—
20,940	—	20,174	20,691	—	—
32,261	14,117	22,408	21,227	—	—
1,723	—	3,412	3,368	—	—
3,341	—	2,711	2,543	—	—
5,894	—	15,926	28,296	—	—
3,801	—	3,395	4,227	—	—
(1,102,111)	(640,981)	427,107	270,221	—	—
$ 326,068	$ 552,328	$ 1,400,096	$ 1,282,499	$ 1,167,916	$ 1,168,956
$ —	$ —	$ —	$ —	$ 508,529	$ 457,501
—	—	—	—	1,309	1,671
—	—	—	—	67,240	40,681
—	—	—	—	185,540	183,548
—	—	—	—	1,415,461	1,610,996
—	—	—	—	—	—
—	—	—	—	—	—
44,798	47,371	40,434	38,676	—	—
1,000	1,000	1,000	1,000	—	—
627,800	645,301	666,824	—	—	—
32,953	96,637	147,798	28,283	—	—
152,824	151,727	173,097	181,415	—	—
45,840	40,050	40,391	34,877	—	—
327	555	386	393	—	—
41,908	43,114	31,147	23,363	—	—
11,077	17,350	14,584	—	—	—
3,772	5,504	5,843	6,764	—	—
245,947	233,177	220,245	191,383	—	—
28	—	—	649	—	—
5,741	1,357	1,739	2,568	—	—
29,666	—	113,544	23,121	—	—
(6,430)	(8,425)	(6,398)	862,381	—	—
1,237,251	1,274,718	1,450,634	1,394,878	2,178,079	2,294,397
$ 1,563,319	$ 1,827,046	$ 2,850,730	$ 2,677,372	$ 3,345,995	$ 3,463,353

Schedule 4
Changes in Fund Balances
Governmental Funds
Last Ten Fiscal Years
(Expressed in Thousands)

	2017	2016	2015	2014
Revenues:				
Taxes:				
Personal Income	$ 1,846,638	$ 1,853,422	$ 1,915,382	$ 1,768,069
Consumer Sales and Use	1,317,452	1,293,535	1,264,716	1,211,057
Severance	360,801	373,801	589,883	612,283
Corporate Net Income	120,728	152,873	189,473	202,444
Business and Occupation	110,240	119,594	120,426	121,401
Medicaid	215,558	221,717	200,408	184,666
Gasoline and Motor Carrier	389,753	404,321	435,142	433,252
Automobile Privilege	203,405	201,082	204,993	195,737
Wholesale Motor Fuel	—	—	—	—
Other	409,636	303,544	249,071	303,923
Intergovernmental	5,130,386	4,702,423	4,452,997	4,160,993
Licenses, Permits, and Fees	230,571	239,007	242,406	262,481
Motor Vehicle Registration	109,047	94,277	103,092	99,430
Charges for Services	123,512	118,233	124,305	123,767
Lottery Revenue	330,589	336,938	349,853	335,075
Investment Earnings	83,917	34,300	14,298	78,537
Food Stamp Revenue	490,483	496,107	494,131	479,215
Other	177,335	202,768	224,883	224,015
Total Revenues	11,650,051	11,147,942	11,175,459	10,796,345
Expenditures				
Current:				
Legislative	24,461	26,907	28,840	30,224
Judicial	139,774	144,091	140,847	142,859
Executive	176,493	142,313	126,313	182,887
Administration	148,133	126,668	155,998	159,680
Commerce	196,657	180,018	163,777	185,011
Environmental Protection	148,139	151,537	131,371	151,742
Employment Programs	51,546	48,968	45,743	53,540
Education	2,831,189	2,869,977	2,997,533	2,968,967
Health and Human Resources	5,869,748	5,430,561	5,285,201	4,895,617
Military Affairs and Public Safety	525,010	495,656	461,599	466,444
Revenue	95,166	91,050	92,758	150,556
Transportation	894,409	914,909	801,658	845,679
Veterans Assistance	21,036	21,546	20,261	23,464
Senior Services	42,029	44,253	49,439	45,919
Regulatory Boards and Commissions	42,181	36,877	54,965	68,545
Capital Outlay	364,318	359,889	335,493	302,040
Debt Service:				
Principal	75,615	85,180	105,800	101,350
Interest	91,238	95,180	100,348	106,307
Total Expenditures	11,737,142	11,265,580	11,097,944	10,880,831
Excess of Revenues Over (Under) Expenditures	(87,091)	(117,638)	77,515	(84,486)
Other Financing Sources (Uses):				
Fair Value of Long-Term Debt Issued	81,595	—	205,365	—
Premiums on Bonds Issued	8,640	—	39,273	—
Capital Lease Acquisition	13,568	2,019	580	955
Other Nonoperating Revenues	—	—	—	—
Payments to Refunded Bonds Escrow Agents	(32,022)	—	(244,030)	—
Transfers In	204,252	188,770	149,515	134,350
Transfers Out	(191,070)	(304,938)	(388,051)	(351,045)
Excess Reserve Transfer to RHBT	—	—	—	—
Total Other Financing Sources (Uses)	84,963	(114,149)	(237,348)	(215,740)
Net Changes in Fund Balances	$ (2,128)	$ (231,787)	$ (159,833)	$ (300,226)
Debt service as a percentage of noncapital expenditures	1.38%	1.66%	1.92%	2.01%

2013	2012	2011	2010	2009	2008
$ 1,767,626	$ 1,790,299	$ 1,654,563	$ 1,531,867	$ 1,612,897	$ 1,557,352
1,197,317	1,216,286	1,151,363	1,132,951	1,087,130	989,517
547,453	564,327	571,539	530,940	470,266	518,724
230,131	232,266	263,963	227,693	256,389	373,180
125,692	123,137	127,103	133,245	148,247	147,989
219,568	176,661	170,079	157,693	165,759	161,896
417,571	408,571	406,347	393,557	391,903	395,641
188,197	186,300	168,602	147,466	141,930	169,095
—	—	—	—	—	—
304,687	318,999	266,723	279,444	293,654	396,772
4,073,257	4,077,933	4,372,908	4,115,677	3,552,545	3,183,463
245,631	234,984	218,431	214,293	211,932	214,655
93,363	92,951	96,504	91,902	91,667	96,592
128,257	127,806	147,142	135,914	126,317	117,360
380,052	487,122	398,974	—	—	—
28,696	55,931	495,777	100,111	(38,440)	91,030
513,960	491,416	75,594	478,622	372,270	293,439
199,087	209,490	175,821	184,935	197,669	205,820
10,660,545	10,794,479	10,761,433	9,856,310	9,082,135	8,912,525
34,742	36,731	31,916	29,022	29,622	28,163
127,804	139,941	130,574	125,184	110,410	108,075
149,602	216,268	354,357	256,364	146,181	131,404
155,163	190,164	120,881	114,972	127,517	111,866
214,172	226,194	226,931	223,569	214,767	214,102
133,541	152,634	134,515	148,982	117,402	69,882
50,210	55,969	61,536	60,483	47,974	58,563
3,024,480	3,760,480	2,878,686	2,773,160	2,789,173	2,688,399
4,684,841	4,425,591	4,334,459	4,056,573	3,767,274	3,472,108
490,711	526,654	523,868	462,163	425,488	382,372
67,760	91,349	90,370	263,427	89,042	86,496
743,613	1,009,032	741,384	754,486	695,354	579,982
19,114	26,600	—	—	—	—
47,669	47,656	47,292	46,727	43,841	43,719
64,130	93,643	34,540	37,161	35,917	36,469
465,399	334,046	571,034	521,480	579,722	535,538
122,655	341,673	101,978	103,735	103,276	92,338
113,136	113,204	123,841	123,670	129,795	129,705
10,708,942	11,787,829	10,508,162	10,101,158	9,452,755	8,769,181
(48,397)	(993,350)	253,271	(244,848)	(370,620)	143,344
—	18,615	190,755	—	76,835	—
—	1,025	10,292	—	4,129	—
495	234,765	805	—	1,115	3,235
—	—	—	12,505	—	—
—	(20,935)	(37,730)	—	—	—
154,945	170,321	134,473	654,340	653,249	497,811
(370,770)	(434,125)	(378,508)	(383,264)	(475,798)	(347,579)
—	—	—	—	—	(108,168)
(215,330)	(30,334)	(79,913)	283,581	259,530	45,299
$ (263,727)	$ (1,023,684)	$ 173,358	$ 38,733	$ (111,090)	$ 188,643
2.31%	3.98%	2.30%	2.40%	2.64%	2.70%

Schedule 5
Revenue Base
Last Ten Years
(Expressed in Thousands)

Personal Income by Industry - (Calendar Year)	**2016**	**2015**	**2014**	**2013**
Farm Earnings	$ (99,972)	$ (30,770)	$ 19,745	$ (15,408)
Agricultural/Forestry, Fishing, and Other	158,604	160,316	102,143	97,594
Mining	1,897,087	2,725,768	3,423,411	3,749,493
Construction	2,689,538	2,896,798	2,857,279	2,894,652
Manufacturing	3,408,226	3,421,537	3,601,454	3,753,280
Transportation, Warehousing, and Public Utilities	2,151,786	2,159,353	2,127,148	2,134,739
Wholesale Trade	1,467,931	1,557,478	1,539,380	1,519,306
Retail Trade	2,972,989	2,935,939	2,941,483	3,039,500
Finance, Insurance, and Real Estate	1,865,942	1,885,393	1,956,188	2,043,981
Service Industries	15,551,002	15,611,983	15,033,408	14,871,664
Federal, Civilian	2,498,151	2,424,565	2,349,128	2,296,812
Military	277,818	272,963	299,618	327,312
State and Local Government	6,351,203	6,221,514	6,210,344	6,203,760
Tax Revenue – (Fiscal Year)				
Consumer Sales	1,231,000	1,228,100	1,173,100	1,193,300
Personal Income	1,803,000	1,840,100	1,664,100	1,700,500
Severance	276,000	414,000	488,700	409,700
Corporate Income and Business Franchise	144,000	186,000	203,500	238,100
Motor Fuel	396,000	435,000	441,100	408,900
Automobile Privilege	201,082	204,993	195,737	188,197

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not provided. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period available is 2016.

Sources: Bureau of Economic Analysis, State of West Virginia Executive Budget, and the Department of Highways.

2012	2011	2010	2009	2008	2007
$ 19,745	$ (40,920)	$ (51,659)	$ (46,725)	$ (134,000)	$ (78,000)
90,077	97,810	74,187	104,000	111,000	118,000
3,947,662	3,440,574	2,753,612	2,958,000	3,410,000	2,871,000
2,857,741	2,513,975	2,408,107	2,301,000	2,453,000	2,362,000
3,666,492	3,565,688	3,376,006	3,334,000	3,919,000	3,925,000
2,097,404	2,034,076	1,943,157	1,990,000	1,989,000	1,856,000
1,537,622	1,477,230	1,413,039	1,442,000	1,513,000	1,478,000
2,948,321	2,867,136	2,754,166	2,832,000	2,720,000	2,658,000
1,894,862	1,769,826	1,649,776	1,591,000	1,619,000	1,551,000
14,559,593	13,908,974	13,261,227	12,808,000	11,998,000	11,272,000
2,281,687	2,469,552	2,431,677	2,496,000	2,181,000	2,100,000
344,553	466,154	522,277	535,000	436,000	405,000
6,055,436	6,376,291	6,104,522	7,252,000	6,082,000	5,763,000
1,216,000	1,148,200	1,095,700	1,110,000	1,109,800	1,129,500
1,689,000	1,593,200	1,446,900	1,557,400	1,518,700	1,360,500
467,900	440,900	400,600	359,600	338,200	312,200
188,100	303,000	232,900	270,200	388,000	358,400
387,000	397,700	390,900	384,500	404,200	349,200
186,300	168,602	147,466	141,930	169,095	171,429

Schedule 6
Revenue Rates
Last Ten Calendar Years

Personal Income Tax

Single, Head of Household, Widow(er) with Dependent Child and Married Filing Jointly (Unchanged Over Last Ten Years)

Less than $10,000.....3% of the taxable income

At least —	But less than —		
$10,000	$25,000.....	$ 300.00	plus 4.0% of excess over $10,000
$25,000	$40,000.....	$ 900.00	plus 4.5% of excess over $25,000
$40,000	$60,000.....	$1,575.00	plus 6.0% of excess over $40,000
$60,000	.....	$2,775.00	plus 6.5% of excess over $60,000

Business

	2017	2016	2015	2014
Corporate Net Income (applies to C corporations)	6.50%	6.50%	6.50%	7.00%
Severance Tax				
Timber	1.50%	0%	0%	Temporarily Discontinued
Oil/Gas	5%	5%	5%	5%
Coal	Various	Various	Various	Various
Consumer Sales Tax	6%	6%	6%	6%
Food Tax *	0%	0%	0%	0%
Motor Fuel Excise and Sales Tax** (cents per gallon)	35.7	34.6	34.6	34.7
Automobile Privilege Tax	6%	5%	5%	5%

*On July 1, 2012, the tax rate on food declined from 2% to 1%. On July 1, 2013, the food tax was eliminated except when sold prepared or via vending machine.

**As of January 1, 2012, the variable sales and use rate of 11.7 cents per invoiced gallon increased to 12.9 cents per invoiced gallon.

All rates are set by the Legislature.

Sources: State Tax Department and the Division of Motor Vehicles.

Married Filing Separately (Unchanged Over Last Ten Years)

Less than $5,000.....3% of the taxable income

At Least —	But less than —		
$5,000	$12,500.....	$ 150.00	plus 4.0% of excess over $ 5,000
$12,500	$20,000.....	$ 450.00	plus 4.5% of excess over $ 12,500
$20,000	$30,000.....	$ 787.50	plus 6.0% of excess over $ 20,000
$30,000	.....	$1,387.50	plus 6.5% of excess over $ 30,000

2013	2012	2011	2010	2009	2008
8.50%	8.50%	8.50%	8.50%	8.50%	8.75%
1.22%	1.22%	Temporarily Discontinued	Temporarily Discontinued	1.22%	1.22%
5% Various	5% Various	5% Various	5% Various	5% Various	5% Various
6%	6%	6%	6%	6%	6%
1%	3% / 2%	3%	3%	3%	4%
33.4	32.2 / 33.4	32.2	32.2	32.2	32.2
5%	5%	5%	5%	5%	5%

Schedule 7

Revenue Payers by Industry/Category
Most Current Available Year and
Historical Comparison
(Dollars Expressed in Thousands)

Consumers Sales and Service Tax & Use Tax

Tax Year 2013

Industry	Remittance	Percent of Total	Accounts	Percent of Total
Agriculture, Forestry Fishing and Hunting	$ 2,562,463	0.21%	649	1.56%
Mining, Quarrying, and Oil and Gas Extraction	14,747,163	1.19%	295	0.71%
Construction	39,145,299	3.15%	3,716	8.92%
Manufacturing	73,281,413	5.90%	3,083	7.40%
Wholesale Trade	109,243,636	8.80%	2,838	6.81%
Retail Trade	565,962,381	45.61%	9,406	22.58%
Finance and Insurance	11,623,578	0.94%	471	1.13%
Services	348,897,658	28.11%	18,783	45.10%
Other	75,533,745	6.09%	2,411	5.79%
Total	$ 1,240,997,336	100.00%	41,652	100.00%

Tax Year 2004

Industry	Remittance	Percent of Total	Accounts	Percent of Total
Agriculture, Forestry, Fishing and Hunting	$ 4,263,248	0.40%	1,520	2.16%
Mining, Quarrying, and Oil and Gas Extraction	5,715,604	0.53%	1,502	2.13%
Construction	32,432,170	3.00%	11,977	17.02%
Manufacturing	53,336,059	4.94%	4,062	5.77%
Wholesale Trade	90,177,184	8.35%	3,164	4.50%
Retail Trade	582,626,343	53.95%	16,075	22.84%
Finance and Insurance	3,115,399	0.29%	579	0.82%
Services	244,810,238	22.67%	26,800	38.08%
Other	63,413,908	5.87%	4,698	6.68%
Total	$1,079,890,153	100.00%	70,377	100.00%

Note: Due to confidentiality issues, the names of revenue payers are not provided. This information is an alternative regarding the sources of the State's revenue.

Source: West Virginia State Tax Department

Personal Income Tax

Tax Year 2015

Income Level	Tax Liability	Percent of Total	Returns	Percent of Total
$0 - $10,000	$ 5,272,893	0.30%	236,651	27.90%
$10,000 - $20,000	47,459,937	2.66%	123,579	14.57%
$20,000 - $40,000	170,695,066	9.56%	162,763	19.20%
$40,000 - $60,000	213,223,266	11.93%	104,607	12.33%
Over $60,000	1,349,611,684	75.55%	220,536	26.00%
Total	$1,786,262,846	100.00%	848,136	100.00%

Tax Year 2006

Income Level	Tax Liability	Percent of Total	Returns	Percent of Total
$0 - $10,000	$ 18,619,641	1.39%	251,245	32.97%
$10,000 - $20,000	61,443,632	4.60%	123,103	16.15%
$20,000 - $40,000	173,037,512	12.95%	156,696	20.56%
$40,000 - $60,000	214,708,216	16.07%	99,970	13.12%
Over $60,000	868,594,173	64.99%	131,030	17.20%
Total	$1,336,403,174	100.00%	762,044	100.00%

Schedule 8
Ratios of Outstanding Debt
Last Ten Fiscal Years
(Dollars Expressed in Thousands)

	Primary Government – Debt			
	2017	2016	2015	2014
Governmental Activities:				
General Obligation Bonds	$ 359,261	$ 393,089	$ 412,368	$ 460,428
Revenue Bonds	1,182,921	1,142,347	1,185,022	1,226,587
Capital Leases and Notes Payable	28,168	28,153	28,813	27,405
Capital Leases Payable to Component Units	260,955	275,765	260,995	243,790
Total Governmental Activities	1,831,305	1,839,354	1,887,198	1,958,210
Enterprise Activities:				
Revenue Bonds	185,290	191,049	197,762	112,735
Total Primary Government Debt	$ 2,016,595	$ 2,030,403	$ 2,084,960	$2,070,945

Note: The Infrastructure and Jobs Development Council revenue bonds were previously included in the governmental activities. Beginning in 2012, "capital leases payable to component units" is separately presented from "capital leases and notes payable" in Schedule 8. This reclassification is so the presentation of capital leases payable to component units is consistent in the government-wide Statement of Net Position.

	Governmental Activities Tax Income					
Year	Personal Income	Consumer Sales and Use	Business	Transportation	Other	Total
2017	$ 1,830,106	$ 1,312,353	$ 581,896	$ 593,158	$ 627,091	$ 4,944,604
2016	1,849,056	1,291,813	640,081	605,403	526,348	4,912,701
2015	1,921,597	1,265,957	907,362	640,135	446,794	5,181,845
2014	1,771,473	1,216,812	937,751	628,989	493,000	5,048,025
2013	1,771,481	1,198,983	923,575	605,768	508,114	5,007,921
2012	1,790,146	1,216,561	905,515	594,871	509,357	5,016,450
2011	1,657,258	1,150,887	977,252	574,949	437,363	4,797,709
2010	1,534,970	1,131,075	844,405	541,023	435,504	4,486,977
2009	1,630,492	1,088,901	912,252	533,833	297,644	4,463,122
2008	1,557,957	990,051	1,040,604	564,736	394,798	4,548,146

	General Obligation Bond Debt Ratios			
Year	General Obligation Bond Debt	Percent of Tax Income	Percent of Personal Income	Amount of Debt Per Capita*
2017	$ 359,261	7.27%	0.54%	$ 0.20
2016	393,089	8.00%	0.58%	0.21
2015	412,368	7.96%	0.62%	0.22
2014	460,428	9.12%	0.70%	0.25
2013	498,776	9.96%	0.78%	0.27
2012	533,304	10.63%	0.86%	0.29
2011	580,357	12.10%	0.98%	0.31
2010	622,928	13.88%	1.08%	0.34
2009	665,294	14.91%	1.16%	0.37
2008	705,955	15.52%	1.30%	0.39

Primary Government – Debt

2013	2012	2011	2010	2009	2008
$ 498,776	$ 533,304	$ 580,357	$ 622,928	$ 665,294	$ 705,955
1,266,848	1,330,795	1,366,199	1,243,106	1,405,645	1,362,022
34,104	34,025	330,722	336,143	322,776	338,603
256,155	275,530	—	—	—	—
2,055,883	2,173,654	2,277,278	2,202,177	2,393,715	2,406,580
115,497	113,950	116,319	118,612	—	—
$2,171,380	$2,287,604	$ 2,393,597	$ 2,320,789	$ 2,393,715	$ 2,406,580

Total Debt Ratios

Year	Total Debt	Percent of Tax Income	Percent of Personal Income	Amount of Debt Per Capita*
2017	$ 2,016,595	40.78%	3.01%	1.10
2016	2,030,403	41.33%	3.00%	1.10
2015	2,084,960	40.24%	3.12%	1.13
2014	2,070,745	41.35%	3.24%	1.12
2013	2,171,380	43.36%	3.39%	1.17
2012	2,287,604	45.60%	3.68%	1.23
2011	2,393,597	49.89%	4.03%	1.29
2010	2,320,789	51.72%	4.03%	1.28
2009	2,393,715	53.63%	4.16%	1.32
2008	2,406,580	52.91%	4.45%	1.33

All General Obligation Bonds carry a pledge of the State to levy taxes if funds are insufficient to meet debt service.

Infrastructure bonds are paid from the dedication of the first $24 million in severance tax collections.

Safe Roads Bonds are paid from a debt service fund which is administered by the West Virginia State Treasurer's Office. The Division of Highways makes a monthly transfer to this fund from the Road Fund. The monthly transfer amount is equal to 10% of the annual debt service requirements on all Safe Roads Bonds.

*These ratios are calculated using the current fiscal year debt total divided by personal income and population for the prior calendar year. See Schedule 10 for personal income and population data.

Schedule 9
Pledged Revenue Coverage
Last Ten Fiscal Years
(Dollars Expressed in Thousands)

Department of Transportation
West Virginia Code Chapter 17, Article 17A provides for the issuance of Surface Transportation Improvement Special Obligation Notes (GARVEE bonds) to facilitate the construction of highways, secondary roads and bridges to be funded wholly or in part by federal dollars and in anticipation of reimbursement from such sources. Title 23, Section 122 federal legislation allows this reimbursement. There is a Memorandum of Agreement between the Federal Highway Administration and the Division of Highways that documents the procedures for managing the stewardship and oversight of highway projects that are financed with the proceeds of these notes first issued in fiscal year 2007.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Current Year Debt Service Requirements			
				Principal	Interest	Total	Coverage
2017	$ —	$ —	$ —	$ —	$ —	$ —	0.00
2016	—	—	—	—	—	—	0.00
2015	27,504	—	27,504	25,650	1,854	27,504	1.00
2014	27,519	—	27,519	24,475	3,044	27,519	1.00
2013	27,547	—	27,547	23,370	4,177	27,547	1.00
2012	27,588	—	27,588	22,425	5,163	27,588	1.00
2011	27,575	—	27,575	21,520	6,055	27,575	1.00
2010	27,591	—	27,591	20,845	6,746	27,591	1.00
2009	14,692	—	14,692	10,550	4,200	14,750	1.00
2008	14,745	—	14,745	10,285	4,460	14,745	1.00

WV Infrastructure and Jobs Development Council
The primary source of repayment for the revenue and refunding bonds is the receipt of payments of principal and interest on a set of loans, known as defined loans, previously made to projects from revenue bond proceeds. New bonds were issued in 2017 to refund earlier bond issues.

2017	$ 29,097	$ 17,264	$ 11,833	$ 83,805	$ 3,634	$ 87,439	0.14
2016	38,048	58,856	(20,808)	2,720	4,640	7,360	(2.83)
2015	28,840	70,089	(41,249)	2,620	4,746	7,366	(5.60)
2014	49,441	30,909	18,532	2,710	4,845	7,555	2.45
2013	49,211	18,762	30,449	29,230	4,410	33,640	0.91
2012	50,861	26,532	24,329	2,465	5,476	7,941	3.06
2011	48,900	18,101	30,799	2,390	5,563	7,953	3.87
2010	43,671	20,913	22,758	2,310	5,644	7,954	2.86
2009	79,414	16,309	63,105	15,035	19,987	35,022	1.80
2008	78,698	18,988	59,710	14,625	20,492	35,117	1.70

Tobacco Settlement Finance Authority

Pursuant to the Code, and a Purchase and Sale Agreement, dated June 1, 2007, by and between the Authority and the State, the State sold to the Authority its right, title, and interest in and to all tobacco settlement revenue that is received by the State, under the terms of the Master Settlement Agreement entered into by participating tobacco product manufacturers, West Virginia, 45 other states, and six other U.S. jurisdictions in November 1998. The Series 2007 Bonds are secured by and are payable solely from the right, title, and interest of the Authority of 100% of the tobacco receipts, and investment earnings on the accounts with the trustee under the Indenture.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Current Year Debt Service Requirements			
				Principal	Interest	Total	Coverage
2017	$ 68,009	$ 116	$ 67,893	$ 15,090	$ 53,355	$ 68,445	1.00
2016	66,356	130	66,226	12,405	54,281	66,686	0.99
2015	67,029	17	67,012	12,205	55,192	67,397	0.99
2014	67,499	149	67,350	11,815	56,068	67,883	0.99
2013	93,889	24	93,865	36,360	58,790	95,150	0.99
2012	67,599	34	67,565	8,515	59,425	67,940	0.99
2011	66,382	27	66,355	6,690	59,925	66,615	1.00
2010	70,404	21	70,383	10,070	60,677	70,747	0.99
2009	83,205	58	83,147	19,910	62,237	82,147	1.01
2008	77,447	25	77,422	12,320	58,771	71,091	1.09

Economic Development Project Fund

West Virginia State Code Chapter 29, Article 22, Section 18a designates $19 million annually from the "excess lottery revenue fund" to be paid into the Economic Development Project Fund created in subsection (d) for payment of revenue bonds issued pursuant to the same subsection. Interest on the account and any other amounts paid into the Economic Development Project Fund are also to be used for the repayment of the bonds, which were issued in 2004.

2017	$ 19,114	$ —	$ 19,114	$ 10,650	$ 8,052	$ 18,702	1.03
2016	19,051	—	19,051	10,105	8,610	18,715	1.02
2015	19,206	—	19,206	9,660	9,104	18,764	1.02
2014	19,852	—	19,852	9,240	9,538	18,778	1.06
2013	20,210	—	20,210	8,850	9,944	18,794	1.08
2012	19,290	—	19,290	8,495	10,317	18,812	1.03
2011	19,569	—	19,569	8,175	10,655	18,830	1.04
2010	19,411	—	19,411	7,890	10,955	18,845	1.03
2009	19,698	—	19,698	7,645	11,220	18,865	1.04
2008	20,560	—	20,560	7,440	11,446	18,886	1.09

(Continued)

Schedule 9
Pledged Revenue Coverage
Last Ten Fiscal Years
(Dollars Expressed in Thousands)
(Continued)

Education, Arts, Sciences, and Tourism
Certain net profits of the Lottery as set forth in Chapter 29, Article 22 of the Code of West Virginia are transferred to the Trustee under the bond indenture. These bonds are subordinate as to lien and source of payment only to those certain School Building Authority Capital Improvement Bonds, Series 2004 and 2012.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Current Year Debt Service Requirements			
				Principal	Interest	Total	Coverage
2017	$ 10,010	$ —	$ 10,010	$ 3,290	$ 6,709	$ 9,999	1.00
2016	9,996	—	9,996	3,130	6,865	9,995	1.00
2015	9,996	—	9,996	3,010	6,985	9,995	1.00
2014	9,999	—	9,999	2,880	7,119	9,999	1.00
2013	10,000	—	10,000	2,770	7,230	10,000	1.00
2012	10,012	3	10,009	2,685	7,310	9,995	1.00
2011	8,001	315	7,686	9,605	6,285	15,890	0.48
2010	8,242	3	8,239	9,115	643	9,758	0.84
2009	10,046	3	10,043	8,660	1,109	9,769	1.03
2008	10,601	3	10,598	8,210	1,563	9,773	1.08

Economic Development Authority
The Economic Development Authority (EDA) has issued Revenue Bonds to provide financial assistance to state governmental entities for the acquisition and construction of facilities deemed to be in the public interest. The EDA has lease-purchase agreements with the State, and the State makes the payments to the trustee. Upon repayment of the bonds, ownership of the acquired facilities transfers to the governmental entity served by the bond issuance.

2017	$ —	$ —	$ 26,455	$ 14,810	$ 11,645	$ 26,455	1.00
2016	—	—	25,780	13,775	12,005	25,780	1.00
2015	—	—	23,478	13,065	10,413	23,478	1.00
2014	—	—	23,290	12,365	10,925	23,290	1.00
2013	—	—	22,681	10,885	11,796	22,681	1.00
2012	—	—	259,285	251,468	7,817	259,285	1.00

Housing Development Fund
Operating revenue includes revenues and principal loan repayments. Both are used for bond repayment. The Fund is authorized by West Virginia State Code to issue bonds and notes for its various programs in an aggregate principal amount not to exceed $1.25 billion outstanding at any one time, exclusive of refunded obligations. Bonds and notes issued by the Fund are considered obligations of the Fund and are not deemed to constitute a debt or liability of the State. All bonds are secured by a pledge of all mortgage loan repayments, all proceeds of federal or private mortgage insurance, interest received on any monies or securities held pursuant to the resolution, and the rights and interest of the Fund in and to the mortgage loans.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Current Year Debt Service Requirements			
				Principal	Interest	Total	Coverage
2017	$ 93,181	$ 7,022	$ 86,159	$ 27,075	$ 10,967	$ 38,042	2.26
2016	97,344	6,980	90,364	24,240	12,690	36,930	2.44
2015	94,554	7,435	87,119	23,345	14,769	38,114	2.28
2014	102,230	7,334	94,896	22,970	16,139	39,109	2.42
2013	130,658	7,393	123,265	25,065	20,168	45,233	2.73
2012	144,583	9,462	135,121	20,651	25,694	46,345	2.92
2011	125,325	9,325	116,000	16,594	30,479	47,073	2.46
2010	130,282	6,009	124,273	19,198	33,963	53,161	2.34
2009	136,802	7,367	129,435	21,816	37,681	59,497	2.18
2008	146,744	7,230	139,514	23,521	39,135	62,656	2.23

Water Development Authority

The Authority maintains a variety of programs to provide long-term, short-term and private-activity financing at favorable interest rates for design, construction, and/or acquisition of wastewater and/or water systems. Monies are loaned to municipalities, public service districts, and other political subdivisions through purchase of revenue bonds or notes issued by these local governmental agencies. The loans are repaid from the revenues of the systems or other permanent financing. The aggregate principal amount of bonds and/or notes issued by the Authority may not exceed $500 million outstanding at any time; provided that before the Authority issues bonds or notes in excess of $400 million, the Legislature must pass a resolution authorizing this action. An additional aggregate principal amount of $180 million may be issued for the limited purpose of providing grants for capital improvements for designated projects in the Chesapeake Bay and Greenbrier Watershed areas. The Authority's long-term planning is accomplished within the confines of its authorized borrowing limit. Operating revenue includes revenues and principal loan repayments. Both are used for bond repayment. Fiscal year 2013 includes retirement of revenue bonds.

2017	$ 12,681	$ 1,633	$ 11,048	$ 54,880	$ 63,040	$ 117,920	0.69
2016	13,294	1,685	11,609	8,034	8,251	16,285	0.71
2015	14,060	1,624	12,436	7,875	8,494	16,369	0.76
2014	14,134	2,347	11,787	50,610	9,537	60,147	0.20
2013	14,538	2,723	11,815	75,830	6,886	82,716	0.14
2012	14,715	2,166	12,549	6,930	11,334	18,264	0.69
2011	15,274	2,283	12,991	7,160	11,616	18,776	0.69
2010	15,355	1,091	14,264	6,930	11,874	18,804	0.76
2009	15,731	809	14,922	6,685	12,110	18,795	0.79
2008	15,882	620	15,262	6,330	12,326	18,656	0.82

(Continued)

Schedule 9
Pledged Revenue Coverage
Last Ten Fiscal Years
(Dollars Expressed in Thousands)
(Continued)

Higher Education Fund
Various individual institutions, as well as the Fund, have issued bonds which are generally payable from tuition and registration fees. Several bond issues, including 2009 Series A, 2010 Series A, B and C, and a 2012 Series A and B are to be repaid using certain Lottery funds. During fiscal years 2011 and 2012, Higher Education had a series of revenue bond refinancings that resulted in an increase in principal and interest payments.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Current Year Debt Service Requirements			
				Principal	Interest	Total	Coverage
2017	$ 1,687,251	$ 1,717,659	$ (30,408)	$ 93,417	$ 59,644	$ 153,061	(0.20)
2016	1,660,924	1,712,074	(51,150)	40,620	58,309	98,929	(0.52)
2015	1,632,186	1,669,579	(37,393)	89,575	54,237	143,812	(0.26)
2014	1,625,089	1,620,246	4,843	45,900	53,211	99,111	0.05
2013	1,640,124	1,613,438	26,686	229,125	20,349	249,474	0.11
2012	1,596,324	1,664,940	(68,616)	226,945	57,079	284,024	(0.24)
2011	1,554,057	1,620,575	(66,518)	71,574	32,361	103,935	(0.64)
2010	1,467,996	1,547,741	(79,745)	25,184	30,716	55,900	(1.43)
2009	1,447,422	1,409,047	38,375	24,169	31,745	55,914	0.69
2008	1,508,466	1,317,474	190,992	24,006	31,650	55,656	3.43

West Virginia Regional Jail and Correctional Facility Authority
Revenue bonds are secured by the regional jails and correctional facilities and an irrevocable pledge of the lease payments, which are generated by court fees, and are required to be in sufficient amount to pay principal and interest on the bonds when due.

2017	$ 93,493	$ 82,258	$ 11,235	$ 6,936	$ 1,854	$ 8,790	1.28
2016	89,639	76,579	13,060	6,537	1,653	8,190	1.60
2015	86,862	72,677	14,185	6,150	2,716	8,866	1.60
2014	89,254	72,944	16,310	5,840	3,030	8,870	1.83
2013	98,547	74,860	23,687	5,550	3,321	8,871	2.67
2012	102,043	77,064	24,979	5,270	3,592	8,862	2.82
2011	88,773	77,797	10,976	5,015	3,975	8,990	1.22
2010	75,434	79,054	(3,620)	4,770	4,097	8,867	(0.41)
2009	97,048	79,508	17,540	4,550	4,320	8,870	1.98
2008	85,688	70,194	15,494	4,335	4,533	8,868	1.75

Note: Details regarding the State's debt can be found in Note 10 to the basic financial statements.

School Building Authority

The Authority provides funds for modern efficient public school facilities throughout the State by promoting the consolidation of elementary and secondary public schools. The bonds are paid by certain net profits of the West Virginia Lottery.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Current Year Debt Service Requirements			
				Principal	Interest	Total	Coverage
2017	$ 60,010	$ 8,069	$ 51,941	$ 27,235	$ 14,169	$ 41,404	1.26
2016	64,044	10,180	53,864	25,900	12,457	38,357	1.40
2015	62,533	10,525	52,008	29,555	14,812	44,367	1.17
2014	64,779	—	64,779	36,930	15,564	52,494	1.23
2013	58,758	—	58,758	35,275	16,047	51,322	1.14
2012	62,068	—	62,068	33,980	17,077	51,057	1.22
2011	59,003	—	59,003	31,620	17,972	49,592	1.19
2010	52,931	—	52,931	29,850	18,877	48,727	1.09
2009	47,636	—	47,636	14,940	16,743	31,683	1.50
2008	43,166	17,891	25,275	23,725	13,584	37,309	0.68

Parkways Authority

Revenue bonds are secured by a pledge of substantially all Parkways Authority operating revenues and all monies deposited into accounts created by the Trust Indentures. Only total debt service is available.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Debt Service	Coverage
2017	$ 92,436	$ 41,621	$ 50,815	$ 10,760	4.72
2016	93,223	39,123	54,100	10,755	5.03
2015	88,625	40,904	47,721	10,577	4.51
2014	84,730	39,070	45,660	10,529	4.34
2013	83,438	35,772	47,666	11,186	4.26
2012	83,574	35,043	48,531	10,541	4.60
2011	82,440	35,891	46,549	10,515	4.43
2010	79,188	33,134	46,054	10,670	4.32
2009	53,541	30,908	22,633	12,218	1.85
2008	56,690	31,183	25,507	11,852	2.15

Sources: Department of Transportation; School Building Authority; West Virginia Infrastructure and Jobs Development Council; Housing Development Fund; Water Development Authority; Higher Education Fund; West Virginia Regional Jail and Correctional Facility Authority; Parkways Authority; Tobacco Settlement Finance Authority; and bond indentures.

Schedule 10
Demographic and Economic Indicators
Last Ten Calendar Years

	2016	2015	2014	2013
Population				
West Virginia (in millions)	1,831,102	1,844,128	1,850,326	1,854,304
Change	-0.71%	-0.33%	-0.21%	-0.06%
National (in millions)	323,127,513	321,418,820	318,857,056	316,128,839
Change	0.53%	0.80%	0.86%	0.70%
Total Personal Income (Dollars in Millions)				
West Virginia	$ 67,062	$ 67,787	$ 66,857	$ 65,889
Change	-1.07%	1.39%	1.45%	3.00%
National	$ 15,912,777	$ 15,463,981	$ 14,683,147	$ 14,151,427
Change	2.90%	5.32%	3.62%	5.59%
Per Capita Personal Income* (In Dollars)				
West Virginia	$ 36,624	$ 36,578	$ 36,132	$ 35,533
Change	0.13%	1.23%	1.66%	3.06%
National	$ 49,246	$ 48,112	$ 46,049	$ 44,765
Change	2.36%	4.48%	2.79%	4.85%
Median Age	42.2	41.8	41.3	41.3
Educational Attainment				
9th Grade or Less	4.4%	5.2%	5%	5.4%
Some High School, No Diploma	9.6%	9.8%	9.9%	10.0%
High School Diploma	39.7%	40.7%	41.1%	40.2%
Some College, No Degree	18.1%	18.5%	18.4%	18.6%
Associate, Bachelor's or Graduate Degree	28.2%	25.7%	25.7%	25.7%
Labor Force and Employment (People in Thousands)				
Civilian Labor Force	771.8	776	787.8	797.4
Employed	732.5	730.1	733.5	744.6
Unemployed	39.3	45.9	54.3	52.8
Unemployment Rate	5.1%	5.9%	6.9%	6.6%
Nonfarm Wage and Salary Workers Employed in West Virginia Goods Producing Industries:				
Mining	20.7	23.7	25.5	33.3
Construction	29.5	31.2	27.7	31.9
Manufacturing - Durable Goods	27.5	28.0	28.9	30.1
Manufacturing - Nondurable Goods	18.7	18.9	18.8	18.9
Total Goods Producing Industries	96.4	101.8	100.9	114.2
Non-Goods Producing Industries:				
Trade	109.4	112.4	107.9	108.8
Service	389.0	397.9	389.6	398.4
State and Local Government	134.8	132.2	130.0	132.8
Federal Government	23.9	23.4	22.2	23.2
Total Non-Goods Producing Industries	657.1	665.9	649.7	663.2
Total Nonfarm Wage and Salary Employment	753.5	767.7	750.6	777.4

The most current period available is 2016.

*Per capita personal income is calculated by dividing total personal income by population.

Various population, personal income, and per capita personal income figures have been amended from last year's schedule.

Sources: WORKFORCE West Virginia Research, Information, and Analysis Office, the Census, the Survey of Current Business, and the Bureau of Economic Analysis

2012	2011	2010	2009	2008	2007
1,855,413	1,855,364	1,852,994	1,819,777	1,814,873	1,811,198
0.00%	0.13%	1.83%	0.27%	0.20%	0.22%
313,914,040	311,591,917	308,745,538	307,006,550	304,374,846	301,579,895
0.75%	0.92%	0.57%	0.86%	0.93%	1.00%
$ 63,968	$ 62,178	$ 59,417	$ 57,535	$ 57,576	$ 54,100
2.88%	4.65%	3.27%	(0.07)%	6.43%	4.32%
$ 13,401,869	$ 12,981,741	$ 12,353,577	$ 11,916,773	$ 12,451,660	$ 11,900,562
3.24%	5.08%	3.67%	(4.30)%	4.63%	5.72%
$ 34,477	$ 33,513	$ 32,042	$ 31,137	$ 31,286	$ 29,497
2.88%	4.59%	2.91%	(0.48)%	6.07%	3.97%
$ 42,693	$ 41,663	$ 39,937	$ 38,846	$ 40,947	$ 39,506
2.47%	4.32%	2.81%	(5.13)%	3.65%	4.72%
41.3	41.1	41.3	40.5	40.6	40.4
5.6%	6.8%	6.1%	6.5%	6.6%	7.0%
9.9%	11.3%	10.7%	10.7%	11.1%	11.8%
40.6%	41.3%	41.6%	41.0%	40.9%	41.1%
19.0%	17.6%	18.3%	18.5%	18.5%	16.7%
25.0%	23.0%	23.3%	23.2%	22.9%	23.4%
805.0	799.9	782.3	797.9	806.0	813.0
746.0	736.1	711.1	734.6	772.0	778.0
59.0	63.8	71.2	63.3	34.0	35.0
7.3%	8.0%	9.1%	7.9%	4.3%	4.3%
33.7	33.6	29.9	29.6	30.7	27.5
35.6	33.0	32.6	34.1	38.4	38.7
29.6	30.0	29.6	30.9	35.2	37.2
19.6	19.5	19.5	19.8	21.1	21.8
118.5	116.1	111.6	114.4	125.4	125.2
111.0	109.9	109.2	110.0	114.4	116.2
381.7	376.2	372.5	369.9	374.0	369.5
130.7	128.3	128.3	126.3	123.7	122.6
23.3	23.5	24.3	23.6	22.9	22.5
646.7	637.9	634.3	629.8	635.0	630.8
765.2	754.0	745.9	744.2	760.4	756.0

Schedule 11
Principal Employers
Current Year and Nine Years Ago

Estimated as of June 30, 2017

Major West Virginia Employers	Number of Employees	Percentage of Total Employed
Local Government	75,000 - 79,999	10.30%
State Government	40,000 - 44,999	5.80%
Federal Government	20,000 - 24,999	3.24%
WVU MEDICINE (formerly West Virginia United Health System)	14,000 - 16,999	2.12%
Wal-Mart Associates, Inc.	10,000 - 12,999	1.57%
Charleston Area Medical Center, Inc.	6,000 - 7,999	0.96%
Kroger	3,000 - 4,999	0.55%
Mylan Pharmaceuticals, Inc.	3,000 - 4,999	0.55%
Lowe's Home Centers, Inc.	1,000 - 2,999	0.27%
St. Mary's Medical Center, Inc.	1,000 - 2,999	0.27%
Cabell-Huntington Hospital, Inc.	1,000 - 2,999	0.27%
Wheeling Hospital, Inc.	1,000 - 2,999	0.27%
Res-Care Inc.	1,000 - 2,999	0.27%

Estimated as of June 30, 2008

Major West Virginia Employers	Number of Employees	Percentage of Total Employed
Local Government	70,000 - 74,999	9.63%
State Government	30,000 - 39,999	5.14%
Federal Government	20,000 - 24,999	2.92%
Wal-Mart Associates, Inc.	13,000 - 14,000	1.81%
West Virginia University Hospitals	7,000 - 8,999	1.04%
Charleston Area Medical Center, Inc.	5,000 - 6,999	0.78%
Kroger	4,000 - 5,999	0.65%
CSX/CSX Hotels, Inc. (The Greenbrier and Railroad)	1,000 - 2,999	0.58%
American Electric Power	1,000 - 2,999	0.26%
Eldercare Resources Corporation	1,000 - 2,999	0.26%
Lowe's Home Centers, Inc.	1,000 - 2,999	0.26%
St. Mary's Hospital	1,000 - 2,999	0.26%
Consolidation Coal	1,000 - 2,999	0.26%

Source: WORKFORCE West Virginia Research, Information, and Analysis Office.

Schedule 12
Education Enrollment
Last Ten Fiscal Years

Public School Enrollment Grades Pre-K Through 12

Year	Elementary (Pre-K to 6)	Secondary (7 to 12)	Total All Grades
2016-17	154,180	118,986	273,166
2015-16	157,003	120,134	277,137
2014-15	158,815	121,084	279,899
2013-14	160,112	120,901	281,013
2012-13	160,721	121,589	282,310
2011-12	160,571	121,517	282,088
2010-11	160,015	122,115	282,130
2009-10	159,205	122,623	281,828
2008-09	157,520	124,388	281,908
2007-08	155,832	125,903	281,735

Higher Education Enrollment
Colleges and Universities

	Public		Independent	
Year	Enrollment	Number of Certificates and Degrees	Enrollment	Number of Certificates and Degrees
2016-17	84,447	18,573	8,607	2,109
2015-16	86,427	18,521	8,654	1,862
2014-15	87,082	18,410	8,637	1,794
2013-14	90,028	18,012	8,496	1,772
2012-13	92,140	16,938	8,758	2,425
2011-12	96,573	16,512	8,758	2,991
2010-11	96,555	15,733	11,496	2,879
2009-10	94,952	15,185	12,168	2,678
2008-09	89,280	14,917	11,279	2,560
2007-08	88,276	15,040	11,131	2,686

Sources: West Virginia Board of Education and West Virginia Higher Education Policy Commission.

Schedule 13
State Employees by Function
Last Ten Fiscal Years

	2017	2016	2015	2014
Executive *	857	899	931	920
Legislative	164	182	189	210
Judicial	1,137	1,072	1,109	1,079
Administration	895	927	914	908
Commerce				
Division of Natural Resources (Parks)	696	701	703	741
Tourism and Development	147	144	141	146
WORKFORCE West Virginia	320	332	365	390
Other	321	379	408	428
Environmental Protection	794	811	850	883
Education and the Arts				
Department of Education	473	511	507	528
School for the Deaf and the Blind	160	158	161	178
Rehabilitation Services	528	532	539	558
Higher Education	10,556	10,501	11,633	11,676
Other	229	267	259	268
Revenue	905	953	987	1,028
Health and Human Services	5,250	5,437	5,463	5,514
Military Affairs and Public Safety (MAPS)				
Corrections	1,885	1,987	1,688	1,839
Juvenile Services	466	549	516	511
State Police	984	1,025	1,050	1,037
Regional Jail Authority	846	935	948	971
Other	660	610	591	569
Veterans Assistance	223	210	207	226
Transportation	5,530	5,646	5,629	5,723
Miscellaneous	483	511	519	535
Total	34,509	35,279	36,307	36,866

Notes:
*Executive includes the offices of the Governor, Treasurer, Secretary of State, Auditor, Attorney General, and Agriculture.

Sources: Leave system data warehouse reports, Higher Education Policy Commission, Housing Development Fund, and the Supreme Court of Appeals.

2013	2012	2011	2010	2009	2008
932	958	946	921	927	916
213	221	216	218	216	213
1,055	1,069	1,042	1,010	961	912
889	683	693	679	696	659
748	756	752	798	836	844
163	162	160	155	162	164
391	396	409	440	399	397
441	439	400	400	391	379
855	842	832	823	804	821
550	584	601	576	579	560
174	193	182	195	202	192
531	564	555	563	542	518
11,717	11,575	11,431	10,965	10,762	10,383
280	279	285	274	286	272
1,062	1,094	1,080	1,067	1,057	1,087
5,630	5,621	5,535	5,562	5,495	5,556
1,760	1,758	1,725	1,700	1,692	1,684
676	712	718	681	640	610
1,024	1,067	1,043	1,033	1,026	1,011
911	912	883	886	896	903
620	556	530	511	486	525
246	240	227	213	181	161
5,876	5,834	5,776	5,346	5,658	5,499
533	506	509	497	488	490
37,277	37,021	36,530	35,513	35,382	34,756

Schedule 14
Operating Indicators by Function
Last Ten Fiscal Years

	2017	2016	2015*
Department of Transportation			
Division of Highways			
Total highway construction projects authorized	813	1,042	891
Number of roadway resurfacing projects	294	519	483
Highway mileage resurfaced (in miles)	1,140	1,729	1,481
WORKFORCE West Virginia (Employment Programs)			
Applications processed for job seekers (in thousands)	114	96	102
Filled job openings	3,147	2,969	3,235
Department of Education			
Schools receiving exemplary accreditation status	N/A	N/A	N/A
Schools receiving full accreditation status	N/A	N/A	N/A
School districts receiving full approval status	N/A	N/A	N/A
Department of Health and Human Resources			
Number of food stamp recipients	322,086	333,938	360,266
Number of food stamps issued	40,337,523	40,796,612	40,995,643
Medicaid enrollees	651,031	649,111	632,808
Counties enrolled in managed care	100%	100%	100%
Child support collections (in millions)	$189	$214	$212
Students served by school-based health clinics	37,456	29,045	28,053
Division of Natural Resources			
Attendance at State Parks (in millions)	6.8	7.1	7.0
Hunting and Fishing License Sales (Calendar year)	852,909	868,658	913,578
Individuals whitewater rafting on rivers (Calendar year)	131,027	131,022	134,170
Department of Environmental Protection			
Division of Air Quality			
Number of air quality inspections	470	583	546
Average days open per complaint	8.60	6.80	8.24
Division of Land Restoration Programs			
Organizations that adopted highways	74	1,835	1,301
Division of Mining and Reclamation			
Surface mine blasting examinations and certifications	234	147	134
Surface mine mineral extractions inspections	18,935	19,739	20,205
Number of acres reclaimed through reclamation/restoration of land	891	527	398
Office of Miners Health and Safety (Calendar Year)			
Total Safety Inspections	5,328	5,002	5,750
Violations issued by mine inspectors	7,205	7,527	8,767
Lost time injuries of mining personnel	369	355	584
Department of Military Affairs and Public Safety			
Division of Corrections			
Adult inmate housing capacity	5,956	5,989	5,987
Inmate employment (Prison Industries)	244	245	240
Youth successfully completed programs/returned to community (calendar year)	110	188	166
Veterans' Home			
Average daily number of residents	70	74	81
Average daily cost per resident	$112.44	$107.02	$97.62
Bureau of Senior Services			
Persons served under Medicaid Aged and Disabled Waiver	6,151	6,385	6,455

N/A – Information is not available. Accreditation has been suspended for school years beginning with 2014-15 and 2013-14 due to development of new state accreditation standards.

* Information revised

Source: State of West Virginia Executive Budget Operating Detail Reports and state agencies.

2014	2013	2012	2011	2010	2009	2008
757	806	1,305	1,070	1,231	702	1,169
325	348	775	508	584	208	527
975	1,067	1,716	995	1,328	479	1,557
114	141	145	141	175	150	141
3,725	4,673	4,943	4,673	4,673	7,003	8,380
N/A	8%	7.98%	9.06%	8.36%	8.17%	10.00%
N/A	63.72%	72.08%	71.57%	69.73%	71.80%	80.00%
N/A	89.09%	87.27%	89.09%	89.09%	89.09%	96.00%
351,392	342,831	339,258	338,665	326,730	288,500	245,931
39,975,707	41,335,676	40,951,366	41,314,740	39,885,163	31,098,046	24,555,462
551,682	410,770	415,030	414,935	405,178	393,187	307,686
100%	100%	100%	100%	100%	95%	93%
$208	$209	$213	$222	$201	$204	$201
24,391	20,708	28,436	27,076	24,992	20,380	20,224
7.0	7.0	6.8	6.5	6.3	5.9	6.7
927,069	911,219	881,062	879,678	914,474	1,005,953	983,544
130,192	140,027	142,036	156,962	155,712	164,325	181,105
700	550	2457	2,236	1,503	1,795	2,096
17.00	9.75	10.80	11.06	12.87	15.30	32.41
1,256	1,227	1,186	1,867	1,536	1,879	1,834
111	114	125	109	118	149	123
21,086	21,790	20,530	21,243	20,812	13,391	21,183
700	1,202	7,842	5,887	2,784	2,298	2,483
6,751	6,690	6,432	5,413	5 873	5,980	5 709
11,415	13,267	15,705	18,708	15,306	14,804	16,130
639	570	648	784	801	809	973
5,923	5,778	5,242	5,185	5,114	5,113	5,017
244	250	253	243	242	247	245
179	180	163	148	159	159	156
87	86	98	100	97	97	95
$97.15	$107.14	$87.05	$77.32	$76.53	$70.78	$71.19
6,208	7,107	8,530	8,029	5,950	6,449	5,300

Schedule 15

Capital Assets Statistics by Function

Last Ten Fiscal Years

	2017	2016	2015	2014
Vehicles				
Executive	235	218	227	219
Judicial	20	18	20	20
Administration				
Agency-Owned	10	9	8	6
Leased to other agencies	2,434	2,502	2,664	2,114
Totals	2,444	2,511	2,672	2,120
Revenue	1	—	—	—
Commerce				
Division of Natural Resources (Parks)	907	581	710	606
Division of Forestry	140	119	135	139
Others	18	14	18	15
Total Commerce	1,065	714	863	760
Environmental Protection	8	8	8	17
Education	48	30	42	53
Health and Human Services	42	35	38	29
Military Affairs and Public Safety (MAPS)				
West Virginia State Police	1,164	867	1,014	895
Division of Corrections	29	26	25	47
Regional Jail	—	—	51	28
Others	27	23	25	37
Total MAPS	1,220	916	1,115	1,007
Veterans Affairs	89	77	80	68
Regulatory Boards and Commissions	2	2	2	2
Boats				
Commerce	209	196	103	97
Environmental Protection	16	15	8	8
Buildings				
Executive	27	72	28	27
Administration	75	71	70	69
Revenue	2	2	2	2
Commerce				
Division of Natural Resources (Parks)	885	903	907	909
Division of Forestry	5	5	5	5
Others	12	11	11	11
Total Commerce	902	919	923	925
Environmental Protection	6	6	7	7
Education	72	79	79	69
Health and Human Services	106	106	106	105
Military Affairs and Public Safety (MAPS)				
West Virginia State Police	97	97	92	91
Division of Corrections	64	66	63	59
Armory Board	149	149	149	112
Others	63	66	66	64
Total MAPS	373	378	370	326
Veterans Affairs	11	10	10	10
Regulatory Boards and Commissions	4	4	4	4

Sources: Financial Accounting and Reporting Section; West Virginia Financial Information Management System; Fixed Asset detailed ledger.

2013	2012	2011	2010	2009	2008
195	192	178	185	171	169
19	15	14	14	12	10
6	7	6	6	6	4
2,021	2,035	1,743	1,731	1,685	1,648
2,027	2,042	1,749	1,737	1,691	1,652
1	1	1	0	0	1
549	571	510	582	584	570
135	96	132	136	133	130
17	17	8	7	7	7
701	684	650	725	724	707
8	11	10	11	11	11
48	42	44	51	58	42
29	25	28	68	72	68
902	852	947	992	999	1,110
45	42	36	40	40	38
27	27	40	94	99	104
33	32	34	34	31	30
1,007	953	1,057	1,160	1,169	1,282
67	75	70	72	59	56
2	2	2	2	2	2
100	92	93	90	95	94
7	7	7	7	6	5
26	29	28	28	28	28
71	78	78	72	70	68
3	3	2	2	2	2
907	905	889	889	889	884
5	5	5	5	5	5
11	8	8	8	8	8
923	918	902	902	902	897
7	7	8	7	7	7
69	82	81	91	91	90
107	108	108	108	109	109
90	90	85	85	85	83
55	55	53	55	55	54
109	154	157	158	167	165
59	55	51	50	46	43
313	354	346	348	353	345
10	10	9	9	9	9
4	3	3	3	3	3

Schedule 16
Miscellaneous Statistics
June 30, 2017

Date of Statehood	June 20, 1863

West Virginia shares its history with Virginia from 1609 until Virginia seceded from the Union in 1861. The delegates of 40 western counties formed their own government, which was granted statehood in 1863. Declared a state by President Abraham Lincoln, West Virginia is the only state to be designated by Presidential Proclamation.

Form of Government	Constitutional Representative Government
Branches of Government	Legislative - Executive - Judicial
Area (Land and Water)	24,231.4 square miles (approximately)
Highest Elevation Point	Spruce Knob - 4,861 feet above sea level
Lowest Elevation Point	Harpers Ferry - 247 feet above sea level
Miles of Public Roads and Streets	38,770
Miles Maintained by the State	34,691
State Police Protection:	
Number of State Police Detachments	56
Number of State Police Troopers	624
Higher Education (State Supported):	
Number of Campuses	21
Number of Students	84,447
Recreation:	
Number of State Parks	38
Area of State Parks	80,000 acres
Number of State Forests	8
Area of State Forests	72,000 acres
Number of State Owned and Operated Rail Trails	11
Distance of Rail Trails	277 miles
Wildlife Fish and Game Management Areas	105
Acreage of Wildlife Management Areas (Owned and Leased)	380,143 acres

Sources: Division of Highways, Division of Public Safety, Higher Education Policy Commission, and Division of Natural Resources.

West Virginia

Single Audit







For the year ended June 30, 2017

STATE OF WEST VIRGINIA SINGLE AUDIT

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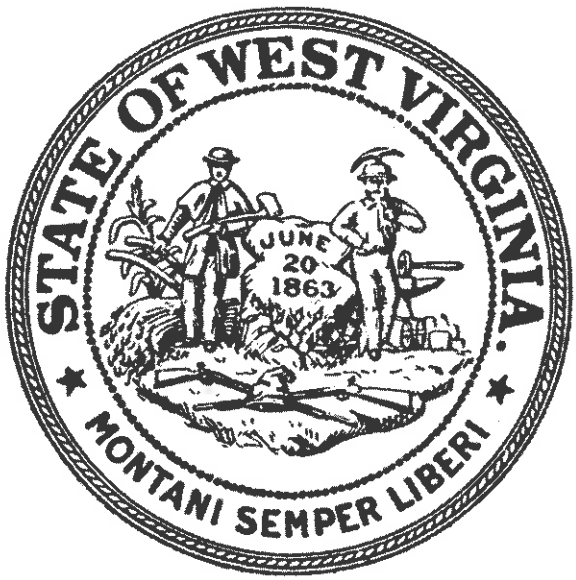
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STATE OF WEST VIRGINIA
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AUDITORS' REPORTS

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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Jim Justice, Governor
of the State of West Virginia

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of West Virginia as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the State of West Virginia's basic financial statements, and have issued our report thereon dated December 30, 2017. Our report includes a reference to other auditors who audited the financial statements of certain entities within the governmental activities, the business-type activities, the aggregate discretely presented component units, certain major funds, and the aggregate remaining fund information as described in our report on the State of West Virginia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the West Virginia Investment Management Board was not audited in accordance with *Government Auditing Standards*, the West Virginia Housing Development Fund, the West Virginia Water Development Authority, School Building Authority, and the following discretely presented component units of the Higher Education Fund discretely presented component unit: Big Green Scholarship Foundation, Inc.; Bluefield State College Foundation, Inc.; Bluefield State College Research and Development Corporation; Concord University Foundation, Inc.; Fairmont State Foundation, Inc.; Glenville State College Foundation, Inc.; The Marshall University Foundation, Inc.; New River Community and Technical College Foundation, Inc.; Provident Group-Marshall Properties, LLC; Shepherd University Foundation, Inc.; Southern West Virginia Community College Foundation, Inc.; West Liberty University Foundation, Inc.; West Virginia Northern Community College Foundation, Inc.; West Virginia School of Osteopathic Medicine Foundation, Inc.; The West Virginia State University Foundation, Inc.; and WVU at Parkersburg Foundation, Inc. were audited by other auditors and were not performed in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of West Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the States of West Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of West Virginia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of West Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst & Young LLP

December 30, 2017

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Report of Independent Auditors on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Honorable Jim Justice, Governor
of the State of West Virginia

Report on Compliance for Each Major Federal Program

We have audited the State of West Virginia's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the State of West Virginia's major federal programs for the year ended June 30, 2017. The State of West Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The State of West Virginia's basic financial statements include the operations of the West Virginia Housing Development Fund (a proprietary fund), and the following discretely presented component units; the West Virginia University Research Corporation, the West Virginia State University Research and Development Corporation, Marshall University Research Corporation, and West Virginia Drinking Water Treatment Revolving Loan Fund which expended $311,218,010 collectively, in federal awards which are not included in the schedule of expenditures of federal awards during the year ended June 30, 2017. Our audit, described below, did not include the operations of this proprietary fund and these discretely presented component units, because they engaged other auditors to perform an audit of compliance in accordance with audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State of West Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of West Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the State of West Virginia's compliance.

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Basis for Adverse Opinion on Disaster Grants – Public Assistance (Presidentially Declared Disasters)

As described in the accompanying schedule of findings and questioned costs, the State of West Virginia did not comply with requirements of the following:

Finding Number	CFDA Number	Program or Cluster Name	Compliance Requirement
2017–017	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Cash Management
2017–018	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Subrecipient Monitoring
2017–021	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Cash Management

Compliance with such requirements is necessary, in our opinion, for the State of West Virginia to comply with requirements applicable to that program.

Adverse Opinion on Disaster Grants – Public Assistance (Presidentially Declared Disasters)

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the State of West Virginia did not comply, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Disaster Grants – Public Assistance (Presidentially Declared Disasters) for the year ended June 30, 2017.

Basis for Qualified Opinion on Supplemental Nutrition Assistance Program (SNAP) Cluster, Rehabilitation Services Vocational Rehabilitation Grants to States, Child Care and Development Fund (CCDF) Cluster, and Adoption Assistance

As described in the accompanying schedule of findings and questioned costs, the State of West Virginia did not comply with requirements regarding the following, individually or in the aggregate:

Finding Number	CFDA Number	Program or Cluster Name	Compliance Requirement
2017–001	10.551/10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster	Special Tests and Provisions - EBT Card Security
2017–003	10.551/10.561/93.575/ 93.596/93.659	Supplemental Nutrition Assistance Program (SNAP) Cluster, Child Care and Development Fund (CCDF) Cluster, Adoption Assistance	Procurement and Suspension and Debarment
2017–008	84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	Eligibility
2017–014	93.575/93.596	Child Care and Development Fund (CCDF) Cluster	Special Tests and Provisions – Fraud Detection and Repayment
2017–015	93.659	Adoption Assistance	Eligibility

Compliance with such requirements is necessary, in our opinion, for the State of West Virginia to comply with requirements applicable to those programs.

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Qualified Opinion on Supplemental Nutrition Assistance Program (SNAP) Cluster, Rehabilitation Services Vocational Rehabilitation Grants to States, Child Care and Development Fund (CCDF) Cluster, and Adoption Assistance

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of West Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Supplemental Nutrition Assistance Program (SNAP) Cluster, Rehabilitation Services Vocational Rehabilitation Grants to States, Child Care and Development Fund (CCDF) Cluster, and Adoption Assistance for the year ended June 30, 2017.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State of West Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs that are identified in the summary of auditors results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance, and which are described in the accompanying schedule of findings and questioned costs as items described and listed below:

Finding Number	CFDA Number	Program or Cluster Name	Compliance Requirement
2017–005	84.007/84.033/84.038/ 84.063/84.268/84.379/ 93.264/93.342/93.364/ 93.925	Student Financial Assistance (SFA) Cluster	Special Tests and Provisions – Return of Title IV Funds
2017–007	84.007/84.033/84.038/ 84.063/84.268/84.379/ 93.264/93.342/93.364/ 93.925	Student Financial Assistance (SFA) Cluster	Special Tests and Provisions – Borrower Data Transmission and Reconciliation
2017–011	93.568	Low-Income Home Energy Assistance	Allowable Costs/Cost Principles and Eligibility
2017–012	93.568	Low-Income Home Energy Assistance	Reporting
2017–016	93.775/93.777/93.778	Medicaid Cluster	Eligibility

Our opinion on each major federal program is not modified with respect to these matters.

The State of West Virginia's responses to the noncompliance findings identified in our audit are described in the accompanying corrective action plan. The State of West Virginia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the State of West Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State of West Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing

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procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of West Virginia's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs and as listed below to be material weaknesses.

Finding Number	CFDA Number	Program or Cluster Name	Compliance Requirement
2017–001	10.551/10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster	Special Tests and Provisions - EBT Card Security
2017–002	10.551/10.561/93.558/ 93.568/93.575/93.596/ 93.658/93.659/93.767	Supplemental Nutrition Assistance Program (SNAP) Cluster; Temporary Assistance for Needy Families (TANF) Cluster; Low-Income Home Energy Assistance; Child Care and Development Fund (CCDF) Cluster; Foster Care—Title IV-E; Adoption Assistance; Children's Health Insurance Program (CHIP)	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Period of Availability of Federal Funds/Period of Performance; Special Tests and Provisions – ADP System for SNAP
2017–006	84.007/84.033/84.038/ 84.063/84.268/84.379/ 93.264/93.342/93.364/ 93.925	Student Financial Assistance (SFA) Cluster	Special Tests and Provisions – Enrollment Reporting
2017–008	84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	Eligibility
2017–010	93.558	Temporary Assistance for Needy Families (TANF) Cluster	Special Tests and Provisions – Child Support Non-Cooperation, Penalty for Refusal to work, and Adult Custodial Parent of Child Under Six When Child Care Not Available
2017–012	93.568	Low-Income Home Energy Assistance	Reporting
2017–013	93.575/93.596	Child Care and Development Fund (CCDF) Cluster	Allowable Costs/Cost Principles and Eligibility

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Finding Number	CFDA Number	Program or Cluster Name	Compliance Requirement
2017–014	93.575/93.596	Child Care and Development Fund (CCDF) Cluster	Special Tests and Provisions – Fraud Detection and Repayment
2017–015	93.659	Adoption Assistance	Eligibility
2017–017	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Cash Management
2017–018	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Subrecipient Monitoring
2017–019	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Reporting
2017–020	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Reporting
2017–021	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Cash Management

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs and as listed below to be significant deficiencies.

Finding Number	CFDA Number	Program or Cluster Name	Compliance Requirement
2017–003	10.551/10.561 93.558 93.568 93.575/93.596 93.658 93.659 93.767 93.775/93.777/93.778	Supplemental Nutrition Assistance Program (SNAP) Cluster, Temporary Assistance for Needy Families (TANF) Cluster, Low-Income Home Energy Assistance, Child Care and Development Fund (CCDF) Cluster, Foster Care—Title IV-E, Adoption Assistance, Children's Health Insurance Program (CHIP), Medicaid Cluster	Procurement and Suspension and Debarment
2017–004	84.007/84.033/84.038/ 84.063/84.268/84.379/ 93.264/93.342/93.364/ 93.925	Student Financial Assistance (SFA) Cluster	Reporting
2017–005	84.007/84.033/84.038/ 84.063/84.268/84.379/ 93.264/93.342/93.364/ 93.925	Student Financial Assistance (SFA) Cluster	Special Tests and Provisions – Return of Title IV Funds
2017–007	84.007/84.033/84.038/ 84.063/84.268/84.379/ 93.264/93.342/93.364/ 93.925	Student Financial Assistance (SFA) Cluster	Special Tests and Provisions – Borrower Data Transmission and Reconciliation

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Finding Number	CFDA Number	Program or Cluster Name	Compliance Requirement
2017–009	84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	Reporting
2017–011	93.568	Low-Income Home Energy Assistance	Allowable Costs/Cost Principles and Eligibility
2017–016	93.775/93.777/93.778	Medicaid Cluster	Eligibility

The State of West Virginia's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The State of West Virginia's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the State of West Virginia as of and for the year ended June 30, 2017, and have issued our report thereon dated December 30, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Ernst & Young LLP

February 27, 2018

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING
FOR THE YEAR ENDING JUNE 30, 2017

FEDERAL CFDA / GRANT/ CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPENT EXPENDITURES	TOTAL FEDERAL EXPENDITURES
DEPARTMENT OF AGRICULTURE				
10.025	PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE	$837,947	$0	$837,947
10.072	WETLANDS RESERVE PROGRAM	$7,672	$0	$7,672
10.117	BIOFUEL INFRASTRUCTURE PARTNERSHIP	$0	$1,440,626	$1,440,626
10.170	SPECIALTY CROP BLOCK GRANT PROGRAM - FARM BILL	$69,111	$108,854	$177,965
10.171	ORGANIC CERTIFICATION COST SHARE PROGRAMS	$10,410	$0	$10,410
10.202***	COOPERATIVE FORESTRY RESEARCH	$560,410	$0	$560,410
10.203***	PAYMENTS TO AGRICULTURAL EXPERIMENT STATIONS UNDER THE HATCH ACT	$3,212,551	$0	$3,212,551
10.207***	ANIMAL HEALTH AND DISEASE RESEARCH	$10,411	$0	$10,411
10.216	1890 INSTITUTION CAPACITY BUILDING GRANTS	$11,534	$0	$11,534
10.475	COOPERATIVE AGREEMENTS WITH STATES FOR INTRASTATE MEAT AND POULTRY INSPECTION	$581,651	$0	$581,651
10.479	FOOD SAFETY COOPERATIVE AGREEMENTS	$210,521	$0	$210,521
10.500	COOPERATIVE EXTENSION SERVICE	$4,244,578	$0	$4,244,578
10.547	PROFESSIONAL STANDARDS FOR SCHOOL NUTRITION EMPLOYEES	$47,168	$0	$47,168
10.557	SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN	$21,271,505	$9,249,665	$30,521,170
10.558	CHILD AND ADULT CARE FOOD PROGRAM	$109,255	$17,718,153	$17,827,408
10.560	STATE ADMINISTRATIVE EXPENSES FOR CHILD NUTRITION	$1,990,851	$0	$1,990,851
10.572	WIC FARMERS' MARKET NUTRITION PROGRAM (FMNP)	$41,145	$0	$41,145
10.574	TEAM NUTRITION GRANTS	$2,155	$260,857	$263,012
10.575	FARM TO SCHOOL GRANT PROGRAM	$0	$13,302	$13,302
10.576	SENIOR FARMERS MARKET NUTRITION PROGRAM	$394,039	$0	$394,039
10.579	CHILD NUTRITION DISCRETIONARY GRANTS LIMITED AVAILABILITY	$0	$159,166	$159,166
10.582	FRESH FRUIT AND VEGETABLE PROGRAM	$39,502	$2,132,792	$2,172,294
10.589	CHILD NUTRITION DIRECT CERTIFICATION PERFORMANCE AWARDS	$266	$0	$266
10.664	COOPERATIVE FORESTRY ASSISTANCE	$1,060,822	$120,269	$1,181,091
10.665	SCHOOLS AND ROADS-GRANTS TO STATES AND FOREST SERVICE SCHOOLS AND ROADS CLUSTER	$306,895	$50,457	$357,352
10.676	FOREST LEGACY PROGRAM	$35,377	$0	$35,377
10.678	FOREST STEWARDSHIP PROGRAM	$100,339	$0	$100,339
10.680	FOREST HEALTH PROTECTION	$265,781	$0	$265,781
10.684	INTERNATIONAL FORESTRY PROGRAMS	$147,933	$0	$147,933
10.868	RURAL ENERGY FOR AMERICA PROGRAM	$34,211	$0	$34,211
10.902	SOIL AND WATER CONSERVATION	$25,991	$0	$25,991
10.903	SOIL SURVEY	$28,375	$0	$28,375
10.904	WATERSHED PROTECTION AND FLOOD PREVENTION	$18,312	$0	$18,312
10.912	ENVIRONMENTAL QUALITY INCENTIVES PROGRAM	$223,922	$0	$223,922
10.913	FARM AND RANCH LANDS PROTECTION PROGRAM	$43,302	$0	$43,302
10.916	WATERSHED REHABILITATION PROGRAM	$1,718,957	$0	$1,718,957
	SNAP CLUSTER			
10.551	SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)	$490,482,593	$0	$490,482,593
10.561	STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM	$16,959,910	$4,272,993	$21,232,903
	TOTAL SNAP CLUSTER	**$507,442,503**	**$4,272,993**	**$511,715,496**
	CHILD NUTRITION CLUSTER			
10.553	SCHOOL BREAKFAST PROGRAM (SBP)	$181,959	$42,911,372	$43,093,331
10.555	NATIONAL SCHOOL LUNCH PROGRAM (NSLP)	$10,645,522	$80,998,592	$91,644,114
10.556	SPECIAL MILK PROGRAM FOR CHILDREN (SMP)	$0	$16,159	$16,159
10.559	SUMMER FOOD SERVICE PROGRAM FOR CHILDREN (SFSPC)	$68,991	$1,625,188	$1,694,179
	TOTAL CHILD NUTRITION CLUSTER	**$10,896,472**	**$125,551,311**	**$136,447,783**
	FOOD DISTRIBUTION CLUSTER			
10.565	COMMODITY SUPPLEMENTAL FOOD PROGRAM	$183,294	$45,979	$229,273
10.568	EMERGENCY FOOD ASSISTANCE PROGRAM (ADMINISTRATIVE COSTS)	$38,435	$414,317	$452,752
10.569	EMERGENCY FOOD ASSISTANCE PROGRAM (FOOD COMMODITIES)	$3,400,010	$0	$3,400,010
	TOTAL FOOD DISTRIBUTION CLUSTER	**$3,621,739**	**$460,296**	**$4,082,035**
15-JV-11261975-070	THE IMPACT OF CLIMATE CHANGE ON COASTAL ALASKA FOREST	$22,100	$0	$22,100
2017-CR-11062759-	NATIONAL VISITOR USE MONITORING	$103,911	$0	$103,911
NFS 2010-CR-	REGION 6 ROUND 3 NVUM	$376,045	$0	$376,045
TOTAL DEPARTMENT OF AGRICULTURE		$560,125,669	$161,538,741	$721,664,410

STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING
FOR THE YEAR ENDING JUNE 30, 2017

FEDERAL CFDA / GRANT/ CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPENT EXPENDITURES	TOTAL FEDERAL EXPENDITURES
DEPARTMENT OF COMMERCE				
11.549	STATE AND LOCAL IMPLEMENTATION GRANT PROGRAM	$218,416	$0	$218,416
11.620	SCIENCE, TECHNOLOGY, BUSINESS AND/OR EDUCATION OUTREACH	$32,003	$0	$32,003
TOTAL DEPARTMENT OF COMMERCE		**$250,419**	**$0**	**$250,419**
DEPARTMENT OF DEFENSE				
12.113	STATE MEMORANDUM OF AGREEMENT PROGRAM FOR THE	$274,248	$0	$274,248
12.400	MILITARY CONSTRUCTION, NATIONAL GUARD	$207,029	$0	$207,029
12.401	NATIONAL GUARD MILITARY OPERATIONS AND MAINTENANCE (O&M)	$25,843,425	$0	$25,843,425
12.404	NATIONAL GUARD CHALLENGE PROGRAM	$4,549,952	$0	$4,549,952
12.617	ECONOMIC ADJUSTMENT ASSISTANCE FOR STATE GOVERNMENTS	$201,254	$0	$201,254
12.900	LANGUAGE GRANT PROGRAM	$31,137	$57,449	$88,586
TOTAL DEPARTMENT OF DEFENSE		**$31,107,045**	**$57,449**	**$31,164,494**
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
14.110	MANUFACTURED HOME LOAN INSURANCE-FINANCING PURCHASE OF MANUFACTURED HOMES AS PRINCIPAL RESIDENCES OF BORROWERS	$99,169	$0	$99,169
14.228	COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII	$461,375	$9,534,252	$9,995,627
14.231	EMERGENCY SOLUTIONS GRANT PROGRAM	$45,991	$1,343,409	$1,389,400
14.241	HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS	$6,694	$331,902	$338,596
14.400	EQUAL OPPORTUNITY IN HOUSING	$86,082	$0	$86,082
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		**$699,311**	**$11,209,563**	**$11,908,874**
DEPARTMENT OF THE INTERIOR				
15.250	REGULATION OF SURFACE COAL MINING AND SURFACE EFFECTS OF UNDERGROUND COAL MINING	$11,481,189	$0	$11,481,189
15.252	ABANDONED MINE LAND RECLAMATION (AMLR)	$21,333,324	$12,856,572	$34,189,896
15.255	SCIENCE AND TECHNOLOGY PROJECTS RELATED TO COAL MINING AND RECLAMATION	$32,160	$0	$32,160
15.433	FLOOD CONTROL ACT LANDS	$63,656	$30,711	$94,367
15.608	FISH AND WILDLIFE MANAGEMENT ASSISTANCE	$49,000	$0	$49,000
15.612	ENDANGERED SPECIES CONSERVATION	$40,695	$0	$40,695
15.615	COOPERATIVE ENDANGERED SPECIES CONSERVATION FUND	$52,757	$0	$52,757
15.634	STATE WILDLIFE GRANTS	$697,510	$0	$697,510
15.657	ENDANGERED SPECIES CONSERVATION - RECOVERY IMPLEMENTATION FUNDS	$60,343	$0	$60,343
15.808	U.S. GEOLOGICAL SURVEY - RESEARCH AND DATA COLLECTION	$54,014	$0	$54,014
15.810	NATIONAL COOPERATIVE GEOLOGIC MAPPING	$73,761	$0	$73,761
15.812	COOPERATIVE RESEARCH UNITS PROGRAM	$24,268	$0	$24,268
15.814	NATIONAL GEOLOGICAL AND GEOPHYSICAL DATA PRESERVATION	$19,553	$0	$19,553
15.904	HISTORIC PRESERVATION FUND GRANTS-IN-AID	$624,471	$147,882	$772,353
15.916	OUTDOOR RECREATION-ACQUISITION, DEVELOPMENT AND PLANNING	$32,337	$263,450	$295,787
15.922	NATIVE AMERICAN GRAVES PROTECTION AND REPATRIATION ACT	$734	$0	$734
15.939	NATIONAL HERITAGE AREA FEDERAL FINANCIAL ASSISTANCE	$282,234	$0	$282,234
15.944	NATURAL RESOURCE STEWARDSHIP	$8,330	$0	$8,330
15.945	COOPERATIVE RESEARCH AND TRAINING PROGRAMS - RESOURCES OF THE NATIONAL PARK SYSTEM	$39,364	$0	$39,364
	FISH AND WILDLIFE CLUSTER			
15.605	SPORT FISH RESTORATION	$10,983,955	$0	$10,983,955
15.611	WILDLIFE RESTORATION AND BASIC HUNTER EDUCATION	$5,680,365	$0	$5,680,365
	TOTAL FISH AND WILDLIFE CLUSTER	**$16,664,320**	**$0**	**$16,664,320**
TOTAL DEPARTMENT OF THE INTERIOR		**$51,634,020**	**$13,298,615**	**$64,932,635**
DEPARTMENT OF JUSTICE				
16.017	SEXUAL ASSAULT SERVICES FORMULA PROGRAM	$1,475	$362,753	$364,228
16.523	JUVENILE ACCOUNTABILITY BLOCK GRANTS	$446	$551	$997
16.525	GRANTS TO REDUCE DOMESTIC VIOLENCE, DATING VIOLENCE, SEXUAL ASSAULT, AND STALKING ON CAMPUS	$175,094	$0	$175,094
16.528	ENHANCED TRAINING AND SERVICES TO END VIOLENCE AND ABUSE OF WOMEN LATER IN LIFE	$1,384	$75,076	$76,460
16.540	JUVENILE JUSTICE AND DELINQUENCY PREVENTION	$75,641	$349,179	$424,820
16.543	MISSING CHILDREN'S ASSISTANCE	$446,799	$0	$446,799
16.550	STATE JUSTICE STATISTICS PROGRAM FOR STATISTICAL ANALYSIS CENTERS	$69,330	$65,346	$134,676
16.554	NATIONAL CRIMINAL HISTORY IMPROVEMENT PROGRAM (NCHIP)	$1,002,185	$0	$1,002,185

STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING
FOR THE YEAR ENDING JUNE 30, 2017

FEDERAL CFDA / GRANT/ CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT EXPENDITURES	TOTAL FEDERAL EXPENDITURES
	CRIMINAL JUSTICE RESEARCH AND DEVELOPMENT-GRADUATE			
16.562	RESEARCH FELLOWSHIPS	$106,232	$0	$106,232
16.575	CRIME VICTIM ASSISTANCE	$504,531	$4,795,145	$5,299,676
16.576	CRIME VICTIM COMPENSATION	$400,000	$0	$400,000
16.579	EDWARD BYRNE MEMORIAL FORMULA GRANT PROGRAM	$1,465,642	$1,008,439	$2,474,081
16.582	CRIME VICTIM ASSISTANCE/DISCRETIONARY GRANTS	$0	$25,713	$25,713
16.585	DRUG COURT DISCRETIONARY GRANT PROGRAM	$600,855	$0	$600,855
16.588	VIOLENCE AGAINST WOMEN FORMULA GRANTS	$344,387	$969,788	$1,314,175
16.589	RURAL DOMESTIC VIOLENCE, DATING VIOLENCE, SEXUAL ASSAULT, AND STALKING ASSISTANCE PROGRAM	$6,052	$153,062	$159,114
16.590	GRANTS TO ENCOURAGE ARREST POLICIES AND ENFORCEMENT OF PROTECTION ORDERS PROGRAM	$173,397	$453,245	$626,642
16.593	RESIDENTIAL SUBSTANCE ABUSE TREATMENT FOR STATE PRISONERS	$136,908	$0	$136,908
16.710	PUBLIC SAFETY PARTNERSHIP AND COMMUNITY POLICING GRANTS	$139,198	$0	$139,198
16.735	PREA PROGRAM: DEMONSTRATION PROJECTS TO ESTABLISH "ZERO TOLERANCE" CULTURES FOR SEXUAL ASSAULT IN CORRECTIONAL FACILITIES	$0	$17,448	$17,448
16.738	EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	$92,440	$0	$92,440
16.741	DNA BACKLOG REDUCTION PROGRAM	$315,172	$0	$315,172
16.742	PAUL COVERDELL FORENSIC SCIENCES IMPROVEMENT GRANT PROGRAM	$67,920	$0	$67,920
16.745	CRIMINAL AND JUVENILE JUSTICE AND MENTAL HEALTH COLLABORATION PROGRAM	$5,458	$0	$5,458
16.813	NICS ACT RECORD IMPROVEMENT PROGRAM	$1,854,410	$0	$1,854,410
16.816	JOHN R. JUSTICE PROSECUTORS AND DEFENDERS INCENTIVE ACT	$26,634	$0	$26,634
16.817	BYRNE CRIMINAL JUSTICE INNOVATION PROGRAM	$2,919	$0	$2,919
16.833	NATIONAL SEXUAL ASSAULT KIT INITIATIVE	$109,910	$38,018	$147,928
2001100	MISCELLANEOUS JUSTICE PROGRAMS	$608,574	$0	$608,574
2001HSWXK035	REGIONAL COMMUNITY POLICING INSTITUTE	$22,189	$0	$22,189
E/S-JUSTICE	EQUITABLE SHARING PROGRAM-JUSTICE	$116,294	$0	$116,294
PURDUE	PURDUE PHARMA SETTLEMENT	$169,639	$0	$169,639
TOTAL DEPARTMENT OF JUSTICE		**$9,041,115**	**$8,313,763**	**$17,354,878**
DEPARTMENT OF LABOR				
17.002	LABOR FORCE STATISTICS	$567,188	$0	$567,188
17.005	COMPENSATION AND WORKING CONDITIONS	$69,960	$0	$69,960
17.225	UNEMPLOYMENT INSURANCE (NOTE 4)	$390,059,841	$0	$390,059,841
17.235	SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM	$69,011	$992,312	$1,061,323
17.245	TRADE ADJUSTMENT ASSISTANCE	$2,574,253	$0	$2,574,253
17.268	H-1B JOB TRAINING GRANTS	$211,201	$0	$211,201
17.269	COMMUNITY BASED JOB TRAINING GRANTS	$35,214	$0	$35,214
17.271	WORK OPPORTUNITY TAX CREDIT PROGRAM (WOTC)	$181,685	$0	$181,685
17.273	TEMPORARY LABOR CERTIFICATION FOR FOREIGN WORKERS	($14,405)	$0	($14,405)
17.277	WIOA NATIONAL DISLOCATED WORKER GRANTS/WIA NATIONAL EMERGENCY GRANTS	$2,012,100	$7,923,672	$9,935,772
17.282	TRADE ADJUSTMENT ASSISTANCE COMMUNITY COLLEGE AND CAREER TRAINING (TAACCCT) GRANTS	$7,989,457	$0	$7,989,457
17.285	APPRENTICESHIP USA GRANTS	$15,407	$0	$15,407
17.504	CONSULTATION AGREEMENTS	$382,388	$0	$382,388
17.600	MINE HEALTH AND SAFETY GRANTS	$662,798	$0	$662,798
17.999	MISCELLANEOUS LABOR PROGRAMS	($132,484)	$0	($132,484)
	EMPLOYMENT SERVICE CLUSTER			
17.207	EMPLOYMENT SERVICE/WAGNER-PEYSER FUNDED ACTIVITIES	$5,544,227	$0	$5,544,227
17.801	DISABLED VETERANS' OUTREACH PROGRAM (DVOP)	$564,032	$0	$564,032
17.804	LOCAL VETERANS' EMPLOYMENT REPRESENTATIVE (LVER) PROGRAM	$159,859	$0	$159,859
	TOTAL EMPLOYMENT SERVICE CLUSTER	**$6,268,118**	**$0**	**$6,268,118**
	WIOA CLUSTER			
17.258	WIA/WIOA - ADULT PROGRAM	$210,571	$4,332,982	$4,543,553
17.259	WIA/WIOA - YOUTH ACTIVITIES	$490,830	$4,386,491	$4,877,321
17.278	WIA/WIOA DISLOCATED WORKER FORMULA GRANTS	$1,714,233	$4,331,411	$6,045,644
	TOTAL WIOA CLUSTER	**$2,415,634**	**$13,050,884**	**$15,466,518**
TOTAL DEPARTMENT OF LABOR		$413,367,366	$21,966,868	$435,334,234

STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING
FOR THE YEAR ENDING JUNE 30, 2017

FEDERAL CFDA / GRANT/ CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPENT EXPENDITURES	TOTAL FEDERAL EXPENDITURES
DEPARTMENT OF STATE				
19.009	ACADEMIC EXCHANGE PROGRAMS - UNDERGRADUATE PROGRAMS	$40,208	$0	$40,208
TOTAL DEPARTMENT OF STATE		**$40,208**	**$0**	**$40,208**
DEPARTMENT OF TRANSPORTATION				
20.205*	HIGHWAY PLANNING AND CONSTRUCTION	$420,715,935	$5,568,998	$426,284,933
20.218	NATIONAL MOTOR CARRIER SAFETY	$1,640,969	$0	$1,640,969
20.219*	RECREATIONAL TRAILS PROGRAM	$531,412	$0	$531,412
20.232	COMMERCIAL DRIVER'S LICENSE PROGRAM IMPLEMENTATION GRANT	$29,509	$0	$29,509
20.237	MOTOR CARRIER SAFETY ASSISTANCE HIGH PRIORITY GRANTS AND COOPERATIVE AGREEMENTS	$955,776	$0	$955,776
20.505	METROPOLITAN TRANSPORTATION PLANNING AND STATE AND NON-METROPOLITAN PLANNING AND RESEARCH	$5,279	$64,544	$69,823
20.509	FORMULA GRANTS FOR RURAL AREAS	$1,299,862	$5,099,477	$6,399,339
20.514	PUBLIC TRANSPORTATION RESEARCH	$35,868	$0	$35,868
20.528	RAIL FIXED GUIDEWAY PUBLIC TRANSPORTATION SYSTEM STATE SAFETY OVERSIGHT FORMULA GRANT PROGRAM	$87,124	$0	$87,124
20.607	ALCOHOL OPEN CONTAINER REQUIREMENTS	$3,894,431	$773,344	$4,667,775
20.614	NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION (NHTSA) DISCRETIONARY SAFETY GRANTS AND COOPERATIVE AGREEMENTS	$49,924	$0	$49,924
20.700	PIPELINE SAFETY PROGRAM STATE BASE GRANT	$703,115	$0	$703,115
20.703	INTERAGENCY HAZARDOUS MATERIALS PUBLIC SECTOR TRAINING AND PLANNING GRANTS	$406,319	$89,322	$495,641
20.724	PIPELINE SAFETY RESEARCH COMPETITIVE ACADEMIC AGREEMENT PROGRAM (CAAP)	$226,384	$0	$226,384
20.933	NATIONAL INFRASTRUCTURE INVESTMENTS	$2,745,534	$0	$2,745,534
				$0
	FEDERAL TRANSIT CLUSTER			$0
20.500	FEDERAL TRANSIT - CAPITAL INVESTMENT GRANTS	$1,194,922	$0	$1,194,922
20.526	BUS AND BUS FACILITIES FORMULA PROGRAM	$450,414	$0	$450,414
	TOTAL FEDERAL TRANSIT CLUSTER	**$1,645,336**	**$0**	**$1,645,336**
	TRANSIT SERVICES PROGRAMS CLUSTER			
20.513	ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES	$639,971	$782,912	$1,422,883
20.521	NEW FREEDOM PROGRAM	$124,075	$11,664	$135,739
	TOTAL TRANSIT SERVICES PROGRAMS CLUSTER	**$764,046**	**$794,576**	**$1,558,622**
	HIGHWAY SAFETY CLUSTER			
20.600	STATE AND COMMUNITY HIGHWAY SAFETY	$1,070,698	$982,741	$2,053,439
20.601	ALCOHOL IMPAIRED DRIVING COUNTERMEASURES INCENTIVE GRANTS I	$338,914	$223,382	$562,296
20.609	SAFETY BELT PERFORMANCE GRANTS	$0	$115,624	$115,624
20.610	STATE TRAFFIC SAFETY INFORMATION SYSTEM IMPROVEMENTS GRANTS	$718,815	$0	$718,815
20.612	INCENTIVE GRANT PROGRAM TO INCREASE MOTORCYCLIST SAFETY	$42,547	$4,553	$47,100
20.613	CHILD SAFETY AND CHILD BOOSTER SEAT INCENTIVE GRANTS	$41,519	$14,195	$55,714
20.616	NATIONAL PRIORITY SAFETY PROGRAMS	$1,148,805	$1,471,570	$2,620,375
	TOTAL HIGHWAY SAFETY CLUSTER	**$3,361,298**	**$2,812,065**	**$6,173,363**
TOTAL DEPARTMENT OF TRANSPORTATION		$439,098,121	$15,202,326	$454,300,447
DEPARTMENT OF THE TREASURY				
E/S-TREASURY	EQUITABLE SHARING PROGRAM-TREASURY	$1,329	$0	$1,329
TOTAL DEPARTMENT OF THE TREASURY		$1,329	$0	$1,329
APPALACHIAN REGIONAL COMMISSION				
23.001	APPALACHIAN REGIONAL DEVELOPMENT	$4,500	$0	$4,500
23.002	APPALACHIAN AREA DEVELOPMENT	$487,995	$1,029,873	$1,517,868
23.003*	APPALACHIAN DEVELOPMENT HIGHWAY SYSTEM	$13,700,375	$0	$13,700,375
TOTAL APPALACHIAN REGIONAL COMMISSION		**$14,192,870**	**$1,029,873**	**$15,222,743**
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION				
30.001	EMPLOYMENT DISCRIMINATION-TITLE VII OF THE CIVIL RIGHTS ACT OF 1964	$141,018	$0	$141,018
TOTAL EQUAL EMPLOYMENT OPPORTUNITY COMMISSION		$141,018	$0	$141,018

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GENERAL SERVICES ADMINISTRATION				
39.003	DONATION OF FEDERAL SURPLUS PERSONAL PROPERTY	$101,674	$0	$101,674
TOTAL GENERAL SERVICES ADMINISTRATION		$101,674	$0	$101,674
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
43.001	SCIENCE	$307,419	$0	$307,419
43.008	EDUCATION (NOTE 3)	$44,049	$0	$44,049
TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		$351,468	$0	$351,468
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
45.025	PROMOTION OF THE ARTS-PARTNERSHIP AGREEMENTS	$304,099	$521,559	$825,658
45.163	PROMOTION OF THE HUMANITIES-PROFESSIONAL DEVELOPMENT	$113,876	$0	$113,876
45.310	GRANTS TO STATES	$1,089,792	$208,527	$1,298,319
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES		$1,507,767	$730,086	$2,237,853
NATIONAL SCIENCE FOUNDATION				
47.049***	MATHEMATICAL AND PHYSICAL SCIENCES	$26,960	$0	$26,960
47.076***	EDUCATION AND HUMAN RESOURCES	$791,493	$0	$791,493
47.081***	OFFICE OF EXPERIMENTAL PROGRAM TO STIMULATE COMPETITIVE RESEARCH	$315,937	$3,828,987	$4,144,924
TOTAL NATIONAL SCIENCE FOUNDATION		$1,134,390	$3,828,987	$4,963,377
SMALL BUSINESS ADMINISTRATION				
59.037	SMALL BUSINESS DEVELOPMENT CENTERS	$716,395	$0	$716,395
59.061	STATE TRADE EXPANSION	$9,755	$119,827	$129,582
59.064	ENTREPRENEURIAL DEVELOPMENT DISASTER ASSISTANCE (DISASTER RELIEF APPROPRIATIONS ACT)	$37,782	$0	$37,782
TOTAL SMALL BUSINESS ADMINISTRATION		$763,932	$119,827	$883,759
DEPARTMENT OF VETERANS AFFAIRS				
64.015	VETERANS STATE NURSING HOME CARE	$7,624,297	$0	$7,624,297
64.028	POST-9/11 VETERANS EDUCATIONAL ASSISTANCE	$260,862	$0	$260,862
64.124	ALL-VOLUNTEER FORCE EDUCATIONAL ASSISTANCE	$146,115	$0	$146,115
64.203	VETERANS CEMETERY GRANTS PROGRAM	$126,040	$0	$126,040
IPA	GEOGRAPHICAL DIFFERENCES IN PREVENTABLE HOSPITALIZATIONS AMONG VETERANS WITH DIABETES	$26,955	$0	$26,955
TOTAL DEPARTMENT OF VETERANS AFFAIRS		$8,184,269	$0	$8,184,269
ENVIRONMENTAL PROTECTION AGENCY				
66.001	AIR POLLUTION CONTROL PROGRAM SUPPORT	$1,521,643	$0	$1,521,643
66.032	STATE INDOOR RADON GRANTS	$92,276	$66,525	$158,801
66.034	SURVEYS, STUDIES, RESEARCH, INVESTIGATIONS, DEMONSTRATIONS, AND SPECIAL PURPOSE ACTIVITIES RELATING TO THE CLEAN AIR ACT	$399,156	$0	$399,156
66.202	CONGRESSIONALLY MANDATED PROJECTS	$1,544	$0	$1,544
66.204	MULTIPURPOSE GRANTS TO STATES AND TRIBES	$105,202	$0	$105,202
66.419	WATER POLLUTION CONTROL STATE, INTERSTATE, AND TRIBAL PROGRAM SUPPORT	$2,111,984	$0	$2,111,984
66.432	STATE PUBLIC WATER SYSTEM SUPERVISION	$626,184	$0	$626,184
66.433	STATE UNDERGROUND WATER SOURCE PROTECTION	$132,326	$0	$132,326
66.454	WATER QUALITY MANAGEMENT PLANNING	$140,281	$97,978	$238,259
66.458	CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS AND CLEAN WATER STATE REVOLVING FUND CLUSTER	$0	$20,829,000	$20,829,000
66.460	NONPOINT SOURCE IMPLEMENTATION GRANTS	$871,491	$983,898	$1,855,389
66.461	REGIONAL WETLAND PROGRAM DEVELOPMENT GRANTS	$157,676	$0	$157,676
66.466	CHESAPEAKE BAY PROGRAM	$1,670,709	$394,054	$2,064,763
66.468	CAPITALIZATION GRANTS FOR DRINKING WATER STATE REVOLVING FUNDS AND DRINKING WATER STATE REVOLVING FUND CLUSTER	$2,082,573	$230,127	$2,312,700
66.605	PERFORMANCE PARTNERSHIP GRANTS	$343,301	$0	$343,301
66.608	ENVIRONMENTAL INFORMATION EXCHANGE NETWORK GRANT PROGRAM AND RELATED ASSISTANCE	$848	$0	$848
66.701	TOXIC SUBSTANCES COMPLIANCE MONITORING COOPERATIVE AGREEMENTS	$137,336	$0	$137,336
66.707	TSCA TITLE IV STATE LEAD GRANTS CERTIFICATION OF LEAD-BASED PAINT PROFESSIONALS	$162,575	$0	$162,575
66.708	POLLUTION PREVENTION GRANTS PROGRAM	$23,629	$0	$23,629
66.801	HAZARDOUS WASTE MANAGEMENT STATE PROGRAM SUPPORT	$2,671,939	$0	$2,671,939

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66.802	SUPERFUND STATE, POLITICAL SUBDIVISION, AND INDIAN TRIBE SITE-SPECIFIC COOPERATIVE AGREEMENTS	$277,232	$0	$277,232
66.804	UNDERGROUND STORAGE TANK PREVENTION, DETECTION AND COMPLIANCE PROGRAM	$637,444	$0	$637,444
66.805	LEAKING UNDERGROUND STORAGE TANK TRUST FUND CORRECTIVE ACTION PROGRAM	$777,550	$0	$777,550
66.809	SUPERFUND STATE AND INDIAN TRIBE CORE PROGRAM COOPERATIVE AGREEMENTS	$206,813	$0	$206,813
66.818	BROWNFIELD ASSESSMENT AND CLEANUP COOPERATIVE AGREEMENTS	$188,807	$0	$188,807
DEPMISCFED01	MISC. FEDERAL AWARD PROGRAMS	($1,089,257)	$0	($1,089,257)
ENVIRONMENTAL PROTECTION AGENCY		**$14,251,262**	**$22,601,582**	**$36,852,844**
DEPARTMENT OF ENERGY				
81.041	STATE ENERGY PROGRAM	$441,324	$59,095	$500,419
81.042	WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	$373,805	$2,598,375	$2,972,180
81.057	UNIVERSITY COAL RESEARCH	$78,642	$0	$78,642
81.086	CONSERVATION RESEARCH AND DEVELOPMENT	$14,907	$0	$14,907
81.089***	FOSSIL ENERGY RESEARCH AND DEVELOPMENT (NOTE 3)	$71,149	$0	$71,149
81.117	ENERGY EFFICIENCY AND RENEWABLE ENERGY INFORMATION DISSEMINATION, OUTREACH, TRAINING AND TECHNICAL ANALYSIS/ASSISTANCE	$350,171	$0	$350,171
CONTRACT 188074	VOLUNTARY SECURITY ENHANCEMENTS AND MAINTENANCE	$60,358	$0	$60,358
OIL	PETROLEUM VIOLATION ESCROW FUNDS	$34,737	$15,199	$49,936
TOTAL DEPARTMENT OF ENERGY		**$1,425,093**	**$2,672,669**	**$4,097,762**
DEPARTMENT OF EDUCATION				
84.002	ADULT EDUCATION - BASIC GRANTS TO STATES	$403,708	$2,820,626	$3,224,334
84.007**	FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS (FSEOG)	$3,712,211	$0	$3,712,211
84.010	TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	$698,687	$86,872,605	$87,571,292
84.013	TITLE I STATE AGENCY PROGRAM FOR NEGLECTED AND DELINQUENT CHILDREN AND YOUTH	$1,415,648	$0	$1,415,648
84.031	HIGHER EDUCATION-INSTITUTIONAL AID	$3,652,641	$0	$3,652,641
84.033**	FEDERAL WORK-STUDY PROGRAM (FWS)	$3,703,424	$0	$3,703,424
84.038**	FEDERAL PERKINS LOAN (FPL) - FEDERAL CAPITAL CONTRIBUTIONS	$48,084,820	$0	$48,084,820
84.048	CAREER AND TECHNICAL EDUCATION-BASIC GRANTS TO STATES	$2,892,068	$5,036,852	$7,928,920
84.063**	FEDERAL PELL GRANT PROGRAM (PELL)	$111,523,092	$0	$111,523,092
84.083	WOMEN'S EDUCATIONAL EQUITY ACT PROGRAM	$5,291	$0	$5,291
84.126	REHABILITATION SERVICES-VOCATIONAL REHABILITATION GRANTS TO STATES	$35,999,729	$4,424,372	$40,424,101
84.169	INDEPENDENT LIVING-STATE GRANTS	$0	$88,731	$88,731
84.177	INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND	$243,760	$0	$243,760
84.181	SPECIAL EDUCATION - GRANTS FOR INFANTS AND FAMILIES	$1,712,552	$538,219	$2,250,771
84.187	SUPPORTED EMPLOYMENT SERVICES FOR INDIVIDUALS WITH THE MOST SIGNIFICANT DISABILITIES	$150,000	$0	$150,000
84.196	EDUCATION FOR HOMELESS CHILDREN AND YOUTH	$70,898	$336,765	$407,663
84.268**	FEDERAL DIRECT STUDENT LOANS	$464,565,207	$0	$464,565,207
84.287	TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS	$267,431	$6,535,790	$6,803,221
84.326	SPECIAL EDUCATION-TECHNICAL ASSISTANCE AND DISSEMINATION TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES	$122,897	$1,443	$124,340
84.330	ADVANCED PLACEMENT PROGRAM (ADVANCED PLACEMENT TEST FEE; ADVANCED PLACEMENT INCENTIVE PROGRAM GRANTS)	$10,000	$0	$10,000
84.334	GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS	$1,736,797	$1,155,029	$2,891,826
84.335	CHILD CARE ACCESS MEANS PARENTS IN SCHOOL	$132,646	$0	$132,646
84.358	RURAL EDUCATION	$132,608	$2,218,883	$2,351,491
84.365	ENGLISH LANGUAGE ACQUISITION STATE GRANTS	$147,648	$476,256	$623,904
84.366	MATHEMATICS AND SCIENCE PARTNERSHIPS	$467,193	$304,221	$771,414
84.367	SUPPORTING EFFECTIVE INSTRUCTION STATE GRANT	$435,988	$18,823,438	$19,259,426
84.369	GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	$2,693,438	$0	$2,693,438
84.372	STATEWIDE LONGITUDINAL DATA SYSTEMS	$124,528	$0	$124,528
84.376	NATIONAL SCIENCE AND MATHEMATICS ACCESS TO RETAIN TALENT (SMART) GRANTS (SMART GRANTS)	$43,627	$0	$43,627
84.377	SCHOOL IMPROVEMENT GRANTS	$31,340	$1,531,521	$1,562,861
84.378	COLLEGE ACCESS CHALLENGE GRANT PROGRAM	$442,535	$0	$442,535

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84.379**	TEACHER EDUCATION ASSISTANCE FOR COLLEGE AND HIGHER EDUCATION GRANTS (TEACH GRANTS)	$538,063	$0	$538,063
	SPECIAL EDUCATION CLUSTER (IDEA)			
84.027	SPECIAL EDUCATION-GRANTS TO STATES (IDEA, PART B)	$5,484,014	$67,248,487	$72,732,501
84.173	SPECIAL EDUCATION-PRESCHOOL GRANTS (IDEA PRESCHOOL)	$255,414	$2,840,748	$3,096,162
	TOTAL SPECIAL EDUCATION CLUSTER (IDEA)	**$5,739,428**	**$70,089,235**	**$75,828,663**
	TRIO CLUSTER			
84.042	TRIO-STUDENT SUPPORT SERVICES	$1,402,664	$0	$1,402,664
84.044	TRIO-TALENT SEARCH	$252,276	$0	$252,276
84.047	TRIO-UPWARD BOUND	$1,876,363	$0	$1,876,363
84.066	TRIO-EDUCATIONAL OPPORTUNITY CENTERS	$228,395	$0	$228,395
84.217	TRIO-MCNAIR POST-BACCALAUREATE ACHIEVEMENT	$508,421	$0	$508,421
	TOTAL TRIO CLUSTER	**$4,268,119**	**$0**	**$4,268,119**
C013764E	AHE APPALACHIAN REGIONAL	$1,526	$0	$1,526
ED-03-CO-0058	PERFORMANCE BASED DATA MANAGEMENT INITIATIVE	$65,613	$0	$65,613
ED-IES-14-C-NAEP 2014	NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS	$130,935	$0	$130,935
TOTAL DEPARTMENT OF EDUCATION		**$696,366,096**	**$201,253,986**	**$897,620,082**
ELECTION ASSISTANCE COMMISSION				
90.401	HELP AMERICA VOTE ACT REQUIREMENTS PAYMENTS	$262,379	$0	$262,379
TOTAL ELECTION ASSISTANCE COMMISSION		**$262,379**	**$0**	**$262,379**
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
93.041	SPECIAL PROGRAMS FOR THE AGING-TITLE VII, CHAPTER 3-PROGRAMS FOR PREVENTION OF ELDER ABUSE, NEGLECT, AND EXPLOITATION	$9,829	$5,091	$14,920
93.042	SPECIAL PROGRAMS FOR THE AGING-TITLE VII, CHAPTER 2-LONG TERM CARE OMBUDSMAN SERVICES FOR OLDER INDIVIDUALS	$91,625	$4,578	$96,203
93.043	SPECIAL PROGRAMS FOR THE AGING-TITLE III, PART D-DISEASE PREVENTION AND HEALTH PROMOTION SERVICES	$28,476	$141,784	$170,260
93.048	SPECIAL PROGRAMS FOR THE AGING-TITLE IV AND TITLE II - DISCRETIONARY PROJECTS	$57,726	$54,000	$111,726
93.051	ALZHEIMER'S DISEASE DEMONSTRATION GRANTS TO STATES	$29,414	$35,000	$64,414
93.052	NATIONAL FAMILY CAREGIVER SUPPORT, TITLE III, PART E	$13,760	$941,359	$955,119
93.069	PUBLIC HEALTH EMERGENCY PREPAREDNESS	$72,686	$0	$72,686
93.070	ENVIRONMENTAL PUBLIC HEALTH AND EMERGENCY RESPONSE	$63,471	$0	$63,471
93.071	MEDICARE ENROLLMENT ASSISTANCE PROGRAM	$1,413	$157,961	$159,374
93.073	BIRTH DEFECTS AND DEVELOPMENTAL DISABILITIES - PREVENTION AND SURVEILLANCE	$50,611	$0	$50,611
93.074	HOSPITAL PREPAREDNESS PROGRAM (HPP) AND PUBLIC HEALTH EMERGENCY PREPAREDNESS (PHEP) ALIGNED COOPERATIVE AGREEMENTS	$2,828,405	$3,974,424	$6,802,829
93.079	COOPERATIVE AGREEMENTS TO PROMOTE ADOLESCENT HEALTH THROUGH SCHOOL-BASED HIV/STD PREVENTION AND SCHOOL-BASED SURVEILLANCE	$74,469	$510	$74,979
93.090	GUARDIANSHIP ASSISTANCE	$1,066,694	$0	$1,066,694
93.092	AFFORDABLE CARE ACT (ACA) PERSONAL RESPONSIBILITY EDUCATION PROGRAM	$13,060	$199,589	$212,649
93.094	WELL-INTEGRATED SCREENING AND EVALUATION FOR WOMEN ACROSS THE NATION	$290,308	$128,568	$418,876
93.103	FOOD AND DRUG ADMINISTRATION-RESEARCH	$826,554	$0	$826,554
93.110	MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	$102,526	$166,200	$268,726
93.116	PROJECT GRANTS AND COOPERATIVE AGREEMENTS FOR TUBERCULOSIS CONTROL PROGRAMS	$158,497	$0	$158,497
93.127	EMERGENCY MEDICAL SERVICES FOR CHILDREN	$117,041	$14,397	$131,438
93.130	COOPERATIVE AGREEMENTS TO STATES/TERRITORIES FOR THE COORDINATION AND DEVELOPMENT OF PRIMARY CARE OFFICES	$72,754	$100,000	$172,754
93.136	INJURY PREVENTION AND CONTROL RESEARCH AND STATE AND COMMUNITY BASED PROGRAMS	$56,287	$696,070	$752,357
93.150	PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS (PATH)	$1,851	$294,352	$296,203
93.165	GRANTS TO STATES FOR LOAN REPAYMENT PROGRAM	$0	$130,000	$130,000
93.217	FAMILY PLANNING-SERVICES	$2,229,903	$0	$2,229,903

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93.234	TRAUMATIC BRAIN INJURY STATE DEMONSTRATION GRANT PROGRAM	$235,523	$0	$235,523
93.235	AFFORDABLE CARE ACT (ACA) ABSTINENCE EDUCATION PROGRAM	$3,696	$295,781	$299,477
93.236	GRANTS TO STATES TO SUPPORT ORAL HEALTH WORKFORCE ACTIVITIES	$83,490	$583,476	$666,966
93.241	STATE RURAL HOSPITAL FLEXIBILITY PROGRAM	$151,361	$450,670	$602,031
93.243	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	$450,473	$4,997,742	$5,448,215
93.251	UNIVERSAL NEWBORN HEARING SCREENING	$57,201	$60,568	$117,769
93.264**	NURSE FACULTY LOAN PROGRAM (NFLP)	$221,380	$0	$221,380
93.268	IMMUNIZATION COOPERATIVE AGREEMENTS	$433,914	$220,824	$654,738
93.270	VIRAL HEPATITIS PREVENTION AND CONTROL	$71,058	$0	$71,058
93.283	CENTERS FOR DISEASE CONTROL AND PREVENTION_INVESTIGATIONS AND TECHNICAL ASSISTANCE	$2,431,076	$498,690	$2,929,766
93.301	SMALL RURAL HOSPITAL IMPROVEMENT GRANT PROGRAM	$0	$267,205	$267,205
93.305	NATIONAL STATE BASED TOBACCO CONTROL PROGRAMS	$716,036	$234,414	$950,450
93.319	OUTREACH PROGRAMS TO REDUCE THE PREVALENCE OF OBESITY IN HIGH RISK RURAL AREAS	$463,438	$0	$463,438
93.323	EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASES (ELC)	$1,013,208	$0	$1,013,208
93.324	STATE HEALTH INSURANCE ASSISTANCE PROGRAM	$22,278	$0	$22,278
93.336	BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM	($64,029)	$0	($64,029)
93.342**	HEALTH PROFESSIONS STUDENT LOANS, INCLUDING PRIMARY CARE LOANS AND LOANS FOR DISADVANTAGED STUDENTS (HPSL/PCL/LDS)	$6,740,538	$0	$6,740,538
93.359	NURSE EDUCATION, PRACTICE QUALITY AND RETENTION GRANTS	$457,041	$0	$457,041
93.364**	NURSING STUDENT LOANS (NSL)	$714,507	$0	$714,507
93.389***	NATIONAL CENTER FOR RESEARCH RESOURCES	$17,273	$0	$17,273
93.393***	CANCER CAUSE AND PREVENTION RESEARCH	$1,758	$0	$1,758
93.424	NON-ACA/PPHF - BUILDING CAPACITY OF THE PUBLIC HEALTH SYSTEM TO IMPROVE POPULATION HEALTH THROUGH NATIONAL NONPROFIT ORGANIZATIONS	$18,008	$0	$18,008
93.506	ACA NATIONWIDE PROGRAM FOR NATIONAL AND STATE BACKGROUND CHECKS FOR DIRECT PATIENT ACCESS EMPLOYEES OF LONG TERM CARE FACILITIES AND PROVIDERS	$842,800	$5,063	$847,863
93.511	AFFORDABLE CARE ACT (ACA) GRANTS TO STATES FOR HEALTH INSURANCE PREMIUM REVIEW	$83,935	$0	$83,935
93.521	THE AFFORDABLE CARE ACT: BUILDING EPIDEMIOLOGY, LABORATORY, AND HEALTH INFORMATION SYSTEMS CAPACITY IN THE EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASE (ELC) AND EMERGING INFECTIONS PROGRAM (EIP) COOPERATIVE AGREEMENTS;PPHF	$370,057	$201,944	$572,001
93.524	BUILDING CAPACITY OF THE PUBLIC HEALTH SYSTEM TO IMPROVE POPULATION HEALTH THROUGH NATIONAL, NON-PROFIT ORGANIZATIONS- FINANCED IN PART BY PREVENTION AND PUBLIC PPHF CAPACITY BUILDING ASSISTANCE TO STRENGTHEN PUBLIC HEALTH IMMUNIZATION INFRASTRUCTURE AND PERFORMANCE	$1,000	$15,000	$16,000
93.539	FINANCED IN PART BY PREVENTION AND PUBLIC HEALTH FUNDS	$628,246	$569,417	$1,197,663
93.556	PROMOTING SAFE AND STABLE FAMILIES	$1,263,289	$690,215	$1,953,504
93.558	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) STATE PROGRAMS AND TANF CLUSTER	$67,967,578	$9,823,884	$77,791,462
93.560	FAMILY SUPPORT PAYMENTS TO STATES-ASSISTANCE PAYMENTS	$44,742	$0	$44,742
93.563	CHILD SUPPORT ENFORCEMENT	$26,562,832	$0	$26,562,832
93.566	REFUGEE AND ENTRANT ASSISTANCE-STATE ADMINISTERED PROGRAMS	$4,188	$75,000	$79,188
93.568	LOW-INCOME HOME ENERGY ASSISTANCE	$23,117,457	$5,286,218	$28,403,675
93.569	COMMUNITY SERVICES BLOCK GRANTS	$396,317	$7,669,266	$8,065,583
93.586	STATE COURT IMPROVEMENT PROGRAM	$260,826	$0	$260,826
93.590	COMMUNITY-BASED CHILD ABUSE PREVENTION GRANTS	$0	$245,196	$245,196
93.597	GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS	$87,528	$0	$87,528
93.599	CHAFEE EDUCATION AND TRAINING VOUCHERS PROGRAM (ETV)	$699,649	$16,990	$716,639
93.600	HEAD START	$28,159	$77,067	$105,226
93.603	ADOPTION AND LEGAL GUARDIANSHIP INCENTIVE PAYMENTS	$4,205,511	$233,544	$4,439,055
93.609	THE AFFORDABLE CARE ACT - MEDICAID ADULT QUALITY GRANTS	$330,071	$0	$330,071
93.624	ACA - STATE INNOVATION MODELS: FUNDING FOR MODEL DESIGN AND MODEL TESTING ASSISTANCE	$546,581	$2,819	$549,400
93.630	DEVELOPMENTAL DISABILITIES BASIC SUPPORT AND ADVOCACY GRANTS	$211,964	$348,060	$560,024
93.643	CHILDREN'S JUSTICE GRANTS TO STATES	$124,660	$0	$124,660
93.645	STEPHANIE TUBBS JONES CHILD WELFARE SERVICES PROGRAM	$2,103,762	$0	$2,103,762

STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING
FOR THE YEAR ENDING JUNE 30, 2017

FEDERAL CFDA / GRANT/ CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPENT EXPENDITURES	TOTAL FEDERAL EXPENDITURES
93.658	FOSTER CARE-TITLE IV-E	$45,031,327	$3,802,653	$48,833,980
93.659	ADOPTION ASSISTANCE	$39,687,324	$0	$39,687,324
93.667	SOCIAL SERVICES BLOCK GRANT	$20,109,058	$0	$20,109,058
93.669	CHILD ABUSE AND NEGLECT STATE GRANTS	$0	$115,981	$115,981
93.671	FAMILY VIOLENCE PREVENTION AND SERVICES/DOMESTIC VIOLENCE SHELTER AND SUPPORTIVE SERVICES	$1,552	$953,209	$954,761
93.674	CHAFEE FOSTER CARE INDEPENDENCE PROGRAM	$1,242,722	$775,913	$2,018,635
93.701***	ARRA - TRANS-NIH RECOVERY ACT RESEARCH SUPPORT (NOTE 3)	$2,000	$0	$2,000
93.733	CAPACITY BUILDING ASSISTANCE TO STRENGTHEN PUBLIC HEALTH IMMUNIZATION INFRASTRUCTURE AND PERFORMANCE - FINANCED IN PART BY THE PREVENTION AND PUBLIC HEALTH FUND (PPHF)	$542,367	$0	$542,367
93.735	STATE PUBLIC HEALTH APPROACHES FOR ENSURING QUITLINE CAPACITY - FUNDED IN PART BY PREVENTION AND PUBLIC HEALTH FUNDS (PPHF)	$153,040	$0	$153,040
93.745	PPHF: HEALTH CARE SURVEILLANCE/HEALTH STATISTICS-SURVEILLANCE PROGRAM ANNOUNCEMENT: BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM FINANCED IN PART BY PREVENTION AND PUBLIC HEALTH FUNDS (PPHF)	$148,660	$0	$148,660
93.748	PPHF COOPERATIVE AGREEMENTS FOR PRESCRIPTION DRUG MONITORING PROGRAM ELECTRONIC HEALTH RECORD (HER) INTEGRATION AND INTEROPERABILITY EXPANSION	$160,291	$50,000	$210,291
93.753	CHILD LEAD POISONING PREVENTION SURVEILLANCE FINANCED IN PART BY PREVENTION AND PUBLIC HEALTH (PPHF) PROGRAM	$160,276	$0	$160,276
93.757	STATE AND LOCAL PUBLIC HEALTH ACTIONS TO PREVENT OBESITY, DIABETES, HEART DISEASE, AND STROKE (PPHF)	$609,344	$251,169	$860,513
93.758	PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT FUNDED SOLELY WITH PREVENTION AND PUBLIC HEALTH FUNDS (PPHF)	$656,547	$763,464	$1,420,011
93.767	CHILDREN'S HEALTH INSURANCE PROGRAM	$63,015,483	$0	$63,015,483
93.779	CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS) RESEARCH, DEMONSTRATIONS AND EVALUATIONS	$78,440	$342,590	$421,030
93.791	MONEY FOLLOWS THE PERSON REBALANCING DEMONSTRATION	$1,700,810	$882,605	$2,583,415
93.800	ORGANIZED APPROACHES TO INCREASE COLORECTAL CANCER SCREENING	$569,668	$0	$569,668
93.815	DOMESTIC EBOLA SUPPLEMENT TO THE EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASES (ELC)	$258,924	$0	$258,924
93.817	HOSPITAL PREPAREDNESS PROGRAM (HPP) EBOLA PREPAREDNESS AND RESPONSE ACTIVITIES	$0	$120,680	$120,680
93.855***	ALLERGY AND INFECTIOUS DISEASES RESEARCH	($2,514)	$0	($2,514)
93.859***	BIOMEDICAL RESEARCH AND RESEARCH TRAINING (NOTE 3)	$670,541	$0	$670,541
93.913	GRANTS TO STATES FOR OPERATION OF STATE OFFICES OF RURAL HEALTH	$145,447	$0	$145,447
93.917	HIV CARE FORMULA GRANTS	$4,165,848	$1,521,192	$5,687,040
93.925**	SCHOLARSHIPS FOR HEALTH PROFESSIONS STUDENTS FROM DISADVANTAGED BACKGROUNDS - SCHOLARSHIPS FOR DISADVANTAGED STUDENTS (SDS)	$650,000	$0	$650,000
93.940	HIV PREVENTION ACTIVITIES-HEALTH DEPARTMENT BASED	$651,738	$84,956	$736,694
93.944	HUMAN IMMUNODEFICIENCY VIRUS (HIV)/ACQUIRED IMMUNODEFICIENCY VIRUS SYNDROME (AIDS) SURVEILLANCE	$179,718	$0	$179,718
93.945	ASSISTANCE PROGRAMS FOR CHRONIC DISEASE PREVENTION AND CONTROL	$2,864	$0	$2,864
93.946	COOPERATIVE AGREEMENTS TO SUPPORT STATE-BASED SAFE MOTHERHOOD AND INFANT HEALTH INITIATIVE PROGRAMS	$93,740	$0	$93,740
93.958	BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES	$261,600	$2,254,223	$2,515,823
93.959	BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE	$248,844	$7,367,625	$7,616,469
93.965	COAL MINERS RESPIRATORY IMPAIRMENT TREATMENT CLINICS AND SERVICES	$139,551	$950,031	$1,089,582
93.977	SEXUALLY TRANSMITTED DISEASES (STD) PREVENTION AND CONTROL GRANTS	$521,216	$0	$521,216
93.982	MENTAL HEALTH DISASTER ASSISTANCE AND EMERGENCY MENTAL HEALTH	$0	$180,309	$180,309
93.994	MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	$3,050,746	$2,672,793	$5,723,539
	AGING CLUSTER			
93.044	SPECIAL PROGRAMS FOR THE AGING-TITLE III, PART B-GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS	$239,792	$2,208,990	$2,448,782

STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING
FOR THE YEAR ENDING JUNE 30, 2017

FEDERAL CFDA / GRANT/ CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPENT EXPENDITURES	TOTAL FEDERAL EXPENDITURES
	SPECIAL PROGRAMS FOR THE AGING-TITLE III, PART C-NUTRITION			
93.045	SERVICES	$135,961	$4,718,014	$4,853,975
93.053	NUTRITION SERVICES INCENTIVE PROGRAM	$0	$1,934,763	$1,934,763
	TOTAL AGING CLUSTER	**$375,753**	**$8,861,767**	**$9,237,520**
	MATERNAL, INFANT, AND EARLY CHILDHOOD HOME VISITING CLUSTER			
93.505	AFFORDABLE CARE ACT (ACA) MATERNAL, INFANT, AND EARLY CHILDHOOD HOME VISITING PROGRAM	$120,695	$5,573,916	$5,694,611
93.870	MATERNAL, INFANT AND EARLY CHILDHOOD HOME VISITING GRANT PROGRAM	$323,935	$1,588,642	$1,912,577
	TOTAL MATERNAL, INFANT, AND EARLY CHILDHOOD HOME VISITING CLUSTER	**$444,630**	**$7,162,558**	**$7,607,188**
	CCDF CLUSTER			
93.575	CHILD CARE AND DEVELOPMENT BLOCK GRANT	$11,461,177	$9,381,691	$20,842,868
93.596	CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOPMENT FUND	$13,350,527	$1,792,901	$15,143,428
	TOTAL CCDF CLUSTER	**$24,811,704**	**$11,174,592**	**$35,986,296**
	MEDICAID CLUSTER			
93.775	STATE MEDICAID FRAUD CONTROL UNITS	$871,511	$0	$871,511
93.777	STATE SURVEY AND CERTIFICATION OF HEALTH CARE PROVIDERS AND SUPPLIERS (TITLE XVIII) MEDICARE	$3,819,939	$0	$3,819,939
93.778	MEDICAL ASSISTANCE PROGRAM	$3,200,937,264	$1,668,778	$3,202,606,042
ARRA 93.778	ARRA - MEDICAL ASSISTANCE PROGRAM	$5,056,712	$0	$5,056,712
	TOTAL MEDICAID CLUSTER	**$3,210,685,426**	**$1,668,778**	**$3,212,354,204**
050805WV5002	WAIVED LABS	$4,838	$0	$4,838
0805WV5002	CLINICAL LABORATORY IMPROVEMENT AMENDMENTS	$111,576	$0	$111,576
12IPA1213312	NIOSH ASSIGNMENT - COORDINATOR, HEALTHCARE & SOCIAL ASSISTANCE SECTOR	$875	$0	$875
14FED1418075 M01	PTD BUSINESS CASE (IPA ASSIGNMENT)	$8,354	$0	$8,354
14FED1418109 - IPA1418109 Total	MODELING OF NANOTOXICOLOGY DATA	$17,858	$0	$17,858
200-2011-M-3923	NTDI EY2010	$71,467	$0	$71,467
20020507251	VITAL STATISTICS COOP PROGRAM	$147,202	$0	$147,202
200540049P	FOOD INSPECTIONS	$36,222	$0	$36,222
223024448	MAMMOGRAPHY QUALITY ACT	$65,632	$0	$65,632
5500066056	DEATH RECORDS	$58	$0	$58
9179393	TOBACCO WORKPLAN	$671,035	$0	$671,035
HHS-N-285-2005-23641C	CHRONIC MIGRAINE TREATMENT TRIAL (CMTT) STUDY	$12,229	$0	$12,229
HHSP23320074107EC	NATIONAL HEALTH INFORMATION NETWORK II (NHIN2)	$996,615	$0	$996,615
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES		**$3,575,746,386**	**$91,870,024**	**$3,667,616,410**
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
94.003	STATE COMMISSIONS	$215,161	$0	$215,161
94.006	AMERICORPS	$110,842	$3,569,698	$3,680,540
94.007	PROGRAM DEVELOPMENT AND INNOVATION GRANTS	$2,400	$0	$2,400
94.009	TRAINING AND TECHNICAL ASSISTANCE	$66,261	$0	$66,261
94.013	VOLUNTEERS IN SERVICE TO AMERICA	$46,572	$0	$46,572
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		**$441,236**	**$3,569,698**	**$4,010,934**
EXECUTIVE OFFICE OF THE PRESIDENT				
95.001	HIGH INTENSITY DRUG TRAFFICKING AREAS PROGRAM (NOTE 3)	$372,977	$0	$372,977
EXECUTIVE OFFICE OF THE PRESIDENT		**$372,977**	**$0**	**$372,977**
SOCIAL SECURITY ADMINISTRATION				
96.001	SOCIAL SECURITY-DISABILITY INSURANCE (DI) AND DISABILITY INSURANCE/SSI CLUSTER	$20,983,324	$0	$20,983,324
96.008	SOCIAL SECURITY - WORK INCENTIVES PLANNING AND ASSISTANCE PROGRAM	$0	$257,750	$257,750
55000660056	DEATH RECORDS	$43,608	$0	$43,608
SS000860067	ENUMERATION AT BIRTH	$19,137	$0	$19,137
TOTAL SOCIAL SECURITY ADMINISTRATION		**$21,046,069**	**$257,750**	**$21,303,819**

STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING
FOR THE YEAR ENDING JUNE 30, 2017

FEDERAL CFDA / GRANT/ CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPENT EXPENDITURES	TOTAL FEDERAL EXPENDITURES
DEPARTMENT OF HOMELAND SECURITY				
97.012	BOATING SAFETY FINANCIAL ASSISTANCE	$510,500	$0	$510,500
97.023	COMMUNITY ASSISTANCE PROGRAM STATE SUPPORT SERVICES ELEMENT (CAP-SSSE)	$38,762	$0	$38,762
97.032	CRISIS COUNSELING	$0	$303,914	$303,914
97.036	DISASTER GRANTS - PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)	$43,217,193	$47,006,645	$90,223,838
97.039	HAZARD MITIGATION GRANT	$8,916	$2,281,166	$2,290,082
97.041	NATIONAL DAM SAFETY PROGRAM	$78,699	$0	$78,699
97.042	EMERGENCY MANAGEMENT PERFORMANCE GRANTS	$1,982,647	$840,531	$2,823,178
97.044	ASSISTANCE TO FIREFIGHTERS GRANT	$634,050	$0	$634,050
97.045	COOPERATING TECHNICAL PARTNERS	$152,191	$0	$152,191
97.047	PRE-DISASTER MITIGATION	$7,502	$0	$7,502
97.056	PORT SECURITY GRANT PROGRAM	$180,211	$0	$180,211
97.067	HOMELAND SECURITY GRANT PROGRAM	$471,009	$3,942,563	$4,413,572
97.088	DISASTER ASSISTANCE PROJECTS	$0	$791,126	$791,126
TOTAL DEPARTMENT OF HOMELAND SECURITY		**$47,281,680**	**$55,165,945**	**$102,447,625**
TOTAL EXPENDITURES OF FEDERAL AWARDS		**$5,888,935,169**	**$614,687,752**	**$6,503,622,921**

* HIGHWAY PLANNING AND CONSTRUCTION CLUSTER, TOTAL STATE OF WEST VIRGINIA EXPENDITURES $434,947,722 TOTAL SUBRECIPIENT EXPENDITURES $5,568,998 AND TOTAL FEDERAL EXPENDITURES $440,516,720.

** STUDENT FINANCIAL ASSISTANCE CLUSTER, TOTAL STATE OF WEST VIRGINIA EXPENDITURES $640,453,242 TOTAL SUBRECIPIENT EXPENDITURES $0 AND TOTAL FEDERAL EXPENDITURES $640,453,242.

*** RESEARCH AND DEVELOPMENT CLUSTER, TOTAL STATE OF WEST VIRGINIA EXPENDITURES $5,677,969 TOTAL SUBRECIPIENT EXPENDITURES $3,828,987, AND TOTAL FEDERAL EXPENDITURES $9,506,956.

The accompanying notes are an integral part of this schedule.

STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards (the Schedule) has been prepared on the cash basis of accounting. The federal awards are listed in the Schedule under the federal agency supplying the award. The individual Catalog of Federal Domestic Assistance (CFDA) numbers are listed first, then clusters, and then federal contract numbers. Federal contract numbers are used if the CFDA number is not available.

The Schedule includes noncash items such as Food Stamps (CFDA number 10.551), State Administrative Expense for Child Nutrition (CFDA number 10.560), and Donation of Federal Surplus Personal Property (CFDA number 39.003). All items are valued based on amounts as established by the federal grantor agency. The Schedule also includes Federal Direct Student Loans (CFDA number 84.268) that are made directly to individual students.

NOTE 2. REPORTING ENTITY

The Schedule includes various departments, agencies, boards and commissions governed by the legislature, judiciary and/or constitutional officers of the State of West Virginia (the State). The reporting entity also includes the State's institutions of public higher education. Certain institutions of higher education within the State maintain separate research corporations. These corporations receive various federal awards for research and development and other programs. Each of the research corporations has a separate audit performed in accordance with the Uniform Guidance, and accordingly, a separate submission has been made (see Note 8).

The Schedule does not include federal funds received and expended by certain independent authorities and other organizations included in the reporting entity under the criteria of the Governmental Accounting Standards Board, as described in Note 1 to the State's basic financial statements published in the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. The West Virginia Housing Development Fund and the West Virginia Drinking Water Treatment Revolving Loan Fund, which is a discretely presented component unit and a proprietary fund, respectively, elected to have their own single audit; therefore, their expenditures of federal awards are excluded from the State's schedule of expenditures of federal awards. This component unit and proprietary fund are required to submit their own single audit report to the federal audit clearinghouse (see Note 8).

STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 3. INDIRECT/PASS-THROUGH FEDERAL FUNDS

The United States Office of Drug Control Policy provides funds to the Laurel County Fiscal Court of London, Kentucky. A portion of these funds are passed through from the Fiscal Court to the State with pass-through entity identifying numbers HDTA14, HDTA15, HDTA16, and HDTA17.

The West Virginia Research Corporation passed funds to the West Virginia School of Osteopathic Medicine for CFDA Number 93.859 with pass-through entity identifying numbers 12-303-WVSOM-3, 12-303-WVSOM, and 12-303-WVSOM-4, and also to Shepherd University for CFDA Numbers 43.008 with pass-through entity identifying number 91-175C-SU and for CFDA 93.859 with pass-through entity identifying number 1-058B-SU-6.

The West Virginia Research Corporation, the Battelle Research Institute, and Tetra Tech passed funds to the West Virginia Geological and Economic Survey for CFDA Number 81.089 with pass-through entity identifying numbers 354860, 3377572, 507700, and 1137982.

The Emmes Corporation passed funds to West Virginia University for CFDA Number 93.701 with pass-through entity identifying number 1 U01 NS062835-01A1.

NOTE 4. UNEMPLOYMENT INSURANCE PROGRAM (UI) (CFDA Number 17.225)

The U.S. Department of Labor, in consultation with the Office of Management and Budget officials, has determined that for the purpose of audits and reporting under the Uniform Guidance, state UI funds as well as federal funds should be considered federal awards for determining Type A programs. The State receives federal funds for administrative purposes. State unemployment taxes must be deposited to a state account in the Federal Unemployment Trust Fund, used only to pay benefits under the federally approved state law. State UI funds as well as federal funds are included on the Schedule.

STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The following schedule provides a breakdown of the state and federal portions of the total expended under CFDA number 17.225:

	Beginning Balance July 1, 2016 As Adjusted	Receipts	Expenditures	Ending Balance June 30, 2017
State UI Funds	$ (468,026)	$373,475,422	$373,326,781	$ (319,385)
Federal UI Funds	(1,326)	17,151,484	16,733,060	417,098
Total	$ (469,352)	$390,626,906	$390,059,841	$ 97,713

NOTE 5. LOANS OUTSTANDING

Loans outstanding as of June 30, 2017, with continuing compliance requirements, are as follows:

CFDA Number	Name of Program	Ending Balance
84.038	Federal Perkins Loan (FPL) – Federal Capital Contribution	$41,318,611
93.264	Nurse Faculty Loan Program (NFLP)	170,015
93.342	Health Professions Student Loans, Including Primary Care Loans and Loans for Disadvantaged Students (HPSL/PCL/LDS)	5,950,556
93.364	Nursing Student Loans (NSL)	633,314
	Total Loans Outstanding	$48,072,496

NOTE 6. APPROVED PROJECT WORKSHEETS

The State incurred eligible expenditures in FY 2016 and the Federal Emergency Management Agency (FEMA) approved the State's project worksheets in FY 2017. The State recorded the eligible expenditures of $1,980,043 in CFDA 97.036 on this year's SEFA.

NOTE 7. INDIRECT COST RATE

Per Uniform Guidance 2 CFR § 200.510(b)(6), agencies are required to disclose whether or not they elect to use the 10 percent de minimis cost rate that 2 CFR§ 200.414(f) allows for nonfederal entities that have never received a negotiated indirect cost rate. The State does not elect to use the 10 percent de minimis cost rate.

STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 8: COMPONENT UNITS/PROPRIETARY FUND

The following is a summary of federal awards at the various component units and a proprietary fund that had separate Uniform Guidance audits and submissions. These awards have been excluded from the State's Schedule.

West Virginia University Research Corporation	$ 91,223,193
Marshall University Research Corporation	$ 16,902,835
West Virginia State Research Corporation	$ 11,122,444
West Virginia Housing Development Fund	$ 186,020,538
West Virginia Drinking Water Treatment Revolving Fund	$ 5,949,000


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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the Year Ended June 30, 2017

Section I. Summary of Auditor's Results

Financial statements:

Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP (unmodified, qualified, adverse or disclaimer): Unmodified, with reference to other auditors

Internal control over financial reporting:

Material weakness(es) identified? ____ Yes X No

Significant deficiency(ies) identified? ____ Yes X None reported

Noncompliance material to financial statements noted? ____ Yes X No

Federal awards:

Internal control over major federal programs:

Material weakness(es) identified? X Yes ____ No

Significant deficiency(ies) identified? X Yes ____ None reported

Type of auditors' report issued on compliance for major federal programs (unmodified, qualified, adverse or disclaimer): Unmodified for all major programs except for the Supplemental Nutrition Assistance Program (SNAP) Cluster, Rehabilitation Services Vocational Rehabilitation Grants to States, Child Care and Development Fund (CCDF) Cluster, and Adoption Assistance, which were qualified, and the Disaster Grants – Public Assistance (Presidentially Declared Disasters), which was adverse

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X Yes ____ No

Identification of Major Federal Programs:

CFDA Number(s)	Reportable Findings	Name of Federal Program or Cluster
10.551/10.561	2017–001, 002, 003	Supplemental Nutrition Assistance Program (SNAP) Cluster
17.277	None	WIOA National Dislocated Worker Grants/WIA National Emergency Grants
17.258/17.259/ 17.278	None	Workforce Innovation and Opportunity Act (WIOA) Cluster
84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364/93.925	2017–004, 005, 006, 007	Student Financial Assistance (SFA) Cluster
84.126	2017–008, 009	Rehabilitation Services Vocational Rehabilitation Grants to States
93.558	2017–002, 003, 010	Temporary Assistance for Needy Families (TANF) Cluster
93.568	2017–002, 003, 011, 012	Low-Income Home Energy Assistance
93.575/93.596	2017–002, 003, 013, 014	Child Care and Development Fund (CCDF) Cluster
93.658	2017–002, 003	Foster Care—Title IV-E
93.659	2017–002, 003, 015	Adoption Assistance
93.767	2017–002, 003	Children's Health Insurance Program (CHIP)
93.775/93.777/ 93.778*	2017–003, 016	Medicaid Cluster
97.036	2017–017, 018, 019, 020, 021	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and B programs: $ 19,510,869

Auditee qualified as low-risk auditee _____ Yes ___X___ No

* CFDA number includes federally identifiable American Recovery and Reinvestment Act Funds.

STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the Year Ended June 30, 2017

Section II. Financial Statement Findings

None.

Section III. Federal Award Findings and Questioned Costs

Reference Number	Findings	Questioned Costs
2017–001	Special Tests and Provisions – EBT Card Security	N/A
2017–002	DHHR Information System and Related Business Process Controls	N/A
2017–003	Procurement Procedures	$3,204
2017–004	Schedule of Expenditures of Federal Awards	N/A
2017–005	Special Tests and Provisions – Return of Title IV Funds	$5,953
2017–006	Special Tests and Provisions – Enrollment Reporting	N/A
2017–007	Special Tests and Provisions – Borrower Data Transmission and Reconciliation	N/A
2017–008	Eligibility	N/A
2017–009	Schedule of Expenditures of Federal Awards	N/A
2017–010	Special Tests and Provisions –Child Support Non-cooperation, Penalty for Refusal to Work, and Adult Custodial Parent of Child Under Six When Child Care Not Available	N/A
2017–011	Allowability and Eligibility	$665
2017–012	Reporting Documentation	N/A
2017–013	Disaster Recovery Plan	N/A
2017–014	Special Tests and Provisions – Fraud Detection and Repayment	N/A
2017–015	Eligibility Documentation	$7,530
2017–016	Eligibility	$102
2017–017	Cash Management	N/A
2017–018	Subrecipient Monitoring	Unknown
2017–019	Schedule of Expenditures of Federal Awards	N/A
2017–020	Internal Controls Over Reporting	N/A
2017–021	Cash Management Monitoring Finding	N/A

2017–001 SPECIAL TESTS AND PROVISIONS – EBT CARD SECURITY

Federal Program Information:	Federal Agency and Program Name	CFDA #
	U.S. Department of Agriculture	
	Supplemental Nutrition Assistance Program (SNAP) Cluster	10.551/10.561
	Grant Award 1WV400401	
	Grant Award 1WV430459	

Criteria:

7 CFR 274.8(b)(3) requires "Performance and technical standards. The State agency shall ensure that EBT systems comply with POS technical standards established by the American National Standards Institute (ANSI) or International Organization for Standardization (ISO) where applicable. This includes the draft EBT ISO 8583 Processor Interface Technical Specifications contained in the ANSI standards, which delineates a standard message format for retailers and third parties. In addition, the State agency shall ensure that the EBT system meets performance and technical standards in the areas of system processing speeds, system availability and reliability, system security, system ease-of-use, minimum card and terminal requirements, performance bonding, and a minimum transaction set. With prior written approval from FNS, the State agency may utilize the prevailing industry performance standards in its region in lieu of those identified in this section. The standards shall be included in all requests for proposals and contracts.

(3) System security. As an addition to or component of the Security Program required of Automated Data Processing systems prescribed under §277.18(m) of this chapter, the State agency shall ensure that the following EBT security requirements are established: (i) Storage and control measures to control blank unissued EBT cards and PINs, and unused or spare POS devices; (ii) Measures to ensure communication access control. Communication controls shall include the transmission of transaction data and issuance information from POS terminals to work-stations and terminals at the data processing center. The following specific security measures shall be included, as appropriate, in the system design documentation, operating procedures or the State agency Security Program: (A) Computer hardware controls that ensure acceptance of data from authorized terminals only. These controls shall include the use of mechanisms such as retailer identification codes, terminal identifiers and user identification codes, and/or other mechanisms and procedures recognized by the industry; (B) Software controls, placed at either the terminal or central computer or both, that establish separate control files containing lists of authorized retailers, terminal identifying codes, and user access and identification codes. EBT system software controls shall include separate checks against the control files in order to validate each transaction prior to authorization and limiting the number of unsuccessful PIN attempts that can be made utilizing standard industry practices before the card is deactivated; (C) Communications network security that utilizes the Data Encryption Standard algorithm to encrypt the PIN, at a minimum, from the point of entry. Other security may include authentication codes and check-sum digits, in combination with data encoded on the magnetic stripe such as the PIN and/or PIN offset, to ensure data security during electronic transmission. Any of the network security measures may be utilized together or separately and may be applied at the terminal or central computer as indicated in the approved system design to ensure communications control; (D) Manual procedures that provide for secure access to

2017–001 SPECIAL TESTS AND PROVISIONS – EBT CARD SECURITY
(continued)

the system with minimal risk to household or retailer accounts. Manual procedures may include the utilization of manager identification codes in obtaining telephonic authorization from the central computer system; requirements for separate entry with audio response unit verification and authorization number; and/or the utilization of 24 hour hotline telephone numbers to authorize transactions. (iii) Message validation shall include but shall not be limited to: (A) Message format checks for completeness of the message, correct order of data, existence of control characters, number and size of data fields and appropriate format standards as specified in the approved system design; (B) Range checks for acceptable date fields, number and valid account numbers, purchase and refund upper limitations in order to prevent and control damage to the system accounts; (C) Reversal of messages that are not fully processed and recorded. (iv) Administrative and operational procedures shall ensure that: (A) Functions affecting an account balance are separated or dually controlled during processing and when requesting Federal reimbursement through a concentrator bank under the provisions of paragraph (i) of this section. These functions may include but are not limited to the setup of accounts, transmittal of funds to and from accounts, access to files to change account records, and transmittal of retailer deposits to the ACH network or other means approved by FNS for crediting retailer bank accounts; (B) Passwords, identity codes or other security procedures must be utilized by State agency or local personnel and at data processing centers; (C) Software programming changes shall be dual controlled to the extent possible; (D) System operations functions shall be segregated from reconciliation duties; (v)A separate EBT security component shall be incorporated into the State agency Security Program for Automated Data Processing (ADP) systems where appropriate as prescribed under §277.18(m) of this chapter. The periodic risk analyses required by the Security Program shall address the following items specific to an EBT system: (A) EBT system vulnerability to theft and unauthorized use; (B) Completeness and timeliness of the reconciliation system; (C) Vulnerability to tampering with or creating household accounts; (D) Erroneous posting of issuances to household accounts; (E) Manipulation of retailers' accounts such as creation of false transactions or intrusion by unauthorized computer users; (F) Capability to monitor systematic abuses at POS terminals such as debits for a complete allotment, excessive manual issuances, and multiple manual transactions at the same time. Such monitoring may be accomplished through the use of exception reporting; (G) Tampering with information on the ACH tape or similar information utilized in a crediting method approved by FNS; and, (H) The availability of a complete audit trail. A complete audit trail shall, at a minimum, be able to provide a complete transaction history of each individual system activity that affects an account balance. The audit trail shall include the tracking of issuances from the Master File and Issuance File, network transactions from POS terminals to EBT central computer database and system file updates. (vi) The State agency shall incorporate the contingency plan approved by FNS into the Security Program. (4) *System ease-of-use.* (i) For all system users, the State agency shall ensure that the system: (A) Minimizes the number of separate steps required to complete a transaction; (B) Minimizes the number of codes or commands needed to make use of the system; (C) Makes available clear and comprehensive account balance information with a

2017–001 SPECIAL TESTS AND PROVISIONS – EBT CARD SECURITY
(continued)

minimum number of actions necessary; (D) Provides training and instructions for all system users especially those persons with disabilities; (E) Makes available prompts on POS terminals or balance only terminals, where appropriate; (F) Identifies procedures for problem resolution; (G) Provides reasonable accommodation for the needs of households with disabilities in keeping with the Americans with Disabilities Act of 1990. (ii) In addition to the requirements of paragraph (h)(4)(i) of this section, the State agency shall ensure that retailers utilizing the EBT system: (A) Have available manual backup procedures; (B) Can obtain timely information on daily credits to their banks; (C) Have available deposit information in a format readily comparable to information maintained in the store; and (D) Have available instructions on resolving problems with equipment and retailer accounts. (5) Minimum card requirements. (i) The address of the office where a card can be returned if found or no longer in use should be printed on the card. (ii) State agencies that implement the photo EBT card option in accordance with paragraph (f) of this section must print on the EBT cards the text "Any user with valid PIN can use SNAP benefits on card and need not be pictured." or similar alternative text approved by FNS. (iii) FNS reserves the right to require State agencies to place a Department logo on the EBT card and/or sleeves or jackets. (iv) EBT cards and/or sleeves or jackets shall not contain the name of any State or local official. EBT informational materials shall not indicate association with any political party or other political affiliation. (v) State agencies may require the use of a photograph of one or more household members on the card. If the State agency does require the EBT cards to contain a photo, it must establish procedures to ensure that all appropriate household members or authorized representatives are able to access benefits from the account as necessary. (6) POS terminals. POS terminals shall meet the following requirements: (i) Balance information shall not be displayed on the screen of the POS terminal except for balance-only inquiry terminals; (ii) PINs shall not be displayed at the terminal; and (iii) PIN encryption shall occur from the point of entry in a manner which prevents the unsecured transmission between any point in the system. (7) Transaction receipts. Households shall be provided printed receipts at the time of transaction. At a minimum this information shall: (i) State the date, merchant's name and location, transaction type, transaction amount and remaining balance for the SNAP account; (ii) Comply with the requirements of 12 CFR part 205 (Regulation E) in addition to the requirements of this section; and (iii) Identify the SNAP households member's account number (the PAN) using a truncated number or coded transaction number. The households' name shall not appear on the receipt except when a signature is required when utilizing a manual transaction voucher. (8) Performance bonding. The State agency may require a performance bond in accordance with §277.8 of this chapter or utilize other contractual clauses it deems necessary to enforce the requirements of this section. (9) Minimum transaction set. At a minimum, the State agency shall ensure that the EBT system, including third party processors and retailers driving their own terminals, is capable of providing for

2017–001 SPECIAL TESTS AND PROVISIONS – EBT CARD SECURITY
(continued)

authorizing or rejecting purchases, refunds or customer credits, voids or cancellations, key entered transactions, balance inquiries and settlement or close-out transactions. The system must be capable of completing this transaction set across State borders nationwide in accordance with standards specified in paragraph (h)(10) of this section. (10) Interoperability. State agencies must adopt uniform standards to facilitate interoperability and portability nationwide. The term "interoperability" means the EBT system must enable benefits issued in the form of an EBT card to be redeemed in any State. The term "portability" means the EBT system must enable benefits issued in the form of an EBT card to be used in any State by a household to purchase food at a retail food store or a wholesale food concern approved under the Food and Nutrition Act of 2008. The standards must include the following: (i) EBT system connectivity. State agencies are responsible for establishing telecommunications links, transaction switching facilities and any other arrangements with other State agencies necessary for the routing of interoperable transactions to such other State EBT authorization systems. State agencies are also responsible for facilitating the settlement of such interoperable transactions and the handling of adjustments. These connections need not be direct connections between State authorization systems but may be facilitated through agreements and linkages with other designated agents or third party processors. All State agencies must agree to the timing and disposition of disputes, error resolution, and adjustments in accordance with Department regulations at §273.13(a) and §273.15(k) of this chapter and paragraph (f) of this section. State agencies or their designated agents must draw funds from State SNAP accounts for SNAP benefits transacted by that State's SNAP recipients, regardless of where benefits were transacted. (ii) Message format. Each authorization system must use the ISO 8583 message format, modified for EBT, in a version mutually agreed to between the authorization agent and the party connected for all transactions. Each authorization system must process each financial transaction as a single message financial transaction, except for pre-authorized transactions and reversals, processed as paired transactions. (iii) Card Primary Account Number (PAN) Requirements. Track 2 on each card shall contain the PAN. Each Government entity must obtain an Issuer Identification Number (IIN) from the American Bankers Association (ABA). The IIN should be included as the first six digits of the PAN. The PAN must comply with ISO 7812, Identification Cards—Numbering System and Registration Procedures for Issuer Identifiers. Each State agency must be responsible for generating, updating, and distributing IIN files of all States to each retailer, processor, or acquirer that is directly connected to the State's authorization system. Each terminal operator that uses a routing table for routing acquired transactions must, within 7 calendar days of receiving an IIN routing table update, modify its routing tables to reflect the updated routing information. (iv) Third Party Processor requirements. Each Third Party Processor or terminal operator must have primary responsibility and liability for operating the telecommunications and processing system (including software and hardware) through which transactions initiated at POS terminals it owns, operates, controls or for which it has signed an agreement to accept EBT transactions, are processed and routed, directly or indirectly, to the appropriate State authorization system. Each terminal operator must maintain the necessary computer hardware and software to interface either directly with a State authorization system or with a third party service provider to obtain access to one or more State authorization systems. Each terminal operator must also

2017–001 SPECIAL TESTS AND PROVISIONS – EBT CARD SECURITY
(continued)

establish a direct or indirect telecommunications connection for the routing of transactions to the State authorization system or to a processor directly or indirectly connected to the State authorization system. (v) REDE File. The State agency must ensure that their EBT system verifies FNS retailer numbers for all interstate transactions against the National REDE file of all FNS EBT retailers to validate these transactions." 2 CFR 200.303 requires that the West Virginia Department of Health and Human Services must "(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: The State's EBT card security is addressed in the West Virginia EBT System Security Plan, which addresses specific EBT card security objectives including observance of the physical security over EBT cards and/or other negotiable instruments used in the issuance process and verification that EBT cards returned from the Postal Service are returned to inventory or destroyed. However, there is no documentation that the West Virginia EBT System Security Plan's components are operating effectively as designed; however, there is no documentation that an observation of the physical security over EBT cards or verification that EBT cards returned from the Postal Service were returned to inventory or destroyed.

Questioned Costs: N/A

Context: Total EBT issuances for the SNAP Cluster were $490,482,593 for the year ended June 30, 2017. Total federal expenditures for the SNAP Cluster were $511,715,496 for the year ended June 30, 2017.

Cause: While EBT card security is addressed in the West Virginia EBT System Security Plan, the operating effectiveness of these security measures were not validated by the State.

Effect: EBT cards may be stolen, embezzled, lost, damaged, destroyed, transferred, negotiated, or used without authorization and not identified in a timely manner.

Recommendation: We recommend that West Virginia Department of Health and Human Resources (DHHR) review the applicable requirements for EBT card security to ensure and develop a plan to validate it for operating effectiveness.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

2017–002 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS (Prior Year Findings 2016–017, 2015–025, 2014–016, 2013–034, 2012–51, 2011–46, 2010–43, 2009–43, 2008–55)

Federal Program Information:

Federal Agency and Program Name	CFDA #
U.S. Department of Agriculture	
Supplemental Nutrition Assistance Program (SNAP) Cluster	10.551/10.561
Grant Awards 1WV400401 and 1WV430459	
U.S. Department of Health and Human Services	
Temporary Assistance for Needy Families (TANF) Cluster	93.558
Grant Awards 2015G996115 and 2016G996115	
Low-Income Home Energy Assistance	93.568
Grant Awards G-1501WVLIE4, G-15B1WVLIEA, G-1601WVLIE4, G-16B1WVLIEA, G-17B1WVLIEA, and G-1701WVLIE4	
Child Care and Development Fund (CCDF) Cluster	93.575/93.596
Grant Awards G1601WVCCDF and G1701WVCCDF	
Foster Care—Title IV-E	93.658
Grant Awards 1601WVFOST and 1701WVFOST	
Adoption Assistance	93.659
Grant Awards 1601WVADPT and 1701WVADPT	
Children's Health Insurance Program (CHIP)	93.767
Grant Awards 1505WV5021, 1605WV5021, 1705WV5021, and 1705VW0301	

Criteria:

2 CFR 200.303 requires that the West Virginia Department of Health and Human Services must "(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

OMB Circular A-133 section 300b requires that DHHR is responsible for maintaining "internal control over Federal programs that provides reasonable assurance that management is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Condition:

Family and Children Tracking System (FACTS): West Virginia Department of Health and Human Resources (DHHR) operates a wide variety of computer applications, many of which affect federal and State programs' data. Our review of the information system controls noted that adequate segregation of duties does not exist for the FACTS information system. Certain users have the ability to both create and approve cases. We noted that management implemented a mitigating detect control for the Foster Care program during fiscal year 2012 in response to this repeat finding; however, it was not designed to encompass the Adoption Assistance program or automatic payments in the Foster Care program. Additionally, no supervisory review is required for provider payment information input into the system.

2017–002 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS (Prior Year Findings 2016–017, 2015–025, 2014–016, 2013–034, 2012–51, 2011–46, 2010–43, 2009–43, 2008–55) (continued)

Recipient Automated Payment Information Data System (RAPIDS) Application Suite: Our testing of the controls surrounding eligibility determination noted that adequate segregation of duties does not exist for the RAPIDS system. No supervisory review is required for case information input into the system. Further, it was noted that approval of disbursements only occurs at the batch level, which does not allow the approval worker to review each transaction individually.

Questioned Costs: N/A

Context: Total federal expenditures for these programs can be located in the Schedule of Expenditures of Federal Awards.

The table below identifies the programs and federal compliance requirements impacted.

Federal Program	System	Compliance Requirements Impacted
Children's Health Insurance Program (CHIP)	RAPIDS	Eligibility
Supplemental Nutrition Assistance Program (SNAP) Cluster	RAPIDS	Special Tests and Provisions – ADP System for SNAP
Temporary Assistance for Needy Families (TANF) Cluster	RAPIDS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Low-Income Home Energy Assistance	RAPIDS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Period of Availability of Federal Funds/Period of Performance
Adoption Assistance	FACTS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility
Foster Care – Title IV-E	FACTS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility
Child Care and Development Fund (CCDF) Cluster	FACTS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility

Cause: Policies and procedures have not been adequately updated for changes in the processing of eligibility. Furthermore, management indicated that a lack of personnel resources contributes to the proper segregation of duties issue.

Effect: Without proper segregation of duties or adequate detect controls, the ability exists for certain information system users to create and approve cases and demand payments within the FACTS application. Information can be input into the FACTS application or modified within the application without supervisory review, which could lead to payments being made to ineligible applicants, for the improper amount, or for an improper length of time.

Without proper segregation of duties or adequate detect controls, the ability exists for case workers to input unsupported information into an applicant's eligibility calculation within RAPIDS. Further, without supervisory review at the transactional level, disbursements for unallowable costs or activities could occur.

2017–002 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS (Prior Year Findings 2016–017, 2015–025, 2014–016, 2013–034, 2012–51, 2011–46, 2010–43, 2009–43, 2008–55) (continued)

Recommendation: This is a repeat finding, and management should develop an effective corrective action plan to address this matter in a timely manner. We recommend that access to various FACTS system applications be restricted to a limited number of users. Controls should be established to ensure that an individual is limited to either creating or approving cases or payments. A detect control should be implemented that would require a review of all individual cases and payments with the same request and approval worker to ensure that cases and payments created and approved were appropriate.

Further, we recommend that a formal review process be implemented to ensure that information input into FACTS and RAPIDS is properly reviewed by authorized individuals prior to payment.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

2017–003 PROCUREMENT PROCEDURES

Federal Program Information:

Federal Agency and Program Name	CFDA #
U.S. Department of Agriculture	
Supplemental Nutrition Assistance Program (SNAP) Cluster	10.551/10.561
Grant Awards 1WV400401 and 1WV430459	
U.S. Department of Health and Human Services	
Temporary Assistance for Needy Families (TANF) Cluster	93.558
Grant Awards 2015G996115 and 2016G996115	
Low-Income Home Energy Assistance	93.568
Grant Awards G-1501WVLIE4, G-15B1WVLIEA, G-1601WVLIE4, G-16B1WVLIEA,G-17B1WVLIEA, G-1701WVLIE4	
Child Care and Development Fund (CCDF) Cluster	93.575/93.596
Grant Awards G1601WVCCDF and G1701WVCCDF	
Foster Care—Title IV-E	93.658
Grant Awards 1601WVFOST and 1701WVFOST	
Adoption Assistance	93.659
Grant Awards 1601WVADPT and 1701WVADPT	
Children's Health Insurance Program (CHIP)	93.767
Grant Awards 1505WV5021, 1605WV5021, 1705WV5021, and 1705VW0301	
Medicaid Cluster	93.775/93.777/ 93.778
Grant Awards 1605WV5MAP, 1605WV5ADM, 1605WVINCT, 1605WVIMPL, 1705WV5MAP, 1705WV5ADM, 1705WVINCT, and 1705WVIMPL	

Criteria:

2 CFR 200.212 requires "Non-federal entities and contractors are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities."

2 CFR 200.212(h) requires "The non-Federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, 48 CFR 180.300 states "What must I do before I enter into a covered transaction with another person at the next lower tier? When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by: (a) Checking the EPLS; or (b) Collecting a certification from that person; or (c) Adding a clause or condition to the covered transaction with that person.

Per Section 6.7.1 of the State of West Virginia Purchasing Division Procedures Handbook, administrative changes to contracts should be made after the fact with subsequent approval by the Purchasing Division and the Attorney General's Office (as to form) prior to the implementation of the change.

2017–003 PROCUREMENT PROCEDURES
(continued)

2 CFR 200.303 requires that the West Virginia Department of Health and Human Services must "(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

OMB Circular A-133 section 300b requires that DHHR is responsible for maintaining "internal control over Federal programs that provides reasonable assurance that management is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Condition: Three of 40 procurement transactions tested were not properly approved before the contract period started or before the contract period was renewed. The two transactions represent $3,204 out of a total population tested of $1,201,164. Total procurement contracts entered into by DHHR for the year ended June 30, 2017 was approximately $9.8 million.

Questioned Costs: $3,204 - $350 related to CFDA #93.074 – Grant Award U90TP000560-03; $263 related to CFDA # 93.074 – Grant Award U90TP000560-04 and $2,591 related to CFDA # 93.758 – Grant Award NB01TOT009088-01.

Context: Total federal expenditures for these programs can be located in the Schedule of Expenditures of Federal Awards.

Cause: West Virginia Department of Health and Human Resources (DHHR) appears to have policies and procedures which include internal controls such as the approval of procurement transactions by a knowledgeable person; however, the agency has failed to actively enforce those internal controls.

Effect: Federal expenditures could be made for unallowable procurement transactions.

Recommendation: We recommend that the DHHR strengthen the existing policies and procedures surrounding the approval of procurement transactions.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

2017–004 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Program Information:	Federal Agency and Program Name	CFDA #
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post-Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364/93.925

Criteria: 2 CFR 200.303 requires that Institutions must "(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: Fairmont State University's (FSU) and West Liberty University's (WL) internal controls are not adequate to ensure the Schedule of Expenditures of Federal Awards (SEFA) accurately reports all federal assistance. Our review of FSU's SEFA for fiscal year 2017 identified that total Perkins Loan disbursements were overstated by $487,615 and total Perkins Loan receipts were overstated by $487,615. Additionally, our review of WL's SEFA for fiscal year 2017 identified Pell disbursements were understated by $3,636,392.

Questioned Costs: N/A

Context: Total student financial assistance expenditures for the State of West Virginia were $640,453,242 for the year ended June 30, 2017.

Cause: FSU and WL have not implemented adequate internal controls to ensure the SEFA is accurate.

Effect: FSU and WL are not properly reporting their federal expenditures and major programs may not be appropriately identified on a timely basis.

Recommendation: We recommend that FSU and WL ensure staff responsible for the preparation of the SEFA have the resources needed to accurately prepare the SEFA.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

2017–005 SPECIAL TESTS AND PROVISIONS – RETURN OF TITLE IV FUNDS
(Prior Year Finding 2016–010)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA #**
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post-Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364/93.925

Criteria:

34 CFR 668.22(a) requires Institution "when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date in accordance with paragraph (e) of this section."

34 CFR 668.22(e)(1) requires "the amount of Title IV grant or loan assistance that is earned by the student is calculated by (i) Determining the percentage of Title IV grant or loan assistance that has been earned by the student, as described in paragraph (e)(2) of this section; and (ii) Applying this percentage to the total amount of Title IV grant or loan assistance that was disbursed (and that could have been disbursed, as defined in paragraph (l)(1) of this section) to the student, or on the student's behalf, for the payment period or period of enrollment as of the student's withdrawal date."

34 CFR 668.22(e)(2) requires "the percentage of Title IV grant or loan assistance that has been earned by the student is— (i) Equal to the percentage of the payment period or period of enrollment that the student completed (as determined in accordance with paragraph (f) of this section) as of the student's withdrawal date, if this date occurs on or before— (A) Completion of 60 percent of the payment period or period of enrollment for a program that is measured in credit hours; or (B) Sixty percent of the clock hours scheduled to be completed for the payment period or period of enrollment for a program that is measured in clock hours; or (ii) 100 percent, if the student's withdrawal date occurs after— (A) Completion of 60 percent of the payment period or period of enrollment for a program that is measured in credit hours; or (B) Sixty percent of the clock hours scheduled to be completed for the payment period or period of enrollment for a program measured in clock hours. (3) Percentage unearned. The percentage of Title IV grant or loan assistance that has not been earned by the student is calculated by determining the complement of the percentage of Title IV grant or loan assistance earned by the student as described in paragraph (e)(2) of this section."

34 CFR 668.22(f)(1) requires "the percentage of Title IV grant or loan assistance that has been earned by the student is— (i) Equal to the percentage of the payment period or period of enrollment that the student completed (as determined in accordance with paragraph (f) of this section) as of the student's withdrawal date, if this date occurs on or before— (A) Completion of 60 percent of the payment period or period of enrollment for a program that is measured in credit hours; or (B) Sixty percent of the clock hours scheduled to be completed for the payment period or period of enrollment for a program that is measured in clock hours; or (ii) 100 percent, if the student's withdrawal date occurs after— (A) Completion of 60

2017–005 SPECIAL TESTS AND PROVISIONS – RETURN OF TITLE IV FUNDS
(Prior Year Finding 2016–010) (continued)

percent of the payment period or period of enrollment for a program that is measured in credit hours; or (B) Sixty percent of the clock hours scheduled to be completed for the payment period or period of enrollment for a program measured in clock hours. (3) Percentage unearned. The percentage of Title IV grant or loan assistance that has not been earned by the student is calculated by determining the complement of the percentage of Title IV grant or loan assistance earned by the student as described in paragraph (e)(2) of this section."

34 CFR 668.22(g)(1) requires "the institution must return, in the order specified in paragraph (i) of this section, the lesser of— (i) The total amount of unearned Title IV assistance to be returned as calculated under paragraph (e)(4) of this section; or (ii) An amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance that has not been earned by the student, as described in paragraph (e)(3) of this section."

34 CFR 668.22(j)(1) requires "an institution must return the amount of Title IV funds for which it is responsible under paragraph (g) of this section as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew as defined in paragraph (l)(3) of this section. The timeframe for returning funds is further described in §668.173(b)."

34 CFR 668.173(b)(1) requires "in accordance with procedures established by the Secretary or FFEL Program lender, an institution returns unearned Title IV, HEA program funds timely if— (1) The institution deposits or transfers the funds into the bank account it maintains under §668.163 no later than 45 days after the date it determines that the student withdrew;"

2 CFR 200.303 requires that Institutions must "(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: The institutions are required to have internal controls in place surrounding the calculation of the return of Title IV funds. During our testing of West Virginia State University, it was determined that this institution did not have a formalized internal control process, such as a formalized review and approval control, surrounding the calculation of Title IV funds. Furthermore, for one of the 21 sampled the return of the Title IV calculation was either not calculated or improperly calculated. We then sampled an additional 15 Title IV Refunds for testing and found four additional errors. Further, according to the Federal Program Review Determination issued by the U.S. Department of Education, Mountwest made errors when performing the return of Title IV calculation for seven students selected, as well as returned unearned Title IV funds late to the Department for nine students selected.

Questioned Costs: $5,953 – $4,423 related to CFDA # – 84.268 Grant Award P268K170428; $1,510 related to CFDA #84.063 – Grant Award P063)160428; $20 related to CFDA #84.063 – Grant Award P063P155798

Context: Total expenditures for the SFA cluster in total were $640,453,242 for the year ended June 30, 2017.

2017–005 SPECIAL TESTS AND PROVISIONS – RETURN OF TITLE IV FUNDS
(Prior Year Finding 2016–010) (continued)

Cause:	Formal review and approval process is not in place related to the calculation of the return of Title IV funds nor is evidence of the review maintained.
Effect:	The absence of a review process for the return of Title IV funds could result in the institution's financial records for federal expenditures to be improperly stated or funds not returned on time.
Recommendation:	The institutions should ensure that that the return of Title IV funds calculation is performed and saved as documented in the institution's written procedure, including retaining documentation of timely supervisor review and approval and return funds within the required time frame.
Views of Responsible Officials and Planned Corrective Actions:	Management acknowledges the finding. See corrective action plan.

2017–006 SPECIAL TESTS AND PROVISIONS – ENROLLMENT REPORTING
(Prior Year Findings 2016–008, 2015–015, 2014–011, 2013–028, 2012–43, 2012–47, 2012–49, 2011-22)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA #**
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post-Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364/93.925

Criteria: 2 CFR 200.303 requires that Institutions must "(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: The following institutions did not have internal controls in place surrounding the enrollment reporting process for the selections made: Shepherd University, West Virginia University – Parkersburg, West Liberty University, and West Virginia Northern Community and Technical College.

Questioned Costs: N/A

Context: Total Direct Loan expenditures for the SFA cluster in total were $464,565,207 for the year ended June 30, 2017. Total direct loan expenditures for Shepherd University, West Virginia University – Parkersburg, West Liberty University, and West Virginia Northern Community and Technical College was $40,781,495 for the year ended June 30, 2017.

Cause: Due to ineffective internal controls, there could be timing and status discrepancies between the information reported by the institution to the Clearinghouse and their subsequent reporting of enrollment detail to National Student Loan Data System (NSLDS).

Effect: The institutions are not promptly reviewing information prior to reporting to the NSLDS; thus, inaccurate information could be reported to the NSLDS.

Recommendation: We recommend that the institutions implement a review process to ensure they are promptly reviewing the information being reported to the NSLDS.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

2017–007 SPECIAL TESTS AND PROVISIONS – BORROWER DATA TRANSMISSION AND RECONCILIATION
(Prior Year Finding 2016–006)

Federal Program Information:	Federal Agency and Program Name	CFDA #
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post-Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364/93.925

Criteria: 34 CFR 685.300(a)(5) requires "On a monthly basis, reconcile institutional records with Direct Loan funds received from the Secretary and Direct Loan disbursement records submitted to and accepted by the Secretary."

2 CFR 200.303 requires that Institutions must "(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: For the two months selected for testing of Direct Loan School Account Statement (SAS) reconciliation requirements at Concord University, proper reconciliations were completed by the institution; however, they were not completed timely nor reviewed.

Questioned Costs: N/A

Context: Total Direct Loan expenditures for the SFA cluster in total were $464,565,207 for the year ended June 30, 2017.

Cause: Written procedures detailing the process to reconcile loans from Common Origination and Disbursement (COD) records to Banner exist, as provided in narrative form during the audit. However, management represented that a formal reconciliation review process has not been successfully implemented.

Effect: The absence of proper reconciliations could result in the institution's financial records for Direct Loan expenditures to be improperly stated.

Recommendation: We recommend that management implement the reconciliation process that monthly reconciliations are performed and saved as documented in the institution's written procedure, including documentation of supervisor review and approval. In addition, management needs to ensure that all data received from COD is maintained within their records to facilitate audit procedures.

2017–007 SPECIAL TESTS AND PROVISIONS – BORROWER DATA TRANSMISSION AND RECONCILIATION
(Prior Year Finding 2016–006) (continued)

Views of Responsible Officials and Planned Corrective Actions:	Management acknowledges the finding. See corrective action plan.

2017–008 ELIGIBILITY
(Prior Year Findings 2016–012, 2015–018)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA #**
	U.S. Department of Education Rehabilitation Services Vocational Rehabilitation Grants to States Grant Award H126A160073	84.126

Criteria: 29 USC §722(a)(6), requires that "the designated State unit shall determine whether an individual is eligible for Vocational Rehabilitation (VR) services under this subchapter within a reasonable period of time, not to exceed 60 days, after the individual has submitted an application for the services unless (a) exceptional and unforeseen circumstances beyond the control of the designated State unit preclude making an eligibility determination within 60 days and the designated State unit and the individual agree to a specific extension of time; or (b) the designated State unit is exploring an individual's abilities, capabilities, and capacity to perform in work situations under paragraph (2)(b)."

2 CFR 200.303 requires that the West Virginia Division of Rehabilitation Services must "(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: Three of the 25 eligibility determinations reviewed were not completed within 60 days or within the period of extension.

Questioned Costs: N/A

Context: Total federal expenditures for the Vocational Rehabilitation Grant were $40,424,101 for the year ended June 30, 2017.

Cause: WVDRS appears to have policies and procedures, which include internal controls, in place to address eligibility; however, it has failed to actively enforce those internal controls.

Effect: Federal expenditures could be made for individuals who were potentially ineligible.

Recommendation: We recommend that WVDRS strengthen the existing policies and procedures surrounding the approval of eligible participants and ensure the appropriate completion of all eligibility determinations on a timely basis.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

2017–009 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Program Information:	**Federal Agency and Program Name**	**CFDA #**
	U.S. Department of Education	
	Rehabilitation Services Vocational Rehabilitation Grants to States	84.126
	Grant Award H126A160073	

Criteria: 2 CFR 200.303 requires that Institutions must "(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: The SEFA for West Virginia Division of Rehabilitation Services (WVDRS) did not agree to the underlying support of federal expenditures.

Questioned Costs: N/A

Context: Total federal expenditures for the Vocational Rehabilitation Grant were $40,424,101 for the year ended June 30, 2017. Total misstatements on the SEFA were $79,380, which were corrected in the SEFA.

Cause: WVDRS appears to have policies and procedures, including internal controls, in place to prepare and review the SEFA; however, it has failed to actively enforce those internal controls.

Effect: Federal expenditures may not be properly reported.

Recommendation: We recommend that WVDRS strengthen the existing policies and procedures surrounding the preparation and review of the SEFA.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

2017–010 SPECIAL TESTS AND PROVISIONS –CHILD SUPPORT NON-COOPERATION, PENALTY FOR REFUSAL TO WORK, AND ADULT CUSTODIAL PARENT OF CHILD UNDER SIX WHEN CHILD CARE NOT AVAILABLE

(Prior Year Findings 2016–016, 2015–024, 2014–018, 2013–036, 2012–56, 2011–44, 2010–41)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA #**
	U.S. Department of Health and Human Services	
	Temporary Assistance for Needy Families (TANF) Cluster	93.558
	Grant Award 2017 – 2016G996115	
	Grant Award 2016 – 2015G996115	

Criteria: 2 CFR 200.303 requires that the West Virginia Department of Health and Human Services must "(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: DHHR has policies and procedures in place surrounding the issuance or removal of sanctions. However, the control documentation provided by DHHR is not adequate to ensure that sanctions could not be issued or removed against TANF recipients in error or without appropriate cause by a caseworker.

Questioned Costs: N/A

Context: Total federal expenditures for TANF for the fiscal year ended June 30, 2017 were $77,791,462.

Cause: There is lack of sufficient documentary evidence to rely on controls surrounding the issuance or removal of sanctions against TANF recipients.

Effect: Recipient benefits may potentially be reduced or increased in error or without appropriate cause.

Recommendation: We recommend that DHHR management maintain sufficient documentation to evidence its review prior to the issuance or removal of sanctions. Evidence may include documentation that each recipient was afforded an opportunity to establish good cause prior to the imposition of a sanction in the form of a notification of good cause appointment. Additionally, documentation may include evidence that all caseworkers with access to issue or remove sanctions have read and understand the policies and procedures surrounding the issuance and removal of sanctions, as well as, evidence that caseworkers are made aware of any changes to procedures for the issuance and removal of sanctions that occur subsequent to their initial training. Evidence should also be maintained to document supervisor review of sanctions that are lifted on recipient cases when the benefit amount is increased. We recommend that a log of instances in which a supervisor approves his/her own sanction be maintained and periodically reviewed to ensure the sanctions are reasonable. The supervisor approval and log should be clearly documented, whether electronically in the information technology system or by other means.

2017–010 SPECIAL TESTS AND PROVISIONS –CHILD SUPPORT NON-COOPERATION, PENALTY FOR REFUSAL TO WORK, AND ADULT CUSTODIAL PARENT OF CHILD UNDER SIX WHEN CHILD CARE NOT AVAILABLE
(Prior Year Findings 2016–016, 2015–024, 2014–018, 2013–036, 2012–56, 2011–44, 2010–41)
(continued)

Views of Responsible Officials and Planned Corrective Actions:	Management acknowledges the finding. See corrective action plan.

2017–011 ALLOWABILITY AND ELIGIBILITY
(Prior Year Findings 2016–018, 2015-026, 2014-021, 2013-037, 2012-57, 2011-50, 2010-46, 2009-48, 2008-59, 2007-59, 2006-43, 2005-50)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA #**
	U.S. Department of Health and Human Services	
	Low-Income Home Energy Assistance	93.568
	Grant Award G–15B1WVLIEA	
	Grant Award G–1501WVLIE4	
	Grant Award G–16B1WVLIEA	
	Grant Award G–1601WVLIE4	
	Grant Award G–17B1WVLIEA	
	Grant Award G–1701WVLIE4	

Criteria: The eligibility compliance requirements of LIHEAP require the West Virginia Department of Health and Human Resources (DHHR) to determine whether federal monies are spent in accordance with the eligibility guidelines promulgated by 42 USC 8624(b)(2).

2 CFR 200.303 requires that the West Virginia Department of Health and Human Services must "(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

OMB Circular A-133 section 300b requires that DHHR is responsible for maintaining "internal control over Federal programs that provides reasonable assurance that management is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Condition: During our testing of 60 benefit payments for eligibility and allowability, we noted for 3 of the 60 benefit payments, DFA-LIEAP-1b form was not signed by caseworker prior to payment. The DFA-LIEAP-1b form is a supplemental form used to document how an application is received (through mail, office visit, or another agency).

Questioned Costs: $665 – CFDA #93.568 – Grant Award G-17B1WVLIEA

Context: The three instances (3 of 60 case files) represent $665 of benefit payments out of a total population of benefit payments tested of $15,021. Total payments for benefit assistance for the LIHEAP program for the fiscal year ended June 30, 2017 were $19,648,904. The federal expenditures for the LIHEAP program for the fiscal year ended June 30, 2017, were $28,403,675.

Cause: Management indicated that the errors were due to caseworker oversight.

Effect: A payment may have been made for ineligible recipients and some payments were not properly approved and/or supported with appropriate documentation.

Recommendation: We recommend that DHHR evaluate the effectiveness of the current training programs for the LIHEAP program to ensure adequate technical training is provided. Furthermore, DHHR should follow established policies and procedures to ensure that necessary approvals are obtained and the necessary documentation is maintained in the recipient case files.

2017–011 ALLOWABILITY AND ELIGIBILITY
(Prior Year Findings 2016–018, 2015-026, 2014-021, 2013-037, 2012-57, 2011-50, 2010-46, 2009-48, 2008-59, 2007-59, 2006-43, 2005-50) (continued)

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

2017–012 REPORTING DOCUMENTATION
(Prior Year Finding 2016–019)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA #**
	U.S. Department of Health and Human Services	
	Low-Income Home Energy Assistance	93.568
	Grant Award G–15B1WVLIEA	
	Grant Award G–1501WVLIE4	
	Grant Award G–16B1WVLIEA	
	Grant Award G–1601WVLIE4	
	Grant Award G–17B1WVLIEA	
	Grant Award G–1701WVLIE4	

Criteria: 45 CFR 96.82 requires (a) Each grantee which is a State or an insular area which receives an annual allotment of at least $200,000 shall submit to the Department, as part of its LIHEAP grant application, the data required by section 2605(c)(1)(G) of Public Law 97-35 (42 U.S.C. 8624(c)(1)(G)) for the 12-month period corresponding to the Federal fiscal year (October 1-September 30) preceding the fiscal year for which funds are requested. The data shall be reported separately for LIHEAP heating, cooling, crisis, and weatherization assistance.

2 CFR 200.303 requires that the West Virginia Department of Health and Human Services must "(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

OMB Circular A-133 section 300b requires that DHHR is responsible for maintaining "internal control over Federal programs that provides reasonable assurance that management is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Condition: The Annual Report on Households Assisted by LIHEAP was provided. However, documentation to support the number of assisted households and number of applicant households reported did not agree to the report filed.

Questioned Costs: N/A

Context: The federal expenditures for the LIHEAP program for the fiscal year ended June 30, 2017, were $28,403,675. The number of assisted households and number of applicant households reported were 63,610 and 68,823, respectively. The number of assisted households and number of applicant households reported in the support was 112,016 and 134,113, respectively.

2017–012 REPORTING DOCUMENTATION
(Prior Year Finding 2016–019) (continued)

Cause: Management of the LIHEAP program provided supporting documentation to the auditors that did not agree to the reports filed.

Effect: The number of assisted households and number of applicant households reported on the Annual Report on Households Assisted by LIHEAP was incorrectly reported to the federal government.

Recommendation: We recommend that the DHHR verify the numbers reported on the Annual Report on Households Assisted by LIHEAP by obtaining the appropriate support. Furthermore, Management of the LIHEAP program should ensure that all documentation supporting the data in the report should be maintained and readily available if requested.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

2017–013 DISASTER RECOVERY PLAN
(Prior Year Findings 2016–020, 2015–027, 2014-022, 2013–038, 2012–58, 2011–51, 2010–47, 2009–50, 2008–61, 2007–62, 2006–45)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA #**
	U.S. Department of Health and Human Services	
	Child Care and Development Fund (CCDF) Cluster	93.575/93.596
	Grant Award 1601WVADPT	
	Grant Award 1701WVADPT	

Criteria: 2 CFR 200.303 requires that the West Virginia Department of Health and Human Services must "(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

OMB Circular A-133 requires 300b requires that the West Virginia Department of Health and Human Resources (DHHR) is responsible for maintaining "internal control over Federal programs that provides reasonable assurance that management is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Condition: DHHR utilizes various service providers for performing certain routine and critical data gathering activities necessary for the operation of its federal and state programs; however, as of June 30, 2017, DHHR had not fully developed formal policies and procedures to ensure that these service providers have adequate disaster recovery procedures in place.

Questioned Costs: N/A

Context: Total federal expenditures for the CCDF Cluster for fiscal year ended June 30, 2017, were $35,986,296.

Cause: Service providers who maintain certain critical records for the processing of allowability and eligibility of CCDF Cluster payments may not have adequate disaster recovery plans in place.

Effect: Critical data supporting allowability and eligibility may not be adequately safeguarded from loss which could result in disallowed costs.

Recommendation: We recommend that DHHR continue its current efforts to ensure that all regional child care agencies have sufficient disaster recovery and backup procedures in place to safeguard the eligibility and allowability documentation supporting transactions. Furthermore, DHHR should ensure that the procedures are periodically updated and tested for effectiveness and completeness.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

2017–014 SPECIAL TESTS AND PROVISIONS – FRAUD DETECTION AND REPAYMENT
(Prior Year Finding 2016–021)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA #**
	U.S. Department of Health and Human Services	
	Child Care and Development Fund (CCDF) Cluster	93.575/93.596
	Grant Award G1601WVCCDF	
	Grant Award G1701WVCCDF	

Criteria: 45 CFR 98.60(i) requires "Lead Agencies shall recover child care payments that are the result of fraud. These payments shall be recovered from the party responsible for committing the fraud."

2 CFR 200.303 requires that the West Virginia Department of Health and Human Services must "(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

OMB Circular A-133 section 300b requires that the West Virginia Department of Health and Human Resources (DHHR) is responsible for maintaining "internal control over Federal programs that provides reasonable assurance that management is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Condition: Child Care payments resulting from fraud are identified and documented within quarterly reconciliation spreadsheets. The current year quarterly reconciliation spreadsheets identified fraudulent claims established in the previous fiscal year that had not been identified in the previous fiscal year quarterly reconciliation spreadsheets, therefore a complete and accurate population was not available for testing, and we did not perform testing on this compliance requirement.

Questioned Costs: N/A

Context: Total federal expenditures for the CCDF Cluster for fiscal year ended June 30, 2017, were $35,986,296.

Cause: DHHR experienced a lot of staff turnover during the fiscal year which caused inconsistencies in the way fraudulent claims were identified and reported.

Effect: Payments resulting from fraud may not be identified and recovered in a reasonable amount of time.

Recommendation: DHHR should adequately train new staff on the processes and controls surrounding the fraud detection and recovery reconciliation process to ensure that all fraudulent claims are identified in the appropriate fiscal year.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

2017–015 ELIGIBILITY DOCUMENTATION
(Prior Year Findings 2016–022, 2015–029, 2014–024, 2013–040, 2012–59)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA #**
	U.S. Department of Health and Human Services	
	Adoption Assistance	93.659
	Grant Award 1601WVADPT	
	Grant Award 1701WVADPT	

Criteria: Section 473 of the Social Security Act requires that the Adoption Assistance Agreement must be in effect prior to the adoptive parents' receipt of the Adoption Subsidy. Also, 45 CFR 1356.40 requires the Adoption Assistance Agreement must be signed and in effect at the time of or prior to the final decree of adoption, and a copy of the signed agreement must be given to each party. Further, the eligibility compliance requirements of the Adoption Assistance program require the West Virginia Department of Health and Human Resources (DHHR) to determine whether federal monies are spent in accordance with the eligibility guidelines promulgated by the Adoption Assistance and Child Welfare Act of 1980. West Virginia State Code §49-3-1 states that consent by an agency or department to adopt a child must be given and a statement of relinquishment and termination of parental rights must be obtained from the birth parents. The Adoption Assistance Policy Manual states that an Adoption Placement Agreement (SSADP48) must be completed and signatures obtained as part of the preliminary adoption procedures after the parental rights have been terminated if the child is not registered on the Adoption Resource Network (ARN).

2 CFR 200.303 requires that the West Virginia Department of Health and Human Services must "(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: Ten of the 60 cases reviewed for eligibility did not have documents on file to determine eligibility. One of the 60 cases reviewed for eligibility did not have an IV-E Adoption Assistance Eligibility Determination Form on file. Three of the 60 cases reviewed for eligibility did not have a signed consent form on file. Three of the 60 cases reviewed for eligibility did not have an Adoption Agreement. Five of the 60 cases reviewed for eligibility did not have an Adoption Placement Agreement. One of the 60 cases reviewed for eligibility did not have a date on the Adoption Placement Agreement. One of the 60 cases reviewed for eligibility did not have a signature or date on the Adoption Placement Agreement. Three of the 60 cases reviewed for eligibility had an Adoption Placement Agreement that was signed before parental rights were terminated.

Questioned Costs: $7,530 – $1,200 related to CFDA #93.659 – Grant Award 1601WVADPT; $6,330 related to CFDA #93.659 – Grant Award 1701WVADPT

Context: The ten instances represent $7,530 of adoption payments out of a total population of benefit payments tested for eligibility of $41,788. Total federal expenditures for the Adoption Assistance program were $39,687,324 for the year ended June 30, 2017.

Cause: Management indicated that the lack of inclusion of the proper forms in the case files and inconsistency in the timing of sign-offs were oversights by the caseworker.

2017–015 ELIGIBILITY DOCUMENTATION
(Prior Year Findings 2016–022, 2015–029, 2014–024, 2013–040, 2012–59) (continued)

Effect: Documentation supporting the original eligibility determination could not be located. Ineligible or potentially ineligible claims may be paid using federal funds.

Recommendation: We recommend that DHHR review the current staffing and training programs of the Adoption Assistance Office to ensure sufficient staff levels are maintained and adequate technical training is provided. Furthermore, the DHHR should establish policies and procedures to ensure that necessary documentation is filed in the adoption case files.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

2017–016 ELIGIBILITY

Federal Program Information:	**Federal Agency and Program Name**	**CFDA #**
	U.S. Department of Health and Human Services Medicaid Cluster	93.775/93.777/ 93.778
	Grant Awards 1605WV5MAP, 1605WV5ADM, 1605WVINCT, 1605WVIMPL, 1705WV5MAP, 1705WV5ADM, 1705WVINCT, and 1705WVIMPL	

Criteria: 2 CFR 200.508(d) requires an auditee must "provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed for the auditor to perform the audit required by this part."

2 CFR 200.303 requires that the West Virginia Department of Health and Human Services must "(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: Two of the 40 cases selected for eligibility testing could not be located. Without this information, eligibility for these two individuals could not be determined.

Questioned Costs: $102 – CFDA #93.778 – Grant Award 1705WV5MAP

Context: Total federal expenditures for the Medicaid Cluster for the fiscal year ended June 30, 2017 were $3,212,354,204.The two cases which could not be located represent $102 of Medicaid expenditures out of a total population of Medicaid expenditures tested for eligibility of $46,280.

Cause: West Virginia Department of Health and Human Resources (DHHR) does not have adequate internal controls over maintaining of supporting documentation.

Effect: Critical data supporting the eligibility compliance requirement is not adequately maintained by DHHR for use by the auditors.

Recommendation: DHHR should ensure that all documentation supporting transactions or compliance requirements subject to audit be maintained and readily available if requested. Timely receipt of supporting documentation is crucial for the completion of the audit and determination of eligibility.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

2017–017 CASH MANAGEMENT

Federal Program Information:	Federal Agency and Program Name	CFDA #
	U.S. Department of Homeland Security	
	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036
	Grant Award FEMA–4061-DR-WV	
	Grant Award FEMA–4071-DR–WV	
	Grant Award FEMA–4236-DR–WV	
	Grant Award FEMA–4210-DR–WV	
	Grant Award FEMA–4093-DR–WV	
	Grant Award FEMA–4221-DR–WV	
	Grant Award FEMA–4220-DR–WV	
	Grant Award FEMA–4219-DR–WV	
	Grant Award FEMA–4132-DR–WV	
	Grant Award FEMA–3366-EM–WV	
	Grant Award FEMA–4273-DR–WV	

Criteria: 2 CFR 200.305(b)(8) requires that a non-Federal entity must "maintain advance payments of Federal awards in interest-bearing accounts, unless the following apply.

i. The non-Federal entity receives less than $120,000 in Federal awards per year.

ii. The best reasonably available interest-bearing account would not be expected to earn interest in excess of $500 per year on Federal cash balances.

iii. The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.

iv. A foreign government or banking system prohibits or precludes interest bearing accounts."

2 CFR 200.305(b)(9) requires that "interest earned on Federal advance funds deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services, Payment Management System."

2 CFR 200.303 requires that the West Virginia Department of Homeland Security must "(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

OMB Circular A-133 section 300b requires that the West Virginia Department of Homeland Security is responsible for maintaining "internal control over Federal programs that provides reasonable assurance that management is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Condition: The West Virginia School Building Authority (SBA) is not holding their advance payments of federal awards in interest-bearing accounts.

2017–017 CASH MANAGEMENT
(continued)

Questioned Costs:	N/A
Context:	Total advance payments of federal awards held in non-interest bearing accounts for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program were $6,238,757 as of the year ended June 30, 2017.
Cause:	The SBA was not aware of the requirement to hold advance payments in interest-bearing accounts.
Effect:	The SBA is not in compliance with the federal rules and regulations regarding cash management. Interest should have been earned on advances and remitted back to the U.S. Department of Homeland Security.
Recommendation:	We recommend that the SBA develop policies and procedures to ensure that all advance payments of federal awards be held in interest-bearing accounts and to ensure that interest on cash advances is tracked and remitted back to the Federal government.
Views of Responsible Officials and Planned Corrective Actions:	Management acknowledges the finding. See corrective action plan.

2017–018 SUBRECIPIENT MONITORING
(Prior Year Finding 2016–024)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA #**
	U.S. Department of Homeland Security	
	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036
	Grant Award FEMA–4061-DR-WV	
	Grant Award FEMA–4071-DR–WV	
	Grant Award FEMA–4236-DR–WV	
	Grant Award FEMA–4210-DR–WV	
	Grant Award FEMA–4093-DR–WV	
	Grant Award FEMA–4221-DR–WV	
	Grant Award FEMA–4220-DR–WV	
	Grant Award FEMA–4219-DR–WV	
	Grant Award FEMA–4132-DR–WV	
	Grant Award FEMA–3366-EM–WV	
	Grant Award FEMA–4273-DR–WV	

Criteria:

2 CFR 200.331 establishes pass-through entity responsibilities which include (1) monitoring "the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved," and (2) ensuring that subrecipients expending $750,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements for that fiscal year.

2 CFR 200.331(b) requires the West Virginia Department of Homeland Security and Emergency Management to "Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as: (1) The subrecipient's prior experience with the same or similar subawards; (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F— Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program; (3) Whether the subrecipient has new personnel or new or substantially changed systems; and (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency)."

OMB Circular No. A-133, Subpart D §400 requires a pass-through entity to "monitor the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved." Pass-through entities are required to develop monitoring procedures including programmatic and financial monitoring to ensure subrecipients have used federal funds for authorized purposes.

2 CFR 200.303 requires that the West Virginia Department of Homeland Security must "(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

2017–018 SUBRECIPIENT MONITORING
(Prior Year Finding 2016–024) (continued)

OMB Circular A-133 section 300b requires that the West Virginia Homeland Security is responsible for maintaining "internal control over Federal programs that provides reasonable assurance that management is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Condition: We noted the following issues related to subrecipient monitoring for the West Virginia Division of Homeland Security and Emergency Management (DHSEM):

- DHSEM is not documenting programmatic on-site monitoring.
- DHSEM was unable to provide documentation of which subrecipients had audits completed and filed with DHSEM. Further, management indicated that they review completed auditor reports posted to the State Auditor's website; however, there is no evidence of this review or documentation regarding resolution of any issues identified.
- DHSEM is not completing subrecipient risk assessments.

Questioned Costs: Unknown

Context: Total federal expenditures for subrecipients and total federal expenditures for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program were $47,006,645 and $90,223,838, respectively, for the year ended June 30, 2017.

Cause: Management indicated discussions have been held and they are working on a subrecipient monitoring process, but there is currently no subrecipient monitoring process.

Effect: DHSEM does not have effective policies and procedures and evidence to support subrecipient monitoring; therefore, management may not be able to identify issues in a timely manner.

Recommendation: DHSEM should develop formalized policies for developing and tracking subrecipient monitoring reports and for receiving and tracking subrecipient audit reports. Additionally, procedures should be established to evaluate and follow-up on any instances of subrecipient compliance or internal control findings to ensure they are resolved in a timely manner.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

2017–019 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Prior Year Finding 2016–027)

Federal Program Information:	Federal Agency and Program Name	CFDA #
	U.S. Department of Homeland Security	
	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036
	Grant Award FEMA–4061-DR-WV	
	Grant Award FEMA–4071-DR–WV	
	Grant Award FEMA–4236-DR–WV	
	Grant Award FEMA–4210-DR–WV	
	Grant Award FEMA–4093-DR–WV	
	Grant Award FEMA–4221-DR–WV	
	Grant Award FEMA–4220-DR–WV	
	Grant Award FEMA–4219-DR–WV	
	Grant Award FEMA–4132-DR–WV	
	Grant Award FEMA–3366-EM–WV	
	Grant Award FEMA–4273-DR–WV	

Criteria: 2 CFR 200.303 requires that the West Virginia Department of Homeland Security must "(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

OMB Circular A-133 section 300b requires that the West Virginia Department of Homeland Security is responsible for maintaining "internal control over Federal programs that provides reasonable assurance that management is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Condition: The Division of Homeland Security and Emergency Management (DHSEM) and the Division of Highways (DOH) internal controls are not adequate to ensure the Schedule of Expenditures of Federal Awards (SEFA) accurately reports all federal assistance. Our review of the DHSEM SEFA for fiscal year 2017 identified that total disbursements were understated by $2,513,804, total subrecipient expenditures were overstated by $2,089,064. Our review of the DOH SEFA for fiscal year 2017 identified that total disbursements were overstated by $12,820,459.

Questioned Costs: N/A

Context: Total federal expenditures for DOH Disaster Grants – Public Assistance (Presidentially Declared Disasters) program were $90,223,838 for the year ended June 30, 2017.

2017–019 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Prior Year Finding 2016–027) (continued)

Cause:	DHSEM and DOH have not implemented adequate internal controls to ensure the SEFA is accurate.
Effect:	DHSEM and DOH are not properly reporting their federal expenditures and major programs may not be appropriately identified on a timely basis.
Recommendation:	We recommend that both DHSEM and DOH ensure staff responsible for the preparation of the SEFA have the resources needed to accurately prepare the SEFA.
Views of Responsible Officials and Planned Corrective Actions:	Management acknowledges the finding. See corrective action plan.

2017–020 INTERNAL CONTROLS OVER REPORTING
(Prior Year Finding 2016–025)

Federal Program Information:	**Federal Agency and Program Name**	**CFDA #**
	U.S. Department of Homeland Security	
	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036
	Grant Award FEMA–4061-DR-WV	
	Grant Award FEMA–4071-DR–WV	
	Grant Award FEMA–4236-DR–WV	
	Grant Award FEMA–4210-DR–WV	
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	Grant Award FEMA–4219-DR–WV	
	Grant Award FEMA–4132-DR–WV	
	Grant Award FEMA–3366-EM–WV	
	Grant Award FEMA–4273-DR–WV	

Criteria: 2 CFR 200.303 requires that the West Virginia Department of Health and Human Services must "(a) establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

OMB Circular A-133 section 300b requires that the non-federal entity is responsible for maintaining "internal control over Federal programs that provides reasonable assurance that management is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Condition: Management of the West Virginia Division of Homeland Security and Emergency Management (DHSEM) prepared and submitted the SF-425, *Federal Financial Reports*, without going through an appropriate review and approval process.

Questioned Costs: N/A

Context: Total federal expenditures for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program were $90,223,838, for the year ended June 30, 2017.

Cause: DHSEM does not have adequate policies and procedures, including internal controls, in place over the reporting process.

Effect: The absence of a review process for reporting could result in DHSEM's financial records for federal expenditures to be improperly stated.

Recommendation: We recommend that DHSEM implement controls over the report submission process. At a minimum, such controls should include a documented review and approval process that ensures reported amounts agree with supporting documentation. We recommend that the review be performed by an individual independent of the data entry process.

2017–020 INTERNAL CONTROLS OVER REPORTING
(Prior Year Finding 2016–025) (continued)

Views of Responsible Officials and Planned Corrective Actions:	Management acknowledges the finding. See corrective action plan.

2017–021 CASH MANAGEMENT MONITORING FINDING

Federal Program Information:	Federal Agency and Program Name	CFDA #
	U.S. Department of Homeland Security	
	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036
	Grant Award FEMA–4061-DR-WV	
	Grant Award FEMA–4071-DR–WV	
	Grant Award FEMA–4236-DR–WV	
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	Grant Award FEMA–4219-DR–WV	
	Grant Award FEMA–4132-DR–WV	
	Grant Award FEMA–3366-EM–WV	
	Grant Award FEMA–4273-DR–WV	

Criteria: 2 CFR 200.345(a) requires that "any funds paid to the non-Federal entity in excess of the amount to which the non-Federal entity is finally determined to be entitled under the terms of the Federal award constitute a debt to the Federal Government."

Condition: According to a Federal monitoring report by the U.S. Department of Homeland Security, the Division of Homeland Security and Emergency Management (DHSEM) drew down funds in fiscal years 2015 and 2016 on a total of 26 Department of Highways (DOH) project worksheets prior to work completion. Per review of these project worksheets and amendments subsequently made, DHSEM must reimburse $1,230,931 back to the U.S. Department of Homeland Security.

Questioned Costs: N/A

Context: Total federal expenditures for Disaster Grants – Public Assistance (Presidentially Declared Disasters) program were $90,223,838 for the year ended June 30, 2017.

Cause: DHSEM does not have adequate policies and procedures in place to ensure that funds required to be reimbursed back to the federal government are done so in a timely manner.

Effect: DHSEM may not be compliance with federal statues, regulations, and the terms of the conditions of the federal award.

Recommendation: We recommend that DHSEM implement policies and procedures to ensure that funds that are required to be returned to the federal government are tracked appropriately and returned in a timely manner.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

CORRECTIVE ACTION PLAN

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CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

CONTACT PERSON

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2017-001 SPECIAL TESTS AND PROVISIONS – EBT CARD SECURITY
Department of Health and Human Resources (DHHR)
CFDA Numbers 10.551 and 10.561

The West Virginia EBT System Security Plan referenced in the finding is prepared and administered by the State's third-party EBT service provider/organization. In accordance with 7 CFR section 274.1(i), the DHHR requires its EBT service organization to obtain an examination by an independent auditor of the service organization regarding the issuance, redemption, and settlement of benefits under the Supplemental Nutrition Assistance Program. The examination must be done at least annually and the report must be completed ninety days after the examination period ends. Subsequent examinations must cover the entire period since the previous examination. The examinations must follow the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Attestation Engagements (SSAE) No. 16, Reporting on Controls at a Service Organization; and the auditor of the service organization is required to issue a report on controls placed in operation and tests of operating effectiveness of controls, which is commonly referred to as a "service organization control (SOC) 1 type 2 report."

Although the most recent SOC 1 report does not provide evidence that the EBT service organization's independent auditors observed the physical security over EBT cards or verified that cards returned from the Postal Service are returned to inventory or destroyed, the SOC 1 does include the other illustrative control objectives and controls described in the Compliance Supplement and includes the following: (1) a description by the service organization's management of its

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system of policies and procedures for providing services to user entities (including control objectives and related controls as they relate to the services provided) throughout the specified period of time; (2) a written assertion by the service organization's management about whether, in all material respects and based on suitable criteria, (a) the aforementioned description fairly presents the system throughout the specified period, (b) the controls were suitably designed throughout the specified period to achieve the control objectives stated in that description, and (c) the controls operated effectively throughout the specified period to achieve those control objectives; and (3) the report of the service auditor, which (a) expresses an opinion on the matters covered in management's written assertion, and (b) includes a description of the auditor's tests of operating effectiveness of controls and the results of those tests. The SOC 1 report submitted by the State's EBT service organization included an unqualified opinion issued by independent auditors. The DHHR will revisit the contract with its EBT service organization, particularly the part concerning the WV EBT System Security Plan and the SOC 1 type 2 reporting requirement, and will revise the contract if there is a potential for improvement.

2017-002 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS

Department of Health and Human Resources (DHHR)

CFDA Numbers 10.551, 10.561, 93.558, 93.568, 93.575, 93.596, 93.658, 93.659, and 93.767

The DHHR continues to assess the possibility of implementing additional controls related to automatic payments. For the foster care benefit payments that are issued automatically without evidence of someone formally reviewing the payments, this is a long-standing issue that is driven by the business processing rules in place within the DHHR programmatic bureau (Bureau for Children and Families (BCF)). It is not a system issue because the system is simply supporting the business rules requested by the DHHR BCF. Nonetheless, many controls and verifications exist around the establishment of eligibility for Federal financial participation. Supervisor approval is necessary to place a child in a paid foster care

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setting, which in turn will generate a monthly payment, but the DHHR BCF is on record as defending their decision to not require an additional approval process to release each month's payments, as the administrative burden and related cost of requiring a secondary level of review for all case information entered into the system would far outweigh the benefits derived from such a process.

For the foster care benefit payments that are requested and approved by the same person, this too is a long-standing issue that is driven by the business processing rules in place within the DHHR BCF. However, the U.S. Department of Health and Human Services has issued a new requirement that existing Statewide Automated Child Welfare Information System (SACWIS) make modifications or build new systems to conform to a new set of system requirements known as a Comprehensive Child Welfare Information System (CCWIS). The changes went into effect August 2016 and the state has until October 2019 to begin migration or implementation. The CCWIS will replace the SACWIS and the DHHR will be evaluating the new CCWIS and the related control structure to improve the overall internal controls surrounding foster care benefit payments.

For the adoption assistance benefit payments, an approval process does not exist within the system, as this too was a business processing rule established by the DHHR BCF at the time the system was developed and implemented. However, the adoption subsidy function is limited to only a few individuals in the entire state through database and security roles. Since the subsidy is a negotiated benefit that must be declared for the prospective parents, guardian ad-litem and judge to approve and sign on the adoption finalization order, the amount and frequency has already been decided upon and documented for all parties in the adoption agreement. When defining the system requirements for the new CCWIS, the DHHR will work with the DHHR BCF to establish an approval process for adoption assistance benefit payments.

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CORRECTIVE ACTION PLAN
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2017-003 PROCUREMENT PROCEDURES
Department of Health and Human Resources (DHHR)
CFDA Numbers 10.551, 10.561, 93.558, 93.568, 93.575, 93.596, 93.658, 93.659, 93.767, 93.775, 93.777, and 93.778

As background, it is important to note that the policies and procedures referenced within the Criteria section of the finding are statewide policies and procedures, the source of which is the West Virginia Purchasing Division Procedures Handbook (the Purchasing Handbook). Within the Purchasing Handbook, there is a reference to Section 6.7.1 of the Procedures Handbook, which did not clearly define the policies and procedures related to the Criteria that led to this finding.

To address the finding, the West Virginia Purchasing Division agreed to revise Section 6.7.1 of the Procedures Handbook in a manner that will provide additional details surrounding the "subsequent approval" process required for administrative changes to contracts made after the fact (e.g. when adding a renewal/extension year after expiration of the current term). Although bureau-level procurement staff throughout the DHHR are trained and understand the need to process procurement documents in as timely a manner as possible, including but not limited to those documents related to administrative changes to contracts made after the fact, the DHHR recognizes that there is room for improvement internally. Accordingly, the DHHR Office of Purchasing will continue to work with bureau-level procurement staff throughout the DHHR on such matters and will utilize the next few standing monthly purchasing meetings within the DHHR as an opportunity to remind those staff members of the need for timely completion and processing of procurement documents, particularly those related to renewals and other administrative changes to contracts.

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CORRECTIVE ACTION PLAN
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2017-004 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fairmont State University and West Liberty University
CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 84.408, 93.264, 93.342, 93.364, and 93.925

Fairmont State University (FSU) response
The error on the SEFA documentation was isolated to the Perkins Loan Fund reporting. FSU's preparation of the SEFA information includes completion of a spreadsheet to convert revenue and expenditure data from the Banner Finance system from accrual to cash basis. Staff has been adequately trained on the worksheet. The Perkins Loan Program is more involved because it entails several non-cash transactions beyond the Accounts Receivable and Accounts Payable transaction adjustments necessary to convert the other accounts to cash basis. The SEFA report was reviewed; however, ending and beginning cash balances were accurate and therefore, the error was not detected. Once the auditors questioned the amounts, detailed analysis of the account was completed to provide the auditors with the corrected information. FSU is in the process of closing out the Perkins Loan Fund with the Department of Education. FSU believes that this error is isolated and the internal control over the process is adequate. However, the review process will be more thorough in the future.

West Liberty University (WLU) response
The error on the SEFA was isolated to Federal Pell funds. The SEFA report was reviewed and the error was not detected. Once the auditors questioned the amounts, an analysis of the account was performed and the correct information was provided. WLU has implemented new internal control procedures which includes an additional level of SEFA review to the SEFA preparation process, this will ensure accuracy of the SEFA in future periods. WLU believes that this error is isolated.

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CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

2017-005 SPECIAL TESTS AND PROVISIONS – RETURN OF TITLE IV FUNDS

West Virginia State University and Mountwest Community and Technical College

CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 84.408, 93.264, 93.342, 93.364, and 93.925

West Virginia State University (WVSU) response

WVSU's Office of Student Financial Assistance has established an internal control procedure for Return of Title IV Funds. The Financial Aid Counselor responsible for performing the Return of Title IV calculations will follow the federal policy for calculating the returns for withdrawn students. The Financial Aid Counselor will provide the calculation to the Associate Director for verification. The Associate Director will review the calculations and sign off on the form created for this process. This process will be saved and documented in the Office of Student Financial Assistance's Policy and Procedures Manual.

The former Financial Aid Counselor was in this role from February 2016 – December 2016 and was inadequately trained in the procedure which resulted in a miscalculation of Return of Title IV funds. Since this staff departure, WVSU has hired a new Financial Aid Counselor that began January 2017. This Financial Aid Counselor has received Return of Title IV training and earned a Return of Title IV credential from the National Association of Student Financial Aid Administrators (NASFAA). The Director of Student Financial Assistance will closely monitor the internal control process to ensure WVSU is in compliance with the Return of Title IV federal regulations.

Mountwest Community and Technical College (MCTC) response

MCTC acknowledges that several factors in its current process resulted in the institution not returning Title IV funds in a timely manner. In an effort to correct this issue, effective September 29, 2017, MCTC changed its procedures for dealing with unearned Title IV funds disbursements. MCTC implemented a weekly reconciliation process to identify unearned Title IV funds posted to student accounts that need

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to be returned. MCTC believes this new process will prevent this finding from recurring in the future.

2017-006 SPECIAL TESTS AND PROVISIONS – ENROLLMENT REPORTING
Northern Community and Technical College, Shepherd University, West Liberty University, and West Virginia University - Parkersburg
CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 84.408, 93.264, 93.342, 93.364, and 93.925

West Virginia Northern Community and Technical College (Northern) response
Based on the audit review, Northern, in addition to all its current processes will add a second review of the National Student Clearinghouse enrollment and graduate file by reviewing a random sampling of student enrollment files to confirm that they are included in the file and their enrollment information is reported. This will be done prior to the file being submitted by the Registrar or her designee and then confirmed to the Associate Registrar for the file to be sent.

Shepherd University (Shepherd) response
Shepherd has developed additional procedures for internal control of enrollment reporting. The financial aid director and the registrar work together to create an internal control document that begins with the student records staff. The Registrar's Office continues to send transmissions to the Clearinghouse on a monthly basis, however, when the file is generated for transmission, the student record staff is documenting the work product, discussing said work with the Registrar, who in turn reviews and signs off on the transmission.

West Liberty University (WLU) response
WLU has put in place internal controls to check student statuses. Currently, when the report is pulled from Banner, WLU checks 10-15 students randomly from the report to ensure their enrollment status and anticipated graduation date are accurate before reporting to the Clearinghouse. Beginning December 1, 2017, WLU has checked the reports pulled from Banner and no student errors have been identified.

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West Virginia University – Parkersburg (WVUP) response
In April 2017, WVUP implemented a control process in which the records office forwards the confirmation information to the Director of Financial Aid and then the financial aid staff, with National Student Loan Data System (NSLDS) access, reviews enrollment verification submission to make sure it is posted to NSLDS within the required timeframe. In response to this finding, WVUP will implement additional controls to this process, in that the financial aid staff will review all enrollment reporting files submitted by the records staff for accuracy and completeness no less than every 30 days.

2017-007 SPECIAL TESTS AND PROVISIONS – BORROWER DATA TRANSMISSION AND RECONCILIATION
Concord University (Concord)
CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 84.408, 93.264, 93.342, 93.364, and 93.925

Due to numerous staffing changes within the Financial Aid Office at Concord in 2016/2017, loan reconciliations were not completed in a timely manner. Staffing issues within the office have been rectified and reconciliations for 2017/2018 are being completed on a monthly basis. The loan reconciliations are also reviewed by the Director of Financial Aid to ensure timeliness and accuracy.

2017-008 ELIGIBILTIY
Division of Rehabilitation Services (DRS)
CFDA Number 84.126

DRS concurs with this finding; however, upon further examination, it was determined that each of these five cases was completed prior to July 2016. Subsequent and in response to a prior period finding, DRS strengthened training and procedures and improved the agency's electronic case management system to ensure compliance with eligibility determination rules. These changes were acknowledged in the DRS response to the Prior Year Finding 2016-012. DRS considers this finding resolved for all cases where eligibility was determined after July 2016.

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CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

2017-009 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Division of Rehabilitation Services (DRS)
CFDA Number 84.126

DRS submitted a revised draft to State of West Virginia officials for inclusion in the State's draft SEFA prior to the draft being completed by all state agencies and presented to the auditors. The revision was made to segregate one subrecipient award from state expenditures and appropriately report it as subrecipient expenditures on the face of the SEFA. This subrecipient disbursement had been erroneously coded within the accounting system to a code normally used to record federal disbursements. Once DRS became aware of the miscoding, a revised SEFA draft was submitted for reporting purposes. Total federal expenditures were not affected by this revision. Management will implement policies and procedures to ensure all necessary reporting changes are made to the SEFA prior to its submission to FARS for audit. Further, management will communicate the finding to staff to prevent future coding errors. Staff has also undergone "Federal Grant Administration" training to emphasize the importance of proper classification of expenditures.

2017-010 SPECIAL TESTS AND PROVISIONS - CHILD SUPPORT NON-COOPERATION, PENALTY FOR REFUSAL TO WORK, AND ADULT CUSTODIAL PARENT OF CHILD UNDER SIX WHEN CHILD CARE NOT AVAILABLE
Department of Health and Human Resources (DHHR)
CFDA Number 93.558

In years prior to the current audit period, this finding was caused because the DHHR Bureau for Children and Families (BCF) was unable to provide adequate documentation to the auditors as necessary for the auditors to rely on controls surrounding caseworker training, supervisor approval of third-level sanctions, and notification to the recipient of opportunity to establish good-cause. The finding repeated for the current audit period because the DHHR BCF was again unable to provide adequate documentation to the auditors as necessary for the auditors to rely on controls surrounding caseworker training, but also because the DHHR BCF did not generate populations (surrounding

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supervisor approval of third-level sanctions and notification to the recipient of opportunity to establish good-cause) in a timely enough manner for the auditors to select samples. Since the auditors did not receive timely populations surrounding supervisor approval of third-level sanctions and notification to the recipient of opportunity to establish good-cause, they were unable to rely on the controls or even test the controls since they did not have populations from which to select samples.

All case workers are required to take the online Blackboard course on the current policies and procedures surrounding sanctions, documented by completion lists for the Blackboard course. All workers must receive the training before taking a WV WORKS caseload. At any point, if changes are made to the policies and procedures surrounding WV WORKS sanctions, a new training module will be developed and added to the Blackboard course and all case workers will be required to complete the new course.

In order to provide populations to the auditors timelier next year, the DHHR BCF will prioritize Single Audit requests accordingly so that documentation related to supervisory approval of third level sanctions and notification to the recipient of opportunity to establish good cause be provided so that evidence of control can be tested appropriately.

Finally, the DHHR BCF will develop and maintain a log of instances in which a supervisor approves his or her own sanction and the DHHR BCF Policy Unit will periodically review the log to ensure the sanctions are reasonable, are applied in accordance with the policies and procedures currently in place within the DHHR BCF (outlined within the West Virginia Income Maintenance Manual), and are documented within the Recipient Automated Payment Information Data System (RAPIDS).

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CORRECTIVE ACTION PLAN
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2017-011 ALLOWABILITY AND ELIGIBILITY
Department of Health and Human Resources (DHHR)
CFDA Number 93.568

The DHHR Bureau for Children and Families (BCF) did indeed address the conditions that led to the prior year findings (FY 2005 to FY 2016) in December 2016 by making various revisions to the Income Maintenance Manual, the purpose of which was to clarify the exact manner by which a worker is to complete Section IV of the LIHEAP application. During their testing, the auditors identified three of the DFA-LIEAP-1b supplemental forms were not signed by the caseworker. The DHHR BCF plans to address this finding by meeting with the BCF Division of Training; reviewing the DFA-LIEAP-1b supplemental form and layout of the form to determine if changes are required; reviewing the LIEAP training material and online training course; identifying the root cause of the errors (signature omissions); and ultimately determining what procedures must be put into place to prevent future errors, such as reminding workers to pay close attention to all signature requirements and developing checklists and instructions for DFA-LIEAP-1b supplemental forms to be examined for the appropriate signatures prior to scanning the forms into the On-Base system. Once a procedure has been determined, the central office of BCF will develop guidance and send it to field staff via email.

2017-012 REPORTING DOCUMENTATION
Department of Health and Human Resources (DHHR)
CFDA Number 93.568

The DHHR system, Recipient Automated Payment Information Data System (RAPIDS) that generates the Annual Report on Households Assisted by LIHEAP does not produce an accurate count of LIHEAP households for reporting purposes. The DHHR Bureau for Children and Families (BCF) has engaged a third party, Advanced Public Policy Research Institute for Study and Evaluation (APPRISE). APPRISE is a nonprofit research institute dedicated to collecting and analyzing data and information to assess and improve public programs. APPRISE will review the DHHR BCF's data and report their findings on the LIHEAP Household Report. The DHHR BCF management

team will then reconcile the RAPIDS data with APPRISE's findings and will work with RAPIDS staff (within the DHHR Office of Management Information Services) to ensure that the correct data is captured and submitted for future reporting periods.

2017-013 DISASTER RECOVERY PLAN
Department of Health and Human Resources (DHHR)
CFDA Numbers 93.575 and 93.596

Corrective action was taken in August 2017, which was during State Fiscal Year 2018. However, the finding repeated for the Year Ended June 30, 2017 since corrective action had not been taken as of June 30, 2017. To address the finding, the DHHR Bureau for Children and Families utilized the File Cabinet feature in Family and Children Tracking System (FACTS) and instructed the external Resource and Referral Agencies to scan pertinent records into the FACTS File Cabinet for the specific cases. The File Cabinet is a distinct function in FACTS that serves as a simple electronic document management system allowing the storage of both software documents and images of hard copy documents. The function is entirely integrated into the FACTS case record such that a document is permanently attached exclusively to a case/referral/provider record in which it was entered. Since the documents are only found within the focus of the case/referral/provider, access to the contents are secured to only the users that have the security and permissions to access the type of case/referral/provider.

2017-014 SPECIAL TESTS AND PROVISIONS – FRAUD DETECTION AND REPAYMENT
Department of Health and Human Resources (DHHR)
CFDA Numbers 93.575 and 93.596

The spreadsheet that the DHHR Bureau for Children and Families (BCF) provided to the auditors lists all claims for which a repayment has been received and added to the expenses claimed for the quarter. All improper payments, including fraudulent payments, are repaid to the Federal government. When refunds related to improper payments are received, they are added to the claims for the quarter to ensure

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that the DHHR does not repay the Federal government twice. Claims identified for the previous fiscal year for which repayment has not been received are not included in this spreadsheet. To address the finding and to provide the auditors with a "complete and accurate population" for next year's audit, the DHHR BCF will add information to the spreadsheet, to include potential fraudulent payment identified for the previous fiscal year which no repayment was received in the current fiscal year; the DHHR BCF will also identify such arrangements not included in the 2017 population.

2017-015 ELIGIBILITY DOCUMENTATION
Department of Health and Human Resources (DHHR)
CFDA Number 93.659

The DHHR-BCF developed a revised Adoption Subsidy and Services Standard Operating Procedure (SOP) and distributed it on February 14, 2018 to field staff. The SOP focuses on the steps field staff should be taking to ensure subsidy payments and medical cards are entered promptly after an adoption occurs. Furthermore, the SOP discusses the steps that need to be taken to finalize an adoption record, what items are needed in the record, and how to send this completed record to the state office. Finally, the SOP discusses actions the state office will take should the adoption record be missing information. The implementation of this SOP should begin no later than March 1, 2018.

The issues regarding signatures being obtained prior to parental relinquishment is a training topic that will be discussed and implemented in the Blackboard trainings planned for next year. While the past errors that may have occurred with prior year records that cannot be amended, strides have been made to ensure that future records are complete and accurate before going to storage.

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CORRECTIVE ACTION PLAN
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2017-016 ELIGIBILITY
Department of Health and Human Resources (DHHR)
CFDA Numbers 93.775, 93.777, and 93.778

The DHHR Bureau for Children and Families (BCF) is responsible for the maintenance of case files and other documentation related to Medicaid eligibility. The DHHR Office of Internal Control and Policy Development (OICPD) understands the importance of maintaining adequate eligibility documentation and providing that documentation timely to the auditors. As such, the DHHR OICPD will discuss the matter with the DHHR BCF, will work with the BCF to enhance their internal controls over the maintenance of eligibility documentation, and will assist the BCF with those efforts if possible.

2017-017 CASH MANAGEMENT
School Building Authority (SBA)
CFDA Number 97.036

SBA transferred a portion of monies for Architect and Engineering Fees into an interest bearing custodial account at United National Bank on February 13, 2018. SBA is working with the State Budget Office to transfer the remaining portion. In the future, SBA will not accept federal funds unless a Comprehensive Educational Facilities Plan is in place with the County Boards of Education so that monies can be placed in an interest bearing account.

2017-018 SUBRECIPEINT MONITORING
Division of Homeland Security and Emergency Management (DHSEM)
CFDA Number 97.036

DHSEM developed and implemented during September 2017, multiple policies and procedures regarding the monitoring of subrecipients. The policies and procedures include a guide for grant monitoring, a policy and procedure for risk assessment, and a policy for post-site correspondence, monitoring letter and improvement plans. These policies and procedures were submitted to Federal Emergency Management Agency (FEMA) for review and approval. DHSEM has

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contracted with a CPA firm to assist in the completion of monitoring and DHSEM has plans to designate a single employee solely responsible for subrecipient monitoring of the public assistance grants.

2017-019 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Department of Highways and Division of Homeland Security and Emergency Management
CFDA Number 97.036

Division of Homeland Security and Emergency Management (DHSEM) response
DHSEM will develop and implement a policy to provide for the periodic reconciliation of federal funds. DHSEM will also educate employees of the administrative staff on the proper use of the State's ERP system, wvOASIS, and the elements of the SEFA.

Department of Highways (DOH) response
The DOH will update its current policies and procedures to enhance and strengthen the SEFA preparation process. These changes will include additional year-end report reviews, and an additional level of supervisory review prior to submission of the SEFA.

2017-020 INTERNAL CONTROLS OVER REPORTING
Division of Homeland Security and Emergency Management (DHSEM)
CFDA Number 97.036

DHSEM has developed and implemented a policy for internal controls over the submission of federal financial reports (SF-425) during September 2017. The policy directs that all FEMA Reports be prepared by one individual and submitted by another. The individual preparing the report is to provide full documentation to the reviewer for purposes of ensuring accurate reporting information. This policy was submitted to FEMA for review and approval.

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2017-021 CASH MANAGEMENT MONITORING FINDING
Division of Homeland Security and Emergency Management (DHSEM)
CFDA Number 97.036

DHSEM worked with the Division of Highways to recover the funds that were drawn down prior to work completion. DHSEM returned these funds to FEMA and the monitoring finding's status was noted as closed as of December 13, 2017. DHSEM has implemented procedures that facilitate communication between DHSEM administration and DHSEM's Public Assistance Recovery Officer. As projects move through final inspection, DHSEM administration and DHSEM's public assistance recovery officer will reconcile payments made on the project to the actual amount of the project to ensure overpayments have not occurred.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

2016–001 **FINANCIAL STATEMENT CLOSE PROCESS**
2015–003 **Overall State**
2014–004 **CFDA Number Not Applicable**
Resolved

Corrective action taken in FY 2017.

2016–002 **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
2015–004 **Department of Administration - Overall State**
2014–005 **CFDA Number Not Applicable**
2013-003 **Resolved**
2012-5
2011-4
2010-5
2009-11
2008-31
2007-32
2006-9
2005-14
2004-72
2003-71

Corrective action taken in FY 2017.

2016–003 **REPORTING**
WORKFORCE West Virginia
CFDA Number 17.225
Resolved

Corrective action taken in FY 2017.

2016–004 **CASH MANAGEMENT**
WORKFORCE West Virginia
CFDA Number 17.277
Resolved

Corrective action taken in FY 2017.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

2016–005 INADEQUATE POLICIES AND PROCEDURES OVER REPORTING AND SUBRECIPIENT MONITORING
WORKFORCE West Virginia
CFDA Number 17.277
Resolved

Corrective action taken in FY 2017.

2016-006 SPECIAL TESTS AND PROVISIONS – BORROWER DATA TRANSMISSION AND RECONCILIATION
Shepherd University and West Virginia University
CFDA Numbers 87.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.264, 93.342, and 93.364

While certain college/universities identified in the prior year finding resolved this matter, Concord University had a finding in the current year. This finding is only partially resolved because each university/college is only responsible for their own internal controls and the updated controls have not been implemented at the above institutions. See current year finding 2017-007 and the related corrective action plan.

Shepherd University (Shepherd) response
Resolved

Shepherd historically has an informally documented monthly reconciliation plan in place for direct loans. A notebook is kept with information from every month for the academic year. It is a two-step process with the financial aid manager initiating the reconciliation using Direct Loan (DL) tools. All discrepancies are reviewed and corrected by the director using Banner and Common Origination and Disbursement (COD). Beginning in 2016-2017, Shepherd has stopped using the DL tools for reconciliation and has formalized the two-step process with the financial aid manager initiating the reconciliation on a monthly basis using Banner and COD. All discrepancies are reviewed and corrected by the senior financial aid counselor. To document the review, the reconciliation preparer and reviewer are documenting their correspondence via email communication.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Shepherd's policy and procedures have been updated to reflect these changes.

West Virginia University (WVU) response
Resolved

WVU's monthly direct loan reconciliation procedures were reviewed and enhanced to include a supervisor's review and second approval. The new procedures were implemented in FY 2017 and were retroactively applied to the beginning of the academic year.

2016-007 CASH MANAGEMENT
Mountwest Community and Technical College
CFDA Numbers 87.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.264, 93.342, and 93.364
Resolved

Signatures were placed on documents providing evidence of the review process beginning October 1, 2016.

2016-008 SPECIAL TESTS AND PROVISIONS – REPORTING
2015-015 ENROLLMENT
2014-011 BlueRidge Community and Technical College, Mountwest
2013-028 Community and Technical College, New River Community and
2012-43 Technical College, West Virginia Northern Community and
2012-47 Technical College, West Virginia State University, Shepherd
2012-49 University, West Liberty University, and West Virginia
2011-22 University - Parkersburg
CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.264, 93.342, and 93.364
Partially Resolved

While certain colleges/universities identified in the prior year finding resolved this matter, the following colleges/universities had a finding in the current year: West Virginia Northern Community and Technical College, Shepherd University, West Liberty University, and West Virginia University – Parkersburg. This finding is only partially resolved because each university/college is only responsible for their

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own internal controls and the updated controls have not been implemented at the above institutions. See current year finding 2017-006 and the related corrective action plan.

2016-009 PROGRAM INCOME
West Virginia State University
CFDA Numbers 87.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.264, 93.342, and 93.364
Resolved

Beginning in October 2017, WVSU is working on strengthening the control procedures by printing and signing all reconciled monthly ECSI (Perkins Loans) reports. Previously WVSU was not formally documenting the monthly report reconciliation that was being performed by viewing the reports via the web and the ECSI system for accuracy.

2016-010 SPECIAL TESTS AND PROVISIONS – RETURN OF TITLE IV FUNDS
BlueRidge Community and Technical College, West Virginia State University, Shepherd University, West Virginia University - Parkersburg
CFDA Numbers 87.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.264, 93.342, and 93.364

While certain colleges/universities identified in the prior year finding resolved this matter, the following colleges/universities had a finding in the current year: West Virginia State University and Mountwest Community and Technical College. This finding is only partially resolved because each university/college is only responsible for their own internal controls and the updated controls have not been implemented at the above institutions. See current year finding 2017-005 and the related corrective action plan.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

BlueRidge response
Resolved

In October 2016, BlueRidge improved the internal control process regarding the calculation of the return to Title IV funds process. The Financial Aid (FA) Director will systematically review accounts for the need to conduct a Title IV aid return. For those needing a return, the FA counselors will complete the return process utilizing the return worksheets on Financial Aid Adminstrators (FAA) Access. Once the worksheet is complete, the FA Director will conduct a quality review and the FA Counselors will submit the return and funding information to the Finance Office. The Senior Counselor will update accounts as appropriate. This notification is also provided to the FA Director and the Vice President of Enrollment Management. The FA office will notify students of the return process by providing the student with a copy of the return worksheet.

WVSU response
Partially Resolved

The Office of Student Financial Assistance has established an internal control procedure for Return of Title IV Funds. A new Financial Aid Counselor who began her duties in January 2017 is responsible for performing the Return of Title IV calculations and will follow the policy for calculating the returns for withdrawn students. The Financial Aid Counselor will provide the calculation to the Associate Director for verification. The Associate Director will review the calculations and sign off on the form created for this process. This process will be saved and documented in the Office of Student Financial Assistance's Policy and Procedures Manual.

Shepherd response
Resolved

In October 2016, Shepherd created a Return of Title IV Review Form to be used by a financial aid counselor when the calculation is completed. The review form is signed by the counselor that prepared the calculation and all documentation is given to the senior financial

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aid counselor to review. Once the second review is complete, the review form is signed by the senior counselor and a letter is generated for the director to review and sign. Shepherd's policy and procedures have been updated to reflect these changes.

WVU Parkersburg response
Resolved

WVUP implemented a process in May 2017 in which every Return to Title IV calculation is reviewed and signed off by 2 members of financial aid staff, to ensure all information and calculations are complete and correct.

2016-011 SPECIAL TESTS AND PROVISIONS – VERIFICATION
Mountwest Community and Technical College
CFDA Numbers 87.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.264, 93.342, and 93.364
Resolved

Effective October 1, 2016, Mountwest employees will initial the internal file worksheets to document that the initial review was completed. The second reviewer will document the file with their initials to verify that a second review was completed. The Internal Professional Judgement Worksheet will be used and annotated with initials for each professional judgement decision.

2016-012 ELIGIBILTIY
2015-018 Division of Rehabilitation Services (DRS)
CFDA Number 84.126
Partially Resolved

DRS strengthened training and procedures and improved the agency's electronic case management system to ensure compliance with eligibility determination rules. These changes were acknowledged in the DRS response to the Prior Year Finding 2016-012. DRS considers this finding resolved for all cases where eligibility was determined after July 2016. See current year finding 2017-008.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

2016-013 **WVDRS TRANSACTION APPROVAL CONTROLS**
2015-020 **Division of Rehabilitation Services**
CFDA Numbers 84.126
Resolved

Corrective action taken in FY 2017.

2016-014 **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
Department of Health and Human Resources
CFDA Numbers 93.094
Resolved

Corrective action taken in FY 2017.

2016-015 **ELIGIBILITY**
Department of Health and Human Resources
CFDA Number 93.558
Resolved

Corrective action taken in FY 2017.

2016-016 **SPECIAL TESTS AND PROVISIONS - SANCTIONS**
2015-024 **Department of Health and Human Resources**
2014-018 **CFDA Number 93.558**
2013-036 **Partially Resolved**
2012-56
2011-44
2010-41

In response to the same finding for fiscal year 2011 (2011-44), the DHHR discussed this matter with the United States Department of Health and Human Services, Administration for Children and Families (ACF) in fiscal year 2014, whereby the ACF reviewed the policies and procedures in effect within the DHHR BCF surrounding the issuance and removal of sanctions and determined the policies and procedures to be adequate. The complimentary controls referenced by the auditors in the condition section of the finding are based on the same policies and procedures reviewed and approved by the ACF. However, given that the control documentation provided to the

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auditors was not adequate to ensure that sanctions could not be issued or removed against TANF recipients in error or without appropriate cause, the DHHR will reexamine all the correspondence from prior years regarding the complimentary controls and will consider whether it is necessary for the BCF to develop any new policies and procedures as a means to enhance said controls and thus show greater evidence of control activity prior to the issuance or removal of sanctions. See current year finding 2017-010.

2016-017
2015-025
2014-016
2013-034
2012-51
2011-46
2010-43
2009-43
2008-55

DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS
Department of Health and Human Resources
CFDA Numbers 10.551/10.561, 93.558, 93.775/93.777/93.778 and ARRA 93.778, 93.568, 93.575/93.596, 93.767, 93.659, and 93.658
Partially Resolved

The DHHR is currently in the process of developing an information system that will replace the Family and Children Tracking System (FACTS), the Recipient Automated Payment Information Data System (RAPIDS), and the Online Support Collection and Reporting (OSCAR) systems that are currently in use within the DHHR. The new information system will also eliminate many of the business processing rules currently in place within the DHHR Bureau for Children and Families and will have controls embedded within the system that should address many if not all the auditors' concerns surrounding the approval of payments. The estimated date for implementation of the new information system is July 1, 2020. See current year finding 2017-002.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

2016-018
2015-026
2014-021
2013-037
2012-57
2011-50
2010-46
2009-48
2008-59
2007-59
2006-43
2005-50

ALLOWABILITY AND ELIGIBILITY
Department of Health and Human Resources
CFDA Number 93.568
Partially Resolved

The DHHR BCF addressed the finding in December 2016, by making various revisions to the Income Maintenance Manual, the purpose of which was to clarify the exact manner by which a worker is to complete Section IV of the Low Income Home Energy Assistance Program (LIHEAP) application. See current year finding 2017-011.

2016-019

REPORTING DOCUMENTATION
Department of Health and Human Resources
CFDA Number 93.568
Partially Resolved

The DHHR system, Recipient Automated Payment Information Data System (RAPIDS), that generates the Annual Report on Households Assisted by LIHEAP does not produce an accurate count of LIHEAP households for reporting purposes. The DHHR Bureau for Children and Families (BCF) has engaged a third party, Advanced Public Policy Research Institute for Study and Evaluation (APPRISE). APPRISE is a nonprofit research institute dedicated to collecting and analyzing data and information to assess and improve public programs. APPRISE will review the DHHR BCF's data and report their findings on the LIHEAP Household Report. The DHHR BCF management team will then reconcile the RAPIDS data with APPRISE's findings and will work with RAPIDS staff (within the DHHR Office of Management Information Services) to ensure that the correct data is captured and submitted for future reporting periods. See current year finding 2017-012.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

2016-020
2015-027
2014-022
2013-038
2012-58
2011-51
2010-47
2009-50
2008-61
2007-62
2006-45

DISASTER RECOVERY PLAN
Department of Health and Human Resources
CFDA Numbers 93.596 and 93.575
Partially Resolved

Corrective action was taken in August 2017, which was during State Fiscal Year 2018. However, the finding repeated for the Year Ended June 30, 2017 since corrective action had not been taken as of June 30, 2017. To address the finding, the DHHR Bureau for Children and Families utilized the File Cabinet feature in Family and Children Tracking System (FACTS) and instructed the external Resource and Referral Agencies to scan pertinent records into the FACTS File Cabinet for the specific cases. The File Cabinet is a distinct function in FACTS that serves as a simple electronic document management system allowing the storage of both software documents and images of hard copy documents. The function is entirely integrated into the FACTS case record such that a document is permanently attached exclusively to a case/referral/provider record in which it was entered. Since the documents are only found within the focus of the case/referral/provider, access to the contents are secured to only the users that have the security and permissions to access the type of case/referral/provider. See current year finding 2017-013.

2016-021

SPECIAL TESTS AND PROVISIONS – FRAUD DETECTION AND REPAYMENT CONTROLS
Department of Health and Human Resources
CFDA Numbers 93.575 and 93.596
Partially Resolved

The spreadsheet that the DHHR Bureau for Children and Families (BCF) provided to the auditors lists all claims for which a repayment

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has been received and added to the expenses claimed for the quarter. All improper payments, including fraudulent payments, are repaid to the Federal government. When refunds related to improper payments are received, they are added to the claims for the quarter to ensure that the DHHR does not repay the Federal government twice. Claims identified for the previous fiscal year for which repayment has not been received are not included in this spreadsheet. To address the finding and to provide the auditors with a "complete and accurate population" for next year's audit, the DHHR BCF will add information to the spreadsheet, to include potential fraudulent payment identified for the previous fiscal year which no repayment was received in the current fiscal year; the DHHR BCF will also identify such arrangements not included in the 2017 population. See current year finding 2017-014.

2016-022
2015-029
2014-024
2013-040
2012-59

ELIGIBILITY DOCUMENTATION
Department of Health and Human Resources
CFDA Number 93.659
Partially Resolved

The DHHR-BCF developed a revised Adoption Subsidy and Services Standard Operating Procedure (SOP) and distributed it on February 14, 2018 to field staff. The SOP focuses on the steps field staff should be taking to ensure subsidy payments and medical cards are entered promptly after an adoption occurs. Furthermore, the SOP discusses the steps that need to be taken to finalize an adoption record,what items are needed in the record, and how to send this completed record to the state office. Finally, the SOP discusses actions the state office will take should the adoption record be missing information. The implementation of this SOP should begin no later than March 1, 2018.

The issues regarding signatures being obtained prior to parental relinquishment is a training topic that will be discussed and implemented in the Blackboard trainings planned for next year. While the past errors that may have occurred with documentation cannot be fixed, strides have been made to ensure that future records are complete and accurate before going to storage. See current year finding 2017-015.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

2016-023 REPORTING COMPLIANCE
Division of Rehabilitation Services
CFDA Number 96.001
Resolved

Corrective action taken in FY 2017.

2016-024 SUBRECIPEINT MONITORING
Division of Homeland Security and Emergency Management
CFDA Number 97.036
Partially Resolved

Division of Homeland Security and Emergency Management (DHSEM) developed and implemented during September 2017, multiple policies and procedures regarding the monitoring of subrecipients. The policies and procedures include a guide for grant monitoring, a policy and procedure for risk assessment, and a policy for post-site correspondence, monitoring letter and improvement plans. These policies and procedures were submitted to Federal Emergency Management Agency (FEMA) for review and approval. DHSEM has contracted with a CPA firm to assist in the completion of monitoring and DHSEM has plans to designate a single employee solely responsible for subrecipient monitoring of the public assistance grants. See current year finding 2017-018.

2016-025 INTERNAL CONTROLS OVER REPORTING
Division of Homeland Security and Emergency Management
CFDA Number 97.036
Partially Resolved

DHSEM has developed and implemented a policy for internal controls over the submission of federal financial reports (SF-425) during September 2017. The policy directs that all FEMA Reports be prepared by one individual and reviewed by another. The individual preparing the report is to provide full documentation to the reviewer for purposes of ensuring accurate reporting information. This policy was submitted to FEMA for review and approval. See current year finding 2017-020.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

2016-026 CASH MANAGEMENT
Department of Highways
CFDA Number 97.036
Resolved

Corrective action taken in FY 2017.

2016-027 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Department of Highways (DOH)
CFDA Number 97.036

The DOH updated its current policies and procedures on July 1, 2017 to enhance and strengthen the SEFA preparation process. These changes will include additional year-end report reviews, and an additional level of supervisory review prior to submission of the SEFA. See current year finding 2017-019.

2016-028 MATCHING
Division of Homeland Security and Emergency Management
CFDA Number 97.036
Resolved

Corrective action taken in FY 2017.

2016-029 SPECIAL TESTS AND PROVISIONS – PROJECT ACCOUNTING
Division of Homeland Security and Emergency Management
CFDA Number 97.036
Resolved

Corrective action taken in FY 2017.


STATE OF WEST VIRGINIA
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WEST VIRGINIA STATE RAIL AUTHORITY

A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA
AND THE WEST VIRGINIA DEPARTMENT OF TRANSPORTATION

FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION

YEAR ENDED JUNE 30, 2017

AND

INDEPENDENT AUDITOR'S REPORT

Suttle & Stalnaker PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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Suttle & Stalnaker PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members
West Virginia State Rail Authority
Moorefield, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the West Virginia State Rail Authority (the Authority), a component unit of the State of West Virginia Department of Transportation, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2017, and the respective change in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 10 and the pension schedules and related note on pages 33 - 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Authority are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities of the State of West Virginia and the West Virginia Department of Transportation that is attributable to the transactions of the Authority. They do not purport to, and do not present fairly the financial position of the State of West Virginia and West Virginia Department of Transportation, as of June 30, 2017, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2017, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 10, 2017

The management of the West Virginia State Rail Authority (the Authority) offers readers of our financial statements the following narrative overview and analysis of our financial activities for the year ended June 30, 2017. Please read it in conjunction with the Authority's basic financial statements and notes to the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The Authority's net position increased by approximately $615 thousand as a result of this year's operations. Although several projects completed in FY17 were paid from re-appropriated funds, more projects were completed in FY16 with re-appropriated funds resulting in a decrease in the non-operating revenue (expenses). Many projects planned in FY17 will be completed in FY 18 and the project funds have been re-appropriated.

- Operating expenses decreased by approximately $138 thousand during the year ended June 30, 2017, and operating revenues increased by approximately $770 thousand. This resulted in an operating loss decrease of approximately $908 thousand compared to the year ended June 30, 2016. Salaries and benefits, car hire, diesel fuel, and liability and property insurance rates are normally the largest operating expenses and stayed fairly steady from FY16 to FY17. Freight revenue increased due to handling more cars and an increase in demurrage received from customers. Miscellaneous revenues increased because of an increase in royalties received from gas and oil wells and the receipt of a bonus for a new gas and oil lease.

- Non-operating revenues (expenses) were approximately $2.0 million in the year ended June 30, 2017 compared to non-operating revenues (expenses) of approximately $2.4 million in the year ended June 30, 2016. The decrease in total non-operating revenues (expenses) of approximately $400 thousand was because less re-appropriated funds were spent on projects in FY17 versus re-appropriated funds spent in FY16. However, some projects were still delayed and the funds were re-appropriated to FY18 and these funds will be used on these projects.

- The Authority completed approximately $2.4 million in capital improvements in the year ended June 30, 2017, including $839 thousand for South Branch Valley Railroad (SBVR) bridge deck replacement, grade crossing replacement and installation of a turnout, $21 thousand for SBVR equipment, $631 thousand for locomotive equipment upgrades, $188 thousand for leasehold improvements, and approximately $682 thousand for West Virginia Central Railroad (WVCR) for ties, tunnel repairs and grade crossing replacement.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes management's discussion and analysis report, the independent auditor's report and the basic financial statements of the Authority. The financial statements also include notes that explain in more detail some of the information in the financial statements.

The financial statements of the Authority report information using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statement of Net Position includes all of the Authority's assets and liabilities and provides information about the investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority's costs are recovered from revenues and how much of the cost is supplemented by appropriations from the State of West Virginia.

The final required financial statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities. It provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

CONDENSED FINANCIAL STATEMENTS

Condensed financial information from the Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2017 and 2016 are as follows:

Condensed Statements of Net Position

	2017	2016	Variance
Current assets	$ 6,629,320	$ 7,035,693	$ (406,373)
Capital assets, net	38,540,416	38,174,327	366,089
Deferred outflows of resources	164,700	103,704	60,996
Total assets plus deferred outflows of resources	45,334,436	45,313,724	20,712
Current liabilities	469,257	1,127,698	(658,441)
Noncurrent liabilities	881,610	764,530	117,080
Deferred inflows or resources	28,996	81,471	(52,475)
Total liabilities plus deferred inflows of resources	1,379,863	1,973,699	(593,836)
Net position			
Invested in capital assets, net of related debt	38,540,416	38,174,327	366,089
Unrestricted	5,414,157	5,165,698	248,459
Total net position	$ 43,954,573	$ 43,340,025	$ 614,548

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2017	2016	Variance
Operating revenues			
Freight	$ 2,001,788	$ 1,859,855	$ 141,933
Miscellaneous	938,308	309,932	628,376
Total operating revenues	2,940,096	2,169,787	770,309
Depreciation expense	1,996,254	1,904,072	92,182
Other operating expenses	2,314,377	2,544,312	(229,935)
Total operating expenses	4,310,631	4,448,384	(137,753)
Operating loss	(1,370,535)	(2,278,597)	908,062
Non-operating revenues (expenses)	1,985,083	2,360,603	(375,520)
Change in net position before other revenues, expenses, gains or losses	614,548	82,006	532,542
Donated capital assets	-	95,000	(95,000)
Change in net position	614,548	177,006	437,542
Total net position – beginning	43,340,025	43,163,019	177,006
Total net position – ending	$ 43,954,573	$ 43,340,025	$ 614,548

FINANCIAL ANALYSIS

- For the year ended June 30, 2017, the Authority's current assets decreased approximately $406 thousand. This decrease is substantially due to a decrease of $247 thousand in the amount due from the State of West Virginia for emergency tunnel repairs incurred near the end of FY16.

- The Authority's capital assets increased approximately $366 thousand which is the net depreciation expense of approximately $2.0 million and capital asset additions of $2.4 million. The $2.4 million capital asset additions for the year ended June 30, 2017 were a result of deferred projects from FY15 and FY16 being completed in FY 17 and work on the Harpers Ferry and WVCR tunnel.

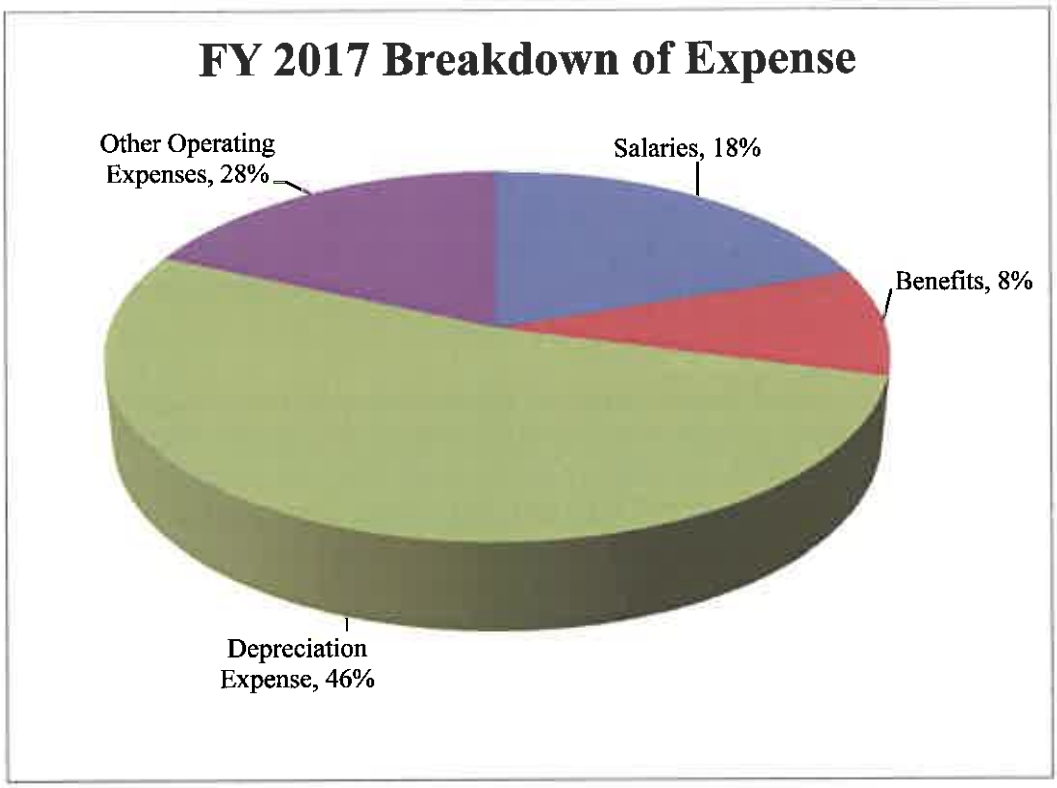
- The Authority's current liabilities decreased approximately $658 thousand due to less funds due to other governmental agencies at the end of FY17.

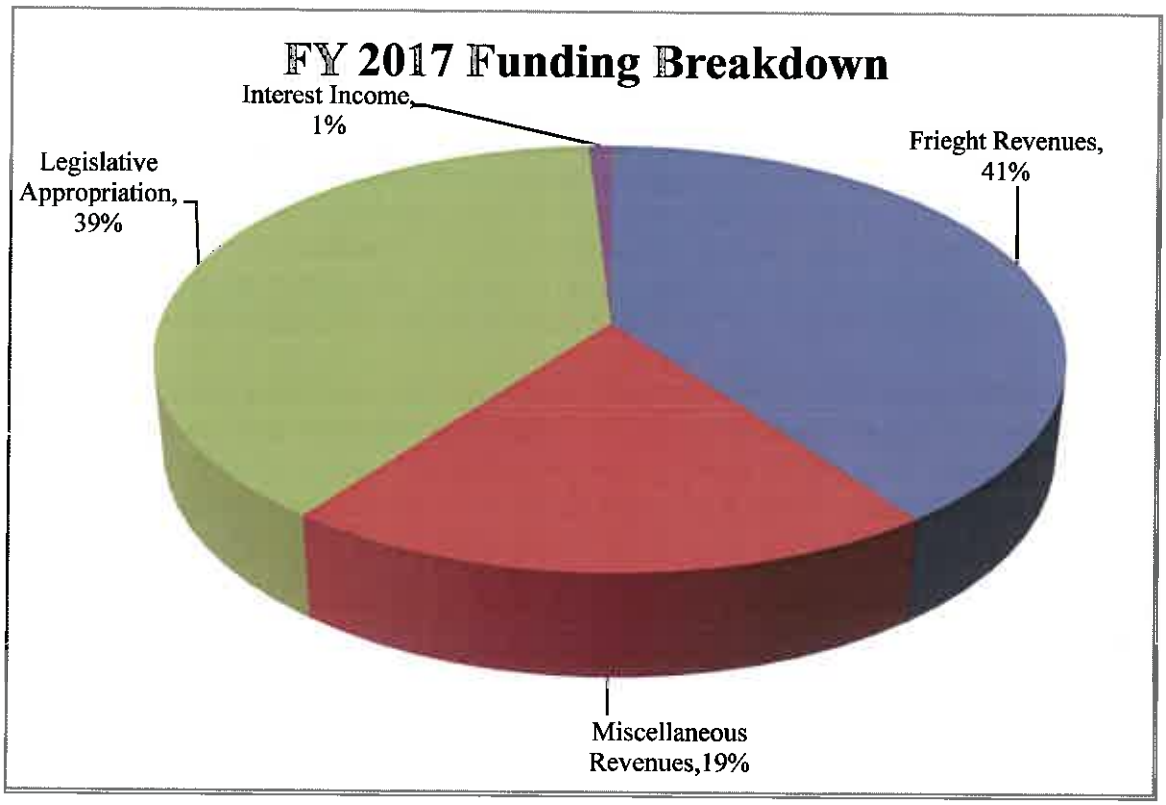
- The Authority's budget for the fiscal year ended June 30, 2017 consisted of funds received from the State of West Virginia General Fund, operating revenues from SBVR, revenues from the operator of the WVCR, and miscellaneous revenues received from the leases and licenses on railroad right-of-ways.

- Freight revenue of approximately $2.0 million was earned from the operations of the SBVR, which was in line with the year ended June 30, 2017 budgeted projections. Miscellaneous revenues of approximately $938 thousand were earned in addition to the freight revenue. The miscellaneous revenue is made up of right-of-way leases on the SBVR and WVCR, royalties from gas wells and income received from the excursion train operators. This revenue is used to help pay the operating expenses of the SBVR. Total operating revenues increased by approximately 35.5% in the fiscal year ended June 30, 2017. Miscellaneous revenue increase by 202.8% in the fiscal year ended June 30, 2017 due to an increase in oil and gas royalties.

- The Authority received an approximate $1.9 million appropriation from the general fund of the State of West Virginia for capital improvement projects and maintenance projects on the SBVR and WVCR, upkeep of the Maryland Rail Commuter (MARC) train stations in the eastern panhandle, and the general operation of the Authority. This appropriation is about 39% of the total funds received. Funds will continue to be utilized for capital improvements and maintenance costs on the SBVR and WVCR in order to safely maintain the condition of both railroads.

The following graphs provide a visual representation of the funding (revenue and other income sources) and expenditures for the fiscal year ended June 30, 2017.





CAPITAL ASSETS

The Authority's net capital assets as of June 30, 2017 and 2016 amounted to approximately $38.5 million and approximately $38.2 million, respectively. This investment in capital assets includes land, buildings, railroad infrastructure, rail cars and equipment.

The Authority primarily acquires its assets with proceeds from the general fund appropriation from the State of West Virginia. Rehabilitation and improvements to the SBVR and WVCR are part of the Authority's capital improvement program.

Capital asset additions for the years ended June 30, 2017 and 2016 are as follows:

	2017	2016
Land	$ -	$ 95,000
Land Improvements	-	611,869
Work Equipment	21,487	59,413
Locomotive, freight and passenger cars	495,000	33,944
Railroad infrastructure	1,521,288	1,667,063
Leasehold Improvements	188,362	-
Construction in progress	136,206	667,463
Total	$ 2,362,343	$ 3,134,752

Readers interested in more detailed information regarding capital assets should review the accompanying notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Authority's year ending June 30, 2018 budget includes approximately $3.0 million from the State of West Virginia and approximately $2.3 million from projected freight and miscellaneous revenue. This funding will be used to complete capital improvement and rehabilitation projects on the SBVR and WVCR. The funding from the State of West Virginia includes approximately $879 thousand in appropriated funds for projects underway but not completed in 2017. It is anticipated that state revenues will decline in future years impacting allocations to the Authority. The Authority has not yet determined how it will address these potential funding decreases in the future.

The SBVR's track structure has improved significantly over the past fifteen years. By establishing a long-term capital improvement program, the Authority has been able to raise the weight restriction on railcars and improve safety of the operation. New locomotives have been added to the fleet to ensure that the SBVR can move traffic in a reliable and timely manner. This is particularly important in handling unit trains for the Pilgrim's Pride feed mill in Moorefield. Pilgrim's Pride is the largest employer in the South Branch Valley, so it is vital that the Authority continue to upgrade the rail infrastructure and maintain the track to promote the economic success of the area it serves. The SBVR capital improvement projects planned for the fiscal year ending June 30, 2017 include continuing to upgrade and repair bridges, finishing the addition of yard tracks for more track capacity, installing a locomotive sanding tower and replacing ties.

The capital improvement projects planned on the WVCR for the fiscal year ending June 30, 2018 include replacing cross ties and upgrading bridges This railroad has completed twenty years of operations and continues to be a strong economic factor to the areas that it serves. In addition, the Cass Railroad continues to do well under the oversight of the Authority. This railroad is operated by the same operator of the WVCR. The operator (Durbin & Greenbrier Valley Railroad) and the Authority are partnering to replace the tracks between Durbin and Cass that were washed out in the 1985 flood. To date, 5 miles of track has been reinstalled and the connection is planned for completion in FY19.

The Authority will continue to maintain commuter facilities at Harpers Ferry, Duffield's, and Martinsburg for the Maryland Rail Commuter (MARC) train service. This offers West Virginia citizens in the eastern panhandle the advantage of using commuter train service to Washington, DC.

REQUESTS FOR INFORMATION

This financial report is designed to provide an overview of the finances of the Authority for those with an interest in this organization. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the West Virginia State Rail Authority at 120 Water Plant Drive, Moorefield, West Virginia, 26836.

WEST VIRGINIA STATE RAIL AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS	
Current assets	
Cash and cash equivalents	$ 6,241,016
Trade receivables	24,042
Inventories	19,396
Interest receivable	5,048
Due from other governmental entities	339,818
Total current assets	6,629,320
Noncurrent assets	
Capital assets	68,596,702
Accumulated depreciation	(30,056,286)
Total noncurrent assets	38,540,416
Deferred outflows:	
Total deferred outflows	164,700
Total assets and deferred outflows	45,334,436
LIABILITIES	
Current liabilities	
Accounts payable	31,133
Accrued expenses	43,222
Compensated absences	60,341
Due to other governmental entities	331,197
Unearned revenue	3,364
Total current liabilities	469,257
Noncurrent liabilities	
Other post employment benefit liability	542,336
Net pension liability	286,159
Unearned revenue	53,115
Total noncurrent liabilities	881,610
Total liabilities	1,350,867
Deferred inflows:	
Total deferred inflows	28,996
Total liabilities and deferred inflows	1,379,863
NET POSITION	
Net investment in capital assets	38,540,416
Unrestricted	5,414,157
Total net position	$ 43,954,573

The Accompanying Notes Are An Integral Part Of These Financial Statements

WEST VIRGINIA STATE RAIL AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2017

Operating revenues		
Freight	$	2,001,788
Miscellaneous		938,308
Total operating revenues		2,940,096
Depreciation expense		1,996,254
Other operating expenses		2,314,377
Total operating expenses		4,310,631
Operating income (loss)		(1,370,535)
Nonoperating revenues (expenses)		
Intergovernmental revenue		1,926,164
Interest income		58,919
Total nonoperating revenues (expenses)		1,985,083
Change in net position		614,548
Total net position - beginning,		43,340,025
Total net position - ending	$	43,954,573

The Accompanying Notes Are An Integral Part Of These Financial Statements

WEST VIRGINIA STATE RAIL AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016

Cash flows from operating activities		
Cash received from customers and government	$	2,939,923
Cash paid to employees		(752,841)
Cash paid to suppliers and government		(2,201,057)
Net cash provided (used) by operating activities		(13,975)
Cash flows from noncapital financing activities		
Transfers in from State of West Virginia		2,172,875
Net cash provided (used) by noncapital financing activities		2,172,875
Cash flows from capital and related financing activities		
Purchase of capital assets		(2,362,343)
Net cash provided (used) by capital and related financing activities		(2,362,343)
Cash flows from investing activities		
Receipts of interest		58,919
Net cash provided (used) by investing activities		58,919
Increase (decrease) in cash and cash equivalents		(144,524)
Cash and cash equivalents, beginning of year		6,385,540
Cash and cash equivalents, end of year	$	6,241,016
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating loss	$	(1,370,535)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Depreciation		1,996,254
Changes in operating assets and liabilities		
(Increase) decrease in trade receivables		3,191
(Increase) decrease in inventories		7,247
(Increase) decrease in interest receivable		4,700
(Increase) decrease in deferred outflows		(60,996)
Increase (decrease) in accounts payable		(361,133)
Increase (decrease) in accrued expenses		4,023
Increase (decrease) in compensated absences		645
Increase (decrease) in due to other governmental entities		(301,976)
Increase (decrease) in unearned revenue		(3,364)
Increase (decrease) in other post employment benefits		11,110
Increase (decrease) in net pension liability		109,334
Increase (decrease) in deferred inflows		(52,475)
Net cash provided (used) by operating activities	$	(13,975)

NOTE 1 - DESCRIPTION OF ORGANIZATION AND FINANCIAL REPORTING ENTITY

In 1975, the West Virginia Legislature created the West Virginia State Rail Authority (the Authority) under the provisions of Chapter 29, Article 18 of the Code of West Virginia, 1931, as amended, known as the "West Virginia Railroad Maintenance Act." The Authority was created to participate in the rehabilitation, improvement, and restoration of the financial stability of the railway system in the State of West Virginia and enable it to remain viable in the public sector as a mode of transportation. The Authority maintains the South Branch Valley Railroad and the West Virginia Central Railroad, and is responsible for the rails-to-trails program operation. The Secretary of Transportation serves as a member of the Authority, and the remaining six members are appointed by the Governor.

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in accounting principles generally accepted in the United States of America. Accounting principles generally accepted in the United States of America define component units as those entities which are legally separate governmental organizations for which the appointed members of the Authority are financially accountable, or other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the Authority's financial statements to be misleading. Since no such organizations exist which meet the above criteria, the Authority has no component units. The Authority is an enterprise fund and a component unit of the West Virginia Department of Transportation and the State of West Virginia. Accordingly, the Authority's financial statements are discretely presented in the financial statements of the State of West Virginia.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The Authority is considered an enterprise fund and uses the flow of economic resources measurement focus and the accrual method of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred. Enterprise funds are operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expense, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Financial Statement Presentation - The Authority prepares its financial statements in accordance with GASB Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis - for States and Local Governments*, as amended.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from management's estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents - For purposes of the Statement of Net Position, the Authority considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Cash and cash equivalents balances on deposit with the State of West Virginia Treasurer's Office (the "State Treasurer") are pooled by the State Treasurer with other available funds of the State for investment purposes by the West Virginia Board of Treasury Investments (BTI). These funds are transferred to the BTI, and the BTI is directed by the State Treasurer to invest the funds in specific external investment pools in accordance with West Virginia Code, policies set by the BTI, provisions of bond indentures, and the trust agreements when applicable. Balances in the investment pools are recorded at fair value or amortized cost, which approximates fair value. Fair value is determined by a third-party pricing service based on asset portfolio pricing models and other sources, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* The BTI was established by the State Legislature and is subject to oversight by the State Legislature. Changes in fair value and investment income are allocated to participants in the pools based upon the funds that have been invested. The amounts on deposit are available for immediate withdrawal on the first day of each month for the WV Short Term Bond Pool and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

The BTI maintains the Consolidated Fund investment fund, which consists of investment pools and participant-directed accounts, in three of which the Authority may invest. These pools have been structured as multi-participant variable net asset funds to reduce risk and offer investment liquidity diversification to the Fund participants. Funds not required to meet immediate disbursement needs are invested for longer periods. A more detailed discussion of the BTI's investment operations pool can be found in its annual report. A copy of that annual report can be obtained from the following address: 1900 Kanawha Blvd. East, Room E-122, Charleston, West Virginia 25305 or http://www.wvbti.com.

Permissible investments for all agencies include those guaranteed by the United States of America, its agencies and instrumentalities (U.S. Government obligations); corporate debt obligations, including commercial paper, which meet certain ratings; certain money market funds; repurchase agreements; reverse repurchase agreements; asset-backed securities; certificates of deposit; state and local government securities (SLGS); and other investments. Other investments consist primarily of investments in accordance with the Linked Deposit Program, a program using financial institutions in West Virginia to obtain certificates of deposit, loans approved by the legislature and any other program investments authorized by the legislature.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Doubtful Accounts - It is the Authority's policy to provide for future losses on uncollectible accounts, contracts, grants, and loans receivable based on an evaluation of the underlying account, contract, grant, and loan balances, the historical collectability experienced by the Authority on such balances, and such other factors which, in the Authority's judgment, require consideration in estimating doubtful accounts. As of June 30, 2017, management feels that all receivables will be collected; therefore, no allowance for doubtful accounts has been booked.

Inventories - Inventories are stated at the lower of cost or market; cost is valued using the weighted average cost method.

Capital Assets - Purchases of capital assets are capitalized at cost and, except for land, which is not depreciated, are depreciated using the straight-line method over the estimated useful lives of the assets ranging from five to forty years. Buildings and railroad infrastructure with an initial cost of $100,000 or more and furniture and equipment with an initial cost of $5,000 or more are recorded at cost. When assets are disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in operations. The cost of maintenance and repairs is charged to operations as incurred; significant renewals and betterments are capitalized. Capital assets are reviewed annually for impairment.

Compensated Absences and Other Post-Employment Benefits - Employees fully vest in all earned but unused annual leave, and the Authority accrues for obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. Effective July 1, 2007, the Authority adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This statement provided standards for the measurement, recognition, and display of other postemployment benefit (OPEB) expenditures, assets, and liabilities, including applicable note disclosures and required supplementary information.

During fiscal year 2006, House Bill No. 4654 was established to create a trust fund for postemployment benefits for the State of West Virginia (the "State"). Effective July 1, 2007, the Authority was required to participate in this multiple employer cost-sharing plan, the West Virginia Retiree Health Benefit Trust Fund, sponsored by the State of West Virginia. Details regarding this plan can be obtained by contacting Public Employees Insurance Agency ("PEIA"), 601 57th Street, SE, Suite 2, Charleston, WV 25304-2345 or http://www.wvpeia.com.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Authority's full-time employees earn up to two vacation leave days for each month of service and are entitled to compensation for accumulated, unpaid vacation leave upon termination. Full-time employees also earn one and one-half sick leave days for each month of service and are entitled to extend their health insurance coverage upon retirement in lieu of accumulated, unpaid sick leave. Generally, two days of accrued sick leave extend health insurance for one month of single coverage and three days extend health insurance for one month of family coverage. For employees hired after 1988, the employee shares in the cost of the extended benefit coverage to the extent of 50% of the premium required for the extended coverage. Employees hired July 1, 2001 or later are not eligible for these benefits. During 2010, the legislature passed a bill allowing regular full-time employees hired before July 1, 2001, having accumulated at least 65 days of sick leave, to be paid, at their option, for a portion of their unused sick leave, not to exceed the number of sick leave days that would reduce the employee's sick leave balance to less than fifty days. The employee shall be paid at a rate equal to one quarter of their usual rate of daily pay during that calendar year. The liability for postemployment health care benefits is now provided for under the multiple employer cost-sharing plan sponsored by the State of West Virginia.

Deferred Outflow of Resources - A deferred outflow of resources is a consumption of net position by the Authority that is applicable to a future reporting period.

Deferred Inflow of Resources - A deferred inflow of resources is an acquisition of net position by the Authority that is applicable to a future reporting period.

Net Pension Liability - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employee Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Operating Revenues and Expenses - Balances classified as operating revenues and expenses are those which comprise the Authority's ongoing operations. Principal operating revenues are charges to customers for use of the rail lines. Principal operating expenses are the costs of providing the goods and services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Net Position - The Authority displays net position in three components, if applicable: net investment in capital assets; restricted; and unrestricted.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Investment in Capital Assets - This component of net position consists primarily of capital assets, including restricted capital assets (if any), net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position - Restricted net position represents the assets whose use or availability has been restricted, and the restrictions limit the Authority's ability to use the resources to pay current liabilities. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as needed. As of June 30, 2017, there was no restricted net position.

Unrestricted Net Position - Unrestricted net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets." In the governmental environment, net position is often designated to indicate that management does not consider it to be available for general operations. These types of constraints on resources are internal and management can remove or modify them. Such internal designations are not reported on the face of the statement of net position.

Transfers - Transfers represent legally authorized appropriations under West Virginia State Code by the West Virginia Legislature.

Newly Adopted Statements Issued By GASB - The Authority implemented Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for fiscal years beginning after June 15, 2016. The requirements of this Statement will improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The adoption of GASB Statement No. 74 had no impact on the June 30, 2017 financial statements.

The Authority implemented Statement No. 77, *Tax Abatement Disclosures*, effective for fiscal years beginning after December 15, 2015. The requirements of this Statement will improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The adoption of GASB Statement No. 77 had no impact on the June 30, 2017 financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Authority implemented Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*, effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. The adoption of GASB Statement No. 80 had no impact on the June 30, 2017 financial statements.

The Authority implemented Statement No. 81, *Irrevocable Split-Interest Agreements*, effective for fiscal years beginning after December 15, 2016. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The adoption of GASB Statement No. 81 had no impact on the June 30, 2017 financial statements.

The Authority implemented Statement No. 86, *Certain Debt Extinguishment Issues*, effective for fiscal years beginning after June 15, 2017. The requirements of this Statement will increase consistency in accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing that debt were acquired. The requirements of this Statement also will enhance consistency in financial reporting of prepaid insurance related to debt that has been extinguished. In addition, this Statement will enhance the decision-usefulness of information in notes to financial statements regarding debt that has been defeased in substance. The adoption of GASB Statement No. 86 had no impact on the June 30, 2017 financial statements.

Recent Statements Issued By GASB - The Governmental Accounting Standards Board has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017. The requirements of this Statement will improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Authority has not yet determined the effect that the adoption of GASB Statement No. 75 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for fiscal years beginning after June 15, 2018. The requirements of this Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations (AROs), including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The Authority has not yet determined the effect that the adoption of GASB Statement No. 83 may have on its financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Governmental Accounting Standards Board has also issued Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2018. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The Authority has not yet determined the effect that the adoption of GASB Statement No. 84 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 85, *Omnibus 2017*, effective for fiscal years beginning after June 15, 2017. The requirements of this Statement will enhance consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements. The Authority has not yet determined the effect that the adoption of GASB Statement No. 85 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. The requirements of this Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The Authority has not yet determined the effect that the adoption of GASB Statement No. 87 may have on its financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents were as follows at June 30, 2017:

	Amortized Cost	Estimated Fair Value
Cash on deposit with State Treasurer	$ 24,094	$ 24,094
Cash on deposit with State Treasurer invested in BTI (WV Money Market Pool)	4,087,687	4,087,687
Cash on deposit with State Treasurer invested in BTI (WV Short Term Bond Pool)	2,129,235	2,129,235
	$ 6,241,016	$ 6,241,016

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

BTI DISCLOSURE INFORMATION - (In Thousands)

Investments and Deposits

The BTI has adopted an investment policy in accordance with the "Uniform Prudent Investor Act." The "prudent investor rule" guides those with responsibility for investing the money for others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The BTI's investment policy is to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity. The BTI recognizes that risk, volatility, and the possibility of loss in purchasing power are present to some degree in all types of investments. Due to the short-term nature of the Consolidated Fund, the BTI believes that it is imperative to review and adjust the investment policy in reaction to interest rate market fluctuations/trends on a regular basis and has adopted a formal review schedule. Investment policies have been established for each investment pool and account of the Consolidated Fund.

WV Money Market Pool - Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. For the year ended June 30, 2017, the WV Money Market Pool has been rated AAAm by Standard & Poor's. A fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's. Neither the BTI itself nor any of the other Consolidated Fund pools or accounts has been rated for credit risk by any organization. The WV Money Market Pool is subject to credit risk.

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all corporate bonds to be rated A+ by Standard & Poor's (or its equivalent) or higher. Commercial paper must be rated at least A-1 by Standard & Poor's and P-1 by Moody's. The pool must have at least 15% of its assets in U.S. Treasury obligations or obligations guaranteed as to repayment of interest and principal by the United States of America. As of June 30, 2017, the WV Money Market Pool investment had a total carrying value of $1,782,953 of which the Authority's ownership represents .23%.

WV Short Term Bond Pool - Credit Risk

The BTI limits the exposure to credit risk in the WV Short Term Bond Pool by requiring all corporate bonds to be rated BBB- or higher by Standard & Poor's (or its equivalent). Commercial paper must be rated at least A-1 by Standard & Poor's and P-1 by Moody's. Mortgage-backed and asset-backed securities must be rated AAA by Standard & Poor's and Aaa by Moody's. The pool must have at least 15% of its assets in U.S. Treasury obligations or obligations guaranteed as to repayment of interest and principal by the United States of America. The following table provides information on the credit ratings of the WV Short Term Bond Pool's investments (in thousands):

NOTE 3 - CASH INVESTMENTS AND CASH EQUIVALENTS (Continued)

	Credit Rating			
Security Type	Moody's	S&P	Carrying Value	Percent of Pool Assets
Commercial paper	P-1	A-1+	$ 9,963	1.32%
	P-1	A-1	13,940	1.85
Corporate asset backed securities	Aaa	AAA	68,441	9.06
	Aaa	NR	79,853	10.58
	NR	AAA	67,375	8.92
	NR	AA	2,003	0.26
Corporate bonds and notes	Aaa	AA+	2,935	0.39
	Aaa	AA+	4,019	0.53
	Aa1	AA+	5,027	0.67
	Aa2	AA+	4,036	0.53
	Aa2	AA	6,989	0.93
	Aa2	AA-	17,124	2.27
	Aa3	AA-	15,106	2.00
	Aa2	A	4,011	0.53
	Aa3	A+	1,104	0.15
	A1	AA-	16,588	2.20
	A1	A+	19,078	2.53
	A1	A	6,355	0.84
	A1	A-	7,276	0.96
	A2	A+	2,616	0.35
	A2	A	25,032	3.32
	A2	A-	10,079	1.33
	A3	A	10,747	1.42
	A3	A-	30,242	4.01
	A3	BBB+	20,183	2.67
	Baa1	A	1,501	0.20
	Baa1	A-	11,991	1.59
	Baa1	BBB+	47,392	6.28
	Baa1	BBB	8,495	1.12
	Baa2	A-	1,018	0.13
	Baa2	BBB	28,770	3.81
	Baa2	BBB-	3,000	0.40
	Baa2	NR	2,000	0.26
	Baa2	BBB+	10,268	1.36
	Baa3	BBB	15,627	2.07
	Baa3	BBB-	7,166	0.95
	Ba1	BBB	2,005	0.27
	Ba1	BBB-	2,304	0.31
	Ba2	BBB-	824	0.11
	NR	BBB+	2,637	0.35
	NR	BBB-	1,990	0.26
U.S. agency mortgage backed securities	Aaa	AA+	37,287	4.94
Corporate mortgage backed securities	Aaa	AAA	4,217	0.56
	Aaa	NR	17,281	2.29
U.S. Treasury notes *	Aaa	AA+	87,588	11.60
Money market funds	Aaa	AAAm	11,479	1.52
			$ 754,962	100.00%

NR = Not Rated

* U.S. agency mortgage backed securities are explicitly guaranteed by the United States government and are not considered to have credit risk.

NOTE 3 - CASH INVESTMENTS AND CASH EQUIVALENTS (Continued)

At June 30, 2017, the Authority's ownership represents .28% of amounts held by the BTI.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All Consolidated Fund pools and accounts are subject to interest rate risk.

The overall weighted average maturity of the investments of the WV Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides information on the weighted average maturities for the various asset types in the WV Money Market Pool:

Security Type	Carrying Value (In Thousands)	WAM (Days)
Repurchase agreements	$ 110,800	3
U.S. Treasury notes	97,823	44
U.S. Treasury bills	69,837	88
Commercial paper	1,064,527	36
Certificates of deposit	330,476	41
Corporate bonds and notes	9,485	79
Money market funds	100,005	3
	$ 1,782,953	36

The overall effective duration of the investments of the WV Short Term Bond Pool cannot exceed 731 days. Maximum effective duration of individual securities cannot exceed 1,827 days (five years) from date of purchase. The following table provides information on the effective duration for the various asset types in the WV Short Term Bond Pool:

Security Type	Carrying Value (In Thousands)	Effective Duration (Days)
Corporate bonds and notes	$ 355,535	412
Corporate asset backed securities	217,672	423
Commercial paper	23,903	113
U.S. Treasury bonds and notes	87,588	766
U.S. agency mortgage backed securities	37,287	148
Corporate mortgage backed securities	21,498	347
Money market funds	11,479	1
	$ 754,962	426

NOTE 3 - CASH INVESTMENTS AND CASH EQUIVALENTS (Continued)

Other Risks of Investing

Other risks of investing can include concentration of credit risk, custodial credit risk, and foreign currency risk.

Concentration of credit risk is the risk of loss attributed to the magnitude of a Consolidated Fund pool or account's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the BTI will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. The BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. None of the Consolidated Fund's investment pools or accounts holds interests in foreign currency or interests valued in foreign currency.

Deposits

Custodial credit risk of deposits is the risk that in the event of failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits include nonnegotiable certificates of deposit. None of the above pools contain nonnegotiable certificates of deposit. The BTI does not have a deposit policy for custodial credit risk.

NOTE 4 - CAPITAL ASSETS

Capital assets balances and the activity for the year ended June 30, 2017 is summarized below:

	June 30, 2016 Balance	Additions	Deletions	June 30, 2017 Balance
Capital assets				
Land	$ 5,565,216	$ -	$ -	$ 5,565,216
Land improvements	840,826	-	-	840,826
Buildings and improvements	554,060	-	-	554,060
Office equipment	45,325	-	-	45,325
Work equipment	2,116,551	21,487	-	2,138,038
Locomotives, freight and passenger cars	3,109,373	495,000	-	3,604,373
Railroad infrastructure	53,335,545	1,521,288	-	54,856,833
Leasehold Improvements	-	538,012	-	538,012
Construction in progress	667,463	1,845,855	2,059,299	454,019
Total capital assets	$ 66,234,359	$ 4,421,642	$ 2,059,299	$ 68,596,702
Accumulated depreciation				
Land improvements	$ 141,411	$ 46,410	$ -	$ 187,821
Buildings and improvements	403,407	13,645	-	417,052
Office equipment	45,271	54	-	45,325
Work equipment	1,449,624	78,563	-	1,528,187
Locomotives, freight and passenger cars	1,842,395	132,009	-	1,974,404
Railroad infrastructure	24,177,924	1,716,606	-	25,894,530
Leasehold Improvements	-	8,967	-	8,967
Total accumulated depreciation	$ 28,060,032	$ 1,996,254	$ -	$ 30,056,286

NOTE 5 - RELATED PARTY TRANSACTIONS WITH THE STATE OF WEST VIRGINIA

The Authority enters into certain transactions with various agencies of the State of West Virginia. The following summarizes the nature and terms of the most significant transactions.

The Authority's employees participate in various benefit plans offered by the State of West Virginia. Employer contributions to these plans are mandatory. During the year ended June 30, 2017, the Authority incurred payroll related expenditures of approximately $68 thousand for employee health insurance benefits provided through the West Virginia Public Employees Insurance Agency and approximately $51 thousand in employer matching contributions to the State Public Retirement System. The Authority also paid the West Virginia Department of Highways approximately $1.0 million for bridge inspections, engineering services, labor and materials, and the WVCR Tunnel Repair. In addition, during the year ended June 30, 2017, the Authority received transfers of $1,926,164 in appropriated funds. A substantial decrease in this revenue or assistance would have a significant effect on the operations of the Authority.

At June 30, 2017, the Authority had amounts due from the State of West Virginia of $339,818. The Office of the Secretary of Administration, Finance Division transferred $1,591,838 to the Authority for the year ended June 30, 2017.

NOTE 6 - SIGNIFICANT CUSTOMERS AND FUNDING SOURCES

During the year ended June 30, 2017, approximately 95% of the Authority's freight traffic was attributable to a single customer.

The credit and liquidity crisis in the United States and throughout the global financial system triggered significant events and substantial volatility in world financial markets and the banking system that have had a significant negative impact on foreign and domestic financial markets. If the aforementioned single customer is affected, it could have a significant impact on the future operations of the Authority.

NOTE 7 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health and life coverage; and natural disasters. The State of West Virginia established the Board of Risk and Insurance Management (BRIM) and the West Virginia Public Employees Insurance Agency (PEIA) public entity risk pools to account for and finance uninsured risks of losses for state agencies, institutions of higher education, and component units.

BRIM is a public entity risk pool that provides coverage for general, liability, and property damage in the amount of $1,000,000 per occurrence. Such coverage may be provided to the Authority by BRIM through self-insurance programs maintained by BRIM or policies underwritten by BRIM that may involve experience-related premiums or adjustments to BRIM. BRIM engages an independent actuary to assist in the determination of its premiums so as to minimize the likelihood of premium adjustments to the Authority or other participants in BRIM's insurance program. As a result, management does not expect significant differences between the premiums the Authority is currently charged by BRIM and the ultimate cost of that insurance based on the Authority's actual loss experience. Furthermore, there have been no settlements that have exceeded this coverage in the last three years.

Through its participation in PEIA, the Authority has obtained health, life, and prescription drug coverage for all its employees. In exchange for payment of premiums to PEIA and a third-party insurer, the Authority has transferred its risks related to health, life, prescription drug coverage, and job-related injuries. PEIA issues publicly available financial reports that include financial statements and required supplementary information; these reports may be obtained by writing to West Virginia Public Employees Insurance Agency, 601 57th Street, Charleston, WV 25304 or by calling 1-888-680-7342.

The Authority has obtained coverage for job related injuries through the purchase of a worker's compensation insurance policy from American Zurich Insurance Company. In exchange for premiums, the Authority transfers its risk of loss related to employee injuries to American Zurich Insurance Company.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description - The Authority participates in the West Virginia Other Postemployment Benefits Plan (OPEB Plan) of the West Virginia Retiree Health Benefit Trust Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employees Insurance Agency (PEIA). The OPEB Plan provides retiree postemployment healthcare benefits for participating state and local government employers. The provisions of the Code of West Virginia, 1931, as amended (the "Code"), assigns the authority to establish and amend benefit provisions to the PEIA Board of Trustees. The PEIA issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to Public Employees Insurance Agency, 601 57th Street, SE, Suite 2, Charleston, WV 25301-2345 or by calling 1-888-680-7342.

Funding Policy - The Code requires the OPEB Plan bill the participating employers 100% of the annual required contributions (ARC), an amount actuarially-determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. State of West Virginia plan employers are billed per active health policy per month.

The Authority's ARC was $39,489, $51,213, and $57,382 and the Authority has paid premiums of $28,379, $26,237, and $31,736, which represent 71.9%, 51.2%, and 55.0% of the ARC, respectively, for the years ended June 30, 2017, 2016, and 2015. At June 30, 2017, the liability related to OPEB costs was $542,336.

The West Virginia Legislature passed legislation to provide alternate funding sources for the RHBT OPEB unfunded liability. In addition, the PEIA Finance Board imposed limits on the retiree subsidy currently provided for PEIA premiums for retirees. Future increases in the subsidy will be limited to no more than 3% per year. These actions have had a material impact on the amounts billed by the RHBT to the Authority in the current year as well as an expected material impact on amounts billed in the future, resulting in decreases in the recorded OPEB liability.

NOTE 9 - RETIREMENT PLAN

Plan Description - The Authority contributes to the West Virginia Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board. PERS also provides delayed retirement, early retirement, death and disability benefits. The West Virginia Consolidated Public Retirement Board issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the West Virginia Consolidated Public Retirement Board, 4101 MacCorkle Avenue, SE, Charleston, WV 25304-1636 or by calling (304) 558-3570.

NOTE 9 - RETIREMENT PLAN (Continued)

Benefits Provided - Benefits are provided through PERS using a two-tiered system. Effective July 1, 2015, PERS implemented the second tier, Tier II. Employees hired, for the first time, on or after July 1, 2015 are considered Tier II members. Tier I and Tier II members are subject to different regulations.

Tier I: Employees who retire at or after age 60 with five or more years of credited service, or at least age 55 with age and service equal to 80 years or greater, are entitled to a retirement benefit established by State statute, payable monthly for life, in the form of a straight-life annuity equal to two percent of the employee's final average salary multiplied by years of service. Final average salary is the average of the highest annual compensation received by an employee during any period of three consecutive years of credited service included within fifteen years of credited service immediately preceding the termination date of employment with a participating public employer or, if the employee has less than three years of credited service, the average of the annual rate of compensation received by the employee during the total years of credited service. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62.

Tier II: Employees who retire at or after age 62 with ten or more years of credited service are entitled to a retirement benefit established by State statute, payable monthly for life, in the form of a straight-life annuity equal to two percent of the employee's final average salary multiplied by years of service. Final average salary is the average of the highest annual compensation received by an employee during any period of five consecutive years of credited service included within fifteen years of credited service immediately preceding the termination date of employment with a participating public employer. Terminated members with at least ten years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 64.

Contributions - While contribution rates are legislatively determined, actuarial valuations are performed to assist PERS and the State Legislature in determining contribution rates. Current funding policy requires employer contributions of 12.0%, 13.5%, and 14.0% for the years ended June 30, 2017, 2016, and 2015, respectively. Effective July 1, 2017, a decrease in the contribution rate of 1.0%, will decrease the Authority's contribution rate to 11.0%. The employee contribution rate is 4.5% and 6.0% for Tier I and Tier II employees, respectively. The Authority's contribution to the Plan, excluding the employee's contribution paid by the Authority, approximated $51,041, $67,545, and $59,811 for the fiscal years ended June 30, 2017, 2016, and 2015, respectively.

NOTE 9 - RETIREMENT PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Authority reported a liability of $286,159 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, rolled forward to the measurement date of June 30, 2016. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Authority's proportionate share was 0.03%, which was consistent with its proportionate share measured as of June 30, 2015.

For the year ended June 30, 2017, the Authority recognized pension expense of $37,213. At June 30, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 89,822	$ -
Differences between expected and actual experience	23,837	-
Changes of assumptions	-	13,926
Changes in proportion and differences between Authority contributions and proportionate share of contributions	-	15,070
Authority contributions subsequent to the measurement date	51,041	-
Total	$ 164,700	$ 28,996

The amount reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	$ 6,289
2019	14,862
2020	35,758
2021	27,754
	$ 84,663

NOTE 9 - RETIREMENT PLAN (Continued)

Actuarial assumptions and methods - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.0%
Salary increases	3.0 – 6.0%, average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense

Mortality rates were based on 110% of RP-2000 Non-Annuitant, Scale AA for healthy males, 101% of RP-2000 Non-Annuitant, Scale AA for healthy females, 96% of RP-2000 Disabled Annuitant Scale AA for disabled males, and 107% of RP-2000 Disabled Annuitant, Scale AA for disabled females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

Long-term expected rates of return

The long-term rates of return on pension plan investments were determined using a building-block method in which estimates of expected real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core Fixed Income	7.5%	2.7%
High Yield Fixed Income	7.5%	5.5%
Domestic Equity	27.5%	7.0%
International Equity	27.5%	7.7%
Real Estate	10.0%	5.6%
Private Equity	10.0%	9.4%
Hedge Funds	10.0%	4.7%
Total	100.0%	

NOTE 9 - RETIREMENT PLAN (Continued)

Discount rate - The discount rate used to measure the total pension liability was 7.5%. The projections of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from employers will continue to be made at statutorily required rates, which are determined annually based on actuarial valuations. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability. Although discount rates are subject to change between measurement dates, there were no changes in the discount rate in the current period.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate - The following table presents the Authority's proportionate share of the net pension liability calculated using the current discount rate of 7.5% as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

		Total Net Pension Liability	
	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
PERS	$ 517,410	$ 286,159	$ 89,170

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report available at the Consolidated Public Retirement Board's website at www.wvretirement.com.

NOTE 10 - NONCURRENT LIABILITIES

The following is a summary of long-term obligation transactions for the Authority for the years ended June 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
OPEB liability	$ 531,226	$ 39,488	$ (28,378)	$ 542,336	$ -
Net pension liability	176,825	109,334	-	286,159	-
Total noncurrent liabilities	$ 708,051	$ 148,822	$ (28,378)	$ 828,495	$ -

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Periodic Audits

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The Authority management believes disallowances, if any, will not have a significant financial impact on the Authority's financial position.

Litigation

Periodically, there are various claims and legal proceedings against the Authority arising from the normal course of business. Currently, there are no pending claims or legal proceedings against the Authority.

WEST VIRGINIA STATE RAIL AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2017

Public Employees Retirement System
Last 10 Fiscal Years*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Authority's proportion of the net pension liability (asset) (percentage)	0.03%	0.03%	0.03%	0.04%						
Authority's proportionate share of the net pension liability (asset)	$ 286,159	$ 176,825	$ 119,170	$ 327,949						
Authority's covered-employee payroll	$ 500,333	$ 427,221	$ 432,393	$ 481,486						
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	57.19%	41.39%	27.56%	68.11%						
Plan fiduciary net position as a percentage of the total pension liability	86.11%	91.29%	93.98%	79.70%						

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year. (Measure date)
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

WEST VIRGINIA STATE RAIL AUTHORITY
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2017

Public Employees Retirement System
Last 10 Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	$ 51,041	$ 67,545	$ 59,811	$ 62,697	$ 67,408	$ 71,450	$ 85,019	$ 62,365	$ 67,343	$ 66,589
Contributions in relation to the contractually required contribution	(51,041)	(67,545)	(59,811)	(62,697)	(67,408)	(71,450)	(85,019)	(62,365)	(67,343)	(66,589)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 425,342	$ 500,333	$ 427,221	$ 432,393	$ 481,486	$ 492,759	$ 680,152	$ 566,955	$ 641,362	$ 634,181
Contributions as a percentage of covered-employee payroll	12.00%	13.50%	14.00%	14.50%	14.00%	14.50%	12.50%	11.00%	10.50%	10.50%

Amounts reported during the year ended June 30, 2017 reflect an assumed inflation rate of 3.0% rather than an assumed rate of 1.9% that was used in the prior year.

There were no other factors that affected trends in the amounts reported. If necessary, additional information can be obtained from the CPRB Comprehensive Annual Financial Report for the year ended June 30, 2016.

ADDITIONAL INFORMATION

Suttle & Stalnaker PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members
West Virginia State Rail Authority
Moorefield, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the West Virginia State Rail Authority (the Authority), a component unit of the State of West Virginia and West Virginia Department of Transportation, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 10, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Suttle & Stalnaker, PLLC

Charleston, West Virginia
October 10, 2017



Service Organization Controls 1 Report

Description of West Virginia ERP Board's wvOASIS Application and Support Services

for the period from July 1, 2016 to June 30, 2017

with the Independent Service Auditor's Report, including Tests Performed and Results Thereof

West Virginia ERP Board's wvOASIS Application and Support Services

For the Period from July 1, 2016 to June 30, 2017

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Report of Management of West Virginia ERP Board's wvOASIS Application and Support Services

Jim Justice
Governor
Chair

John B. McCuskey
State Auditor
Executive Secretary

John D. Perdue
State Treasurer
Member

State of West Virginia

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West Virginia ERP Board's Management Assertion

October 5, 2017

We have prepared the description of West Virginia ERP Board's wvOASIS application and support services system (Description) for user entities' of the system during some or all of the period from July 1, 2016 to June 30, 2017, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider the Description, along with other information, including information about controls implemented by the West Virginia Office of Technology (WVOT) user entities of the system themselves, when assessing the risks of material misstatements of user entities' financial statements.

West Virginia ERP Board uses a subservice organization to provide data center hosting services related to physical and environmental controls. The Description includes only the control objectives and related controls of West Virginia ERP Board and excludes the control objectives and related controls of the subservice organization. The Description also indicates that certain control objectives specified in the Description can be achieved only if complementary subservice organization controls assumed in the design of our controls are suitably designed and operating effectively, along with the related controls. The Description does not extend to controls of the subservice organization.

The Description indicates that certain control objectives specified in the Description can be achieved only if complementary user entity controls assumed in the design of West Virginia ERP Board's controls are suitably designed and operating effectively, along with related controls at the service organization. The Description does not extend to controls of the user entities.

We confirm, to the best of our knowledge and belief, that:

a. The Description fairly presents the wvOASIS application and support services system (System) made available to user entities of the System during some, or all, of the period July 1, 2016 to June 30, 2017 for processing their transactions as it relates to controls that are likely relevant to user entities' internal control over financial reporting. The criteria we used in making this assertion were that the Description:

   (1) Presents how the System made available to user entities of the system was designed and implemented, including, if applicable:

   - The types of services provided.
   - The procedures, within both automated and manual systems, by which those services are provided for user entities of the System.

- The information used in the performance of the procedures and supporting information; this includes the correction of incorrect information and how information is transferred to the reports prepared for user entities.
- How the System captures and addresses significant events and conditions.
- The process used to prepare reports and other information for user entities.
- Services performed by a subservice organization, if any, including whether the carve-out method or the inclusive method has been used in relation to them.
- The specified control objectives and controls designed to achieve those objectives, including, as applicable, complementary user entity controls and complementary subservice organization controls assumed in the design of the service organization's controls.
- Other aspects of our control environment, risk assessment process, information and communication systems (including the related business processes), control activities, and monitoring activities that are relevant to the services provided.

(2) Includes relevant details of changes to the System during the period covered by the Description.

(3) Does not omit or distort information relevant to the System, while acknowledging that the Description is prepared to meet the common needs of a broad range of user entities of the System and their user auditors, and may not, therefore, include every aspect of the wvOASIS application and support services System that each individual user entity of the System and its user auditor may consider important in the user entity's own particular environment.

b. The controls related to the control objectives stated in the Description were suitably designed and operated effectively throughout the period of July 1, 2016 to June 30, 2017 to achieve those control objectives, if subservice organizations applied the complementary subservice organization controls and user entities applied the complementary user entity controls assumed in the design of West Virginia ERP Board's controls throughout the period of July 1, 2016 to June 30, 2017. The criteria we used in making this assertion were that

(1) The risks that threaten the achievement of the control objectives stated in the Description have been identified by management of the service organization.

(2) The controls identified in the Description would, if operating as described, provide reasonable assurance that those risks would not prevent the control objectives stated in the Description from being achieved; and

(3) The controls were consistently applied as designed, including whether manual controls were applied by individuals who have the appropriate competence and authority.

Kent Hartsog, Project Director

Independent Service Auditor's Report

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Independent Service Auditor's Report

To the Management of West Virginia ERP Board

Scope

We have examined West Virginia ERP Board's description entitled *Description of West Virginia ERP Board's wvOASIS Application and Support Services for the period from July 1, 2016 to June 30, 2017* (Description) of its wvOASIS application and support services system (System) and the suitability of the design and operating effectiveness of controls described therein to achieve the related control objectives stated in the Description (Control Objectives), based on the criteria identified in the *Report of Management on West Virginia ERP Board's wvOASIS Application and Support Services* (Assertion). The Control Objectives and controls included in the Description are those that management of West Virginia ERP Board believes are likely to be relevant to user entities' internal control over financial reporting, and the Description does not include those aspects of the System that are not likely to be relevant to user entities' internal control over financial reporting.

The Description indicates that certain Control Objectives can be achieved only if complementary user entity controls assumed in the design of West Virginia ERP Board's controls are suitably designed and operating effectively, along with related controls at the service organization. Our examination did not extend to such complementary user entity controls, and we have not evaluated the suitability of the design or operating effectiveness of such complementary user entity controls.

West Virginia ERP Board uses the West Virginia Office of Technology (WVOT) to provide data center hosting services related to physical and environmental controls. The Description includes only the Control Objectives and related controls of West Virginia ERP Board and excludes the control objectives and related controls of WVOT. The description also indicates that certain Control Objectives specified by West Virginia ERP Board can be achieved only if complementary subservice organization controls assumed in the design of West Virginia ERP Board's controls are suitably designed and operating effectively, along with the related controls at West Virginia ERP Board. Our examination did not extend to such complementary controls of WVOT, and we have not evaluated the suitability of the design or operating effectiveness of such complementary subservice organization controls.

West Virginia ERP Board's responsibilities

West Virginia ERP Board has provided the accompanying assertion titled, *Report of Management on West Virginia ERP Board's wvOASIS Application and Support Services* (Assertion) about the fairness of the presentation of the Description and suitability of the design and operating effectiveness of the controls described therein to achieve the related Control Objectives. West Virginia ERP Board is responsible for preparing the Description and Assertion, including the completeness, accuracy, and method of presentation of the

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Description and Assertion, providing the services covered by the Description, specifying the Control Objectives and stating them in the Description, identifying the risks that threaten the achievement of the Control Objectives, selecting the criteria stated in the Assertion, and designing, implementing, and documenting controls that are suitably designed and operating effectively to achieve the related Control Objectives.

Service auditor's responsibilities
Our responsibility is to express an opinion on the fairness of the presentation of the Description and on the suitability of the design and operating effectiveness of the controls described therein to achieve the related Control Objectives, based on our examination. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform our examination to obtain reasonable assurance about whether, in all material respects, based on the criteria in management's Assertion, the Description is fairly presented and the controls were suitably designed and operating effectively to achieve the related Control Objectives throughout the period of July 1, 2016 to June 30, 2017. We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

An examination of a description of a service organization's system and the suitability of the design and operating effectiveness of controls involves:

- Performing procedures to obtain evidence about the fairness of the presentation of the Description and the suitability of the design and operating effectiveness of the controls to achieve the related Control Objectives, based on the criteria in management's Assertion.
- Assessing the risks that the Description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related Control Objectives.
- Testing the operating effectiveness of those controls that management considers necessary to provide reasonable assurance that the related Control Objectives were achieved.
- Evaluating the overall presentation of the Description, the suitability of the Control Objectives, and the suitability of the criteria specified by the service organization in the Assertion.

Inherent limitations
The Description is prepared to meet the common needs of a broad range of user entities and their auditors who audit and report on user entities' financial statements and may not, therefore, include every aspect of the System that each individual user entity may consider important in its own particular environment. Because of their nature, controls at a service organization may not prevent, or detect and correct, all misstatements in processing or reporting transactions. Also, the projection to the future of any evaluation of the fairness of the presentation of the Description, or conclusions about the suitability of the design or

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operating effectiveness of the controls to achieve the related Control Objectives, is subject to the risk that controls at a service organization may become ineffective.

Description of tests *of* controls
The specific controls tested and the nature, timing, and results of those tests are listed in the accompanying *Description of Control Objectives, Controls, Tests and Results of Tests* (Description of Tests and Results).

Opinion
In our opinion, in all material respects, based on the criteria described in West Virginia ERP Board's Assertion:

a. The Description fairly presents the System that was designed and implemented throughout the period of July 1, 2016 to June 30, 2017.

b. The controls related to the Control Objectives were suitably designed to provide reasonable assurance that the Control Objectives would be achieved if the controls operated effectively throughout the period of July 1, 2016 to June 30, 2017 and if subservice organizations and user entities applied the complementary controls assumed in the design of West Virginia ERP Board's controls throughout the period of July 1, 2016 to June 30, 2017.

c. The controls operated effectively to provide reasonable assurance that the Control Objectives were achieved throughout the period of July 1, 2016 to June 30 2017 if complementary subservice organization and user entity controls assumed in the design of West Virginia ERP Board's controls operated effectively throughout the period of July 1, 2016 to June 30, 2017.

Restricted use
This report, including the description of tests of controls and results thereof in the Description of Tests and Results, is intended solely for the information and use of management of West Virginia ERP Board, user entities of West Virginia ERP Board's System during some or all of the period of July 1, 2016 to June 30, 2017, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by user entities themselves, when assessing the risks of material misstatements of user entities' financial statements. This report is not intended to be, and should not be, used by anyone other than these specified parties.

Ernst & Young LLP

October 5, 2017
Charleston, WV

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Description of West Virginia ERP Board's wvOASIS Application and Support Services

for the period from July 1, 2016 to June 30, 2017

Introduction

This section of the report has been prepared by the West Virginia Enterprise Resource Planning Board (WV ERP Board or Board) management and presents an overview of the department, the wvOASIS ERP application provided to end-users (customers), and services provided to support the application. This section also contains a listing of complementary user entity controls that the WV ERP Board management believes should be in operation at customer locations. The following section presents control objectives that the WV ERP Board should reasonably be expected to achieve on behalf of its customers. Each control objective is followed by a description of the controls in place at the WV ERP Board that contribute to or otherwise affect the achievement of that objective and the Independent Service Auditor's description of the test of controls and results.

Description of the Board

Board Overview

The Board was created by House Bill 3204 during the 2011 regular session. It comprises the Governor, Auditor, and the Treasurer. The Board was created to develop, implement, and manage the enterprise resource planning system, i.e., wvOASIS (the System). The Board fulfills this purpose through a staff of about 40 employees led by a Project Director. The staff has expertise in various functional areas of the System. Additionally, there is technical staff, including a business intelligence and reporting unit, as well as a Help Desk. The Board staff provides support to all end users of the System and is responsible for the day to day maintenance and operation of the System.

Customers

All West Virginia state government entities are customers of the Board; this includes all of the executive branch, legislative branch, judicial branch, and higher education. The vendor and grantee community are customers of the System. The various offices/entities within the State inherently enable segregation of duties across the State's financial processes and consequently System functionality. Users access in the System is role-based and limited to the functions in the System that are restricted to specific offices/entities within the State, such as the State Budget Office (SBO), the State Auditor's Audit and Payroll Divisions, and the Purchasing Division within the Department of Administration.

wvOASIS ERP Application

The wvOASIS ERP application has many components. One of the components (modules) is for the budget, which uses CGI Advantage's Budgeting software. This software uses actual revenue and expenditures, cash and investment balances, as well as the final adjusted budget from Advantage Financial as the initial input for a departments' appropriation request. Once vetted through the SBO, the Office compiles and edits the department appropriation requests to create the Governor's recommended budget. The Governor's recommendation becomes the Budget Bill after it passes through the legislative process. Once the Legislature passes the bill and it is signed by the Governor, changes made by those entities are reflected in the

System. The SBO provides direction for the departments to use Advantage Budgeting to build expenditure schedules. Departments may also build lower-level budgets referred to as "unit budgets" to track financial activity at levels lower than what is set by the SBO. Once the SBO approves the expenditure schedules they are loaded into Advantage Financial.

Advantage Financial is the core application of wvOASIS. Through this application, the State performs virtually all of its financial activity. Components of this application are general ledger, budget control, accounts payable, accounts receivable, purchase card, cost accounting, project accounting, cash management, fixed assets, purchasing, contracts, inventory, comprehensive annual financial report (CAFR), grants, and investments. Some of these components are not required to be used such as accounts receivable and cost accounting. Most agencies post transactions directly into the System for their financial transactions. However, there are batch processes that allow certain agencies to interface high volume transactions where the data is captured in a department system such as social service systems.

wvOASIS processes payroll utilizing the Advantage HRM/Payroll module based on time reported from Kronos Time and Leave Management software. As of the close of FY 2017 all agencies produce their payroll using wvOASIS with the exception of West Virginia University and Marshall University. All of the agencies, with the exception of two, who use wvOASIS to produce their payroll also use Kronos to record their time and attendance. The exceptions are the Division of Public Safety and the Supreme Court of Appeals. Public Safety interfaces their time and attendance into HRM/Payroll from an agency system. The Supreme Court does direct entry of their time and attendance into HRM/Payroll. Data from Kronos is interfaced into the HRM/Payroll module after the completion of each biweekly pay period. Through the employee self-service portal, state employees review certain aspects of their personnel information within the system including their issued payroll advices.

wvOASIS Support Services

The ERP Board, through its various teams, provides services to wvOASIS' customers.

The wvOASIS technical team provides full support of the wvOASIS application. The technical team is divided into multiple groups to include business intelligence (BI) reporting, interface and job management, infrastructure support, and security and workflow. The technical team provides support for the financial, human resource, payroll, employee self-service, vendor self-service, and statewide budgeting modules. The BI reporting team is responsible for over 1,000 reports in the system covering all areas of the system. The interface and job management team is responsible for ensuring data entered and being produced by the system is accurate and received on a timely basis. The interface team is responsible for over 250 different types of automated jobs that the system performs daily. The infrastructure team is responsible for the servers that run the day to day operations of the integrated wvOASIS system. These systems are required to be up and running 24 hours a day, 7 days a week, and 365 days a year. They are also responsible for the active backup site to ensure continuity of business operations. The teams are also responsible for all new software development, enhancements, and configuration changes to the system. They also follow a strict software development lifecycle to ensure all changes are properly tested and configurations confirmed prior to going into the production system. The security and workflow team ensures that

security within the system is of the highest priority. This team is responsible for all security settings for all of the employees and vendors currently using the system. They are also responsible for the workflow of each document within the system as prescribed by the central approval agencies. The help desk provides a first line of support to all users of the System and the vendor community. The security team maintains access for all users through the maintenance, development, and assignment of roles. This group also creates and maintains workflow for all aspects of the system.

The wvOASIS financial team is responsible for the maintenance of the budget and finance modules of the system. They review any requests for modification or enhancement to the system. They work as business analysts with the user community to train and/or assist in the use of the system to meet their department requirements. This team is the second line of support after the help desk for users of wvOASIS budget and financial modules.

The State Auditor's Central Payroll Unit (CPU) provides similar services from the HRM/payroll perspective as the finance team for the financial aspect of the system. CPU is responsible for the modification or enhancement to the system for HRM, time and leave and payroll functionality within the system. CPU also works as business analysts with the user community to train and or assist in the use of the system to meet their department's requirements. The CPU also functions as the second line of support after the help desk.

Description of the Control Environment, Control Activities, Monitoring, Risk Assessment, and Information and Communication Processes

As defined by the American Institute of Certified Public Accountants (AICPA), internal control is a process affected by an entity's management and other personnel and consists of five interrelated components:

- **Control Environment** – Sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.
- **Control Activities** – Control policies and procedures must be established and executed to help ensure that the actions identified by management as necessary to address risk to achievement of the entity's control objectives are effectively carried out.
- **Monitoring** – The entire process must be monitored and modifications made as necessary. In this way, the system can react dynamically, changing as conditions warrant.
- **Risk Assessment** – The entity's identification and analysis of relevant risks to achievement of its objectives, forming a basis for determining how the risks should be managed.
- **Information and Communication** – Surrounding these activities are information and communication systems. These enable the entity's people to capture and exchange information needed to conduct and control its operations.

Set out below is a description of the five components of internal control as it pertains to the WV ERP Board that may be relevant to customers.

Control Environment

The wvOASIS management team places the upmost concern on changes within wvOASIS due to the complexity of the system. The wvOASIS system has many applications (modules) that include Budgeting, Financials, Human Resources, Payroll, Time and Leave management, and the Agile system for Department of Highways, Real Estate, General Services and many other departments within state government that affect every WV state employee.

The wvOASIS team has implemented internal controls to help facilitate changes made within the wvOASIS system including Kronos. Most of these internal controls center around a software tracking system called JIRA. This application provides employee, contractors, and some department users the ability to keep track of any requested changes with the various system applications including configuration and code changes. This software is a web-based application and is made available to team members. JIRA requires a workflow change life cycle to ensure all steps are taken including verification and testing of any change within the system applications.

Regularly scheduled meetings are held to review, discuss and change the tracked items within the system. Priorities are given to each change and in some cases risk associated with the change are documented within the request for change. All levels of management are involved in this process.

Control Activities

wvOASIS organizational structure provides the overall framework for planning, directing, and controlling operations. This is done by a separation of duties. Within the wvOASIS organizational structure the functional, technical, security, and production operations are separated.

The ERP Board's organizational structure provides the overall framework for planning, directing, and controlling operations. Management has implemented a division of roles and responsibilities, which limits the ability of a single individual to subvert critical processes. Personnel and business functions are separated into teams according to job responsibilities. The structure provides defined responsibilities and lines of authority for reporting and communication and increases control over processes and operations. The assignment of roles and responsibilities within the various departments provides for further segregation of duties. Procedures in place, including job descriptions, help ensure that personnel perform only those duties related to their positions. The ERP Board's internal organization follows functional lines.

Organization Structure

The Board (Governor, State Auditor, and State Treasurer) through general guidance directs the state project management office (PMO). The PMO is composed of an Executive Director, Technical Project Manager, Finance Project Manager, and State Auditor's Director of Payroll. The PMO directs the day to day operation of the WV ERP Board.

Monitoring

The wvOASIS application and support services have multiple monitoring tools and processes in place. Many of these tools check for general operational abilities within the system. Some examples are ensuring the website is running correctly, infrastructure space is not running low, normal system checks are in place, and appropriate updates are being applied to each system.

Many off-the-shelf products are used for the monitoring process including:

- VMWare – This product manages and audits the server performance on the systems. This tool also alerts the technical team on any problems or warning that might be occurring within the system to include high usage of the system, disk space issues, or memory problems. This tool also helps with the backup and recovery of the infrastructure, which is addressed in this document.
- Oracle Audit Vault – This is an add-on software product that is produced and supported by Oracle. This product monitors the access and data being used on the system. The wvOASIS team has the ability to monitor down to a field level and following-up on any data including viewing, modifying or deleting information. This product is run in a separate environment to provide for segregation of duties.
- Oracle Data Vault – This is an add-on software product that is produced and supported by Oracle. This product allows encryption of data at rest on the database. This tool also monitors the integrity of the database.

The wvOASIS system has been implemented and co-managed by a single vendor. This relationship was directed by multiple documents included in the overall contract, Statement of Work, work products and change orders. The controls and procedures for access, security and privacy were handled through these work products to ensure the vendors were monitored and managed appropriately. The ERP Board also purchased additional products to monitor and report on the activities of the vendors within the system.

Risk Assessment

As part of the response to the procurement process to procure and implement our ERP, our vendor, CGI, brought their implementation methodology. Part of that methodology included the assessment and tracking of risks. Weekly and monthly reporting prepared by CGI includes the tracking of risks. While they produce this report, the project team and the PMO along with our consultant are engaged in the review and mitigation steps. The PMO recognizes that the Board must assume the full responsibility of risk identification, mitigation planning, and reporting for all aspects of the system.

Information and Communication

The ERP Board uses a variety of methods to communicate with our users. Our web site wvOASIS.gov, contains general information suitable for public consumption, as well as our user community. However, for status updates, upcoming events, and operational activities email is our preferred method of communication.

Webinars are used frequently to conduct agency outreaches and to provide educational information as needed. These events are typically recorded and made available to the user community on the myOASIS page to view at their convenience.

Another means of communicating to our users is via the system broadcast within each application of wvOASIS. This is often used to notify end users of system updates, typically in conjunction with an email notification. Vendors also have the ability to receive messages and alerts via the Vendor Self Service (VSS) portal on items such as bid opportunities and awards.

In addition to communication from the project outward, we have communication within the project as well. Each of the teams, finance, HR/payroll, and technical, meet as a team at least once a week. Representatives of these teams plus vendors, consultants, and other state employees working on the completion of open phases meet on those phases at least once a week.

Information Technology Control Activities

Application Software Development

The wvOASIS team has developed a change management process as it relates to the production wvOASIS ERP application. Modifications are made based on the end-user needs and requirements of the business and departments (Agencies). The wvOASIS team has developed a formalized procedure outlining the application change management process from initiation through completion (**Control 1.1**). The purpose of this policy document is to describe the processes and procedures used by the wvOASIS organization to manage change to the wvOASIS services, and especially changes to the production environment. The application change management process for wvOASIS is based on IT Infrastructure Library (ITIL) change management practices and terminology.

The wvOASIS procedure is applicable for all changes that affect the application, including changes to the infrastructure (including operating system and database patches/upgrades), auxiliary hardware, network, security, configuration, programs, and code in the environment, as well as key application tables (i.e., chart of accounts). Any change that can affect the availability or the quality of the application is required to be requested, approved, tested, tracked to success, and documented.

Initiation and authorization of changes

The wvOASIS server administrator responsible for the maintenance and enhancement of the wvOASIS ERP application receive requests for system changes from different types of end users including:

- Direct Government Agency contacts that use wvOASIS daily as the normal course of their work to add, modify, and inquire on transactions, accounts, and reports.
- End users who submit help desk tickets who are experiencing application difficulties or require different application functionality for their normal course of work.
- End users from organizations that use wvOASIS to regulate, monitor, or control the finances of the State such as the State Auditor's Office (SAO), the State Treasurer's Office (STO), the State Budget Office (SBO), and the Purchasing and Finance divisions of the Department of Administration.

Change requests are reported to the wvOASIS team directly through the personnel at the Finance Division or through the wvOASIS service desk. If it is determined that a modification is required, a JIRA ticket is created to document and authorize a change request. All requests, irrespective of how it was initiated or who initiated it, end up documented in JIRA. Enhancements to the application dictated by legislative change, policy change, or opportunity for a process improvement start as a JIRA being created and staff assigned to create a design document and requirements. wvOASIS change requests and enhancements are evaluated by the wvOASIS support and change implementation teams. Acceptance of the change request for development is authorized and evidenced via approval on the JIRA ticket by the wvOASIS change implementation manager or director (**Control 1.2**).

Testing of changes

wvOASIS maintains a relationship with a third party, CGI, for purposes of development and integration testing support. CGI utilizes a version control utility, Clear Case, in which code is checked in and out related to development activities. In support of change requests, wvOASIS maintains separate test and production environments, including development, integration testing, user acceptance testing, and production environments (**Control 1.3**).

The development and integration testing environments, including Clear Case utility, are restricted to CGI developers contracted by wvOASIS. The CGI developers verify that the code modifications perform as expected, based on written user requirements originating from end-user requests. Additionally, user acceptance testing is performed by end users who initiated the change request. Upon completion of testing, approval(s) indicating that testing has been successfully completed by the developers and end-user(s) is obtained within the JIRA ticket (**Control 1.4**). Documentation (i.e., test cases and results) of testing performed in the various environments are retained for maintaining history and accountability to support the change request.

Approval of changes into production

Upon completion of testing, CGI informs wvOASIS management that the change is ready for production migration and provides a cumulative file with all modified programs for implementation into production. wvOASIS management reviews the JIRA ticket and testing results to verify all necessary components are completed prior to change migration approval. The change migration is invoked by the manager approving the migration request via JIRA ticket (**Control 1.5**). The approval for migration is provided by wvOASIS; CGI is not responsible for final approval for promotion to production. Once completed, CGI sends the change and installation instructions (if applicable) to wvOASIS for migration to occur to the production environment. The migration is made either urgently or after hours depending on the severity of the request.

Segregation of duties within the change management process

Once the code is provided to wvOASIS, a server administrator is responsible for promoting the change to the production environment (**Control 1.6**). To implement changes to the production environment, privileged access is required at the LINUX operating system and Oracle database layers. This access is restricted to wvOASIS administrators; CGI contractors do not have administrative access to the production operating system server and database. Additionally, the wvOASIS administrators are not responsible for any development activities. As the administrators, they will copy the executable code/program to the application directory following any applicable installation instructions provided by CGI.

Emergency changes

Not all changes are planned and implemented in a proactive manner as standard or routine/normal change requests. Emergency changes may be driven by significant service events such as an outage, or functionality in the application that is performing incorrectly resulting in errors in processing or data. Regardless of the severity or classification of the change, the same process is followed as a normal change request. In emergency situations, the change is installed immediately versus waiting to implement outside of normal business hours.

System Software and Network Changes

The WV ERP Board has developed formal policies and procedures over system software/hardware maintenance processes, including the patch management process, for infrastructure supporting the wvOASIS application (**Control 2.1**). The production change management policy outlines the requirements for changes to the infrastructure (including operating system and database patches/upgrades), auxiliary hardware, and supporting network.

The wvOASIS application is supported by LINUX operating system servers and an Oracle database. Similar to changes requested and implemented to the application, all infrastructure patches and upgrades to the operating system servers, database, and network follow the same process for being documented, authorized, tested, and approved for implementation into production.

Before any upgrades or patches are applied to the supporting infrastructure, wvOASIS support staff validate the upgrade is supported and compatible with the version of the wvOASIS ERP application. Typically, infrastructure upgrades are implemented to coincide with when the application is upgraded to a new release. In the event an infrastructure upgrade or patch is applied, it is required to be documented via a JIRA ticket. The JIRA ticket contains the authorization, testing, and migration approvals by wvOASIS support staff (i.e., server administrators, database administrators) and management for infrastructure changes implemented to production (**Control 2.2**). Separate environments exist from production for testing infrastructure upgrades and patches prior to being deployed (**Control 2.3**).

A standard Yum (package management utility) update process is utilized for the production LINUX operating system servers. Privileged access to install patches/upgrades to the LINUX environment is restricted to wvOASIS server administrators (**Control 2.4**).

Privileged access to install patches/upgrades to the production Oracle database is restricted to wvOASIS database administrators (**Control 2.5**).

The ability to implement network patches and service packs are restricted to wvOASIS domain administrators (**Control 2.6**).

Logical Access

The WV ERP Board has defined policies and guidelines for access administration and information security acceptable use (**Control 3.1**). The WV State Auditor's Office acceptable use policy is adopted and utilized by the WV ERP Board. The acceptable use policy defines objectives for establishing specific standards on appropriate business use of the information and telecommunications systems and equipment. The acceptable use policy addresses the following related to services provided for wvOASIS: internet, email, telecommunications, and software.

User access creation/modification

New account requests and account modifications for wvOASIS and the supporting infrastructure are submitted via email by the wvOASIS user or the user's manager; the email serves as authorization and approval by the user's manager for the new or modified request (**Control 3.2**).

wvOASIS application

A request for change in access to the wvOASIS application is initiated through an email and must be approved by the user's manager before access is granted. Email requests are only accepted from known authorized requestors from each individual agency. Verbal requests are followed up by submitting an email to the wvOASIS ERP team. Some access requests (new requests or modifications) ask that a user be granted the same privileges as a specified existing user. It is the user's manager's responsibility to identify the access rights the individual requires to perform his or her job functions. All access within the wvOASIS application is granted via role-based security based on the user's necessary functionality and responsibilities. The access request email is then forwarded to the assistant to the support staff management who reviews the request and verifies that the approval authority is

appropriate. If the access being requested is in question, the assistant calls the proper parties to obtain an understanding of why it is appropriate for the user to be granted the access. Once the access request is approved, a user profile is created within the application by the wvOASIS ERP Administrators.

Any user who requires access modifications to their wvOASIS profile is required to submit an email as described in the process above for the new user access requests.

Operating system/database

For access accounts to the supporting LINUX operating system and Oracle database, the same process as outlined above for wvOASIS application requests is followed. Requests for infrastructure-related access is limited as only wvOASIS server and database administrators are provisioned access accounts. For privileged access to the LINUX operating system servers, an email request is provided from the user's manager and sent to the wvOASIS server administrators. For privileged access to the Oracle database, an email request is provided from the user's manager and sent to the wvOASIS database administrators.

User access removal

Requests for terminating employees follow the same process as new and modified requests. Once a user is terminated, a request is submitted by the designated agency contact to the wvOASIS ERP team. Upon notification of a terminated employee, system access is removed by the responsible wvOASIS ERP administrators (**Control 3.3**).

Periodic review of user access

User access to the wvOASIS application for the wvOASIS support staff is reviewed on an annual basis for appropriateness to ensure that access rights are commensurate with job responsibilities (**Control 3.4**). The assistant to the support staff manager sends out a list of all users and their access to the appropriate wvOASIS managers/supervisors on an annual basis. Once reviewed, the managers/supervisors send a copy of the review back to the assistant to the support staff manager to either confirm access or request applicable revisions as a result of the review.

The wvOASIS team does not perform a review of the access assigned to users outside of the ERP team. The wvOASIS team only sends the agencies a system-generated listing of the access assigned to their users. Agency management is responsible for performing a review of user access on at least an annual basis to verify user access remains appropriate based on user job responsibilities.

Login sequence/password parameters

To access the wvOASIS application or any other resources (i.e., operating system servers, databases), a user must first authenticate to the WV ERP Board network via a unique user ID and password. Once authenticated to the network, the user accesses the application and must enter their user ID and password to gain access to the wvOASIS application (**Control 3.5**). wvOASIS policy related to security settings requires that access to all of the environments involve password and account management controls based on the technology used and include the following:

- Users are required to change their passwords periodically.
- User accounts are locked after a predetermined number of failed login attempts.
- User account passwords require a minimum length of characters.
- Users are prevented from reusing passwords previously utilized within a designated timeframe.

Passwords are reset by the wvOASIS service desk only after answering predetermined security questions.

Privileged access

Privileged access to the wvOASIS application and supporting infrastructure is restricted to wvOASIS support staff; no agency level personnel maintain administrator-level access to the ERP Board IT environment. Specifically:

- Administrator access to the wvOASIS application is restricted to the security and workflow team within the WV ERP Board (**Control 3.6**).
- Administrator access to the LINUX operating system servers is limited to wvOASIS server administrators who require access for job responsibilities (**Control 3.7**).
- Administrator access to Oracle database is limited to wvOASIS database administrators (**Control 3.8**).
- Administrator access to WV ERP Board network is limited to wvOASIS domain administrators (**Control 3.9**).

These individuals from the wvOASIS support team require this level of access to create, modify, and terminate user accounts and also administer the application and supporting infrastructure in the event emergencies arise.

Automated Job Scheduling

There are various batch and processing jobs that are automatically scheduled within the wvOASIS ERP application. These jobs are requested by end users (from various agencies) and are related to batch postings and reports. The wvOASIS ERP application utilizes the JobScheduler utility for batch job scheduling and processing. JobScheduler access to add, modify, or delete scheduled jobs is restricted to users within administrator security group in the utility; privileged access is restricted to wvOASIS support staff based upon job responsibilities (**Control 4.1**).

If a scheduled processing job fails, the JobScheduler utility automatically notifies the wvOASIS support staff via an email alert (**Control 4.2**). One of the system programmers is on call 24/7 whose role is to investigate job failures and ensure their appropriate resolution.

The wvOASIS support staff monitor processing jobs on a daily basis by completing a nightly cycle summary memo (**Control 4.3**). The completion of this memo verifies the processing and successful results of all jobs scheduled within JobScheduler for wvOASIS over the previous 24 hours. In addition, any required resolution or follow-up that occurred is documented to address failed processing jobs encountered during the nightly cycle. An alert notification process has been setup that monitors the running jobs and notifies the wvOASIS support staff of any job running longer than the average for the last 30 days.

Problem Management and Tracking

The WV ERP Board has policy and plan to address wvOASIS related operations problems and to report, escalate, track, and monitor through resolution (**Control 5.1**). The purpose of the policy and plan is to define the support of ongoing operation of the wvOASIS help desk including:

- Types of services to be provided
- Triage, hand-off, and request management procedures
- Communication processes
- Tools, processes and documentation

Additionally, the plan identifies the organization of the wvOASIS help desk including the WV ERP Board and CGI roles and responsibilities.

The core service desk personnel are stationed at wvOASIS's service desk located at the wvOASIS ERP Building, 312 MacCorkle Avenue SE, Charleston, WV. Other service desk personnel and field technicians are located at various regions/sites throughout the state. All service desk personnel and field technicians are required to complete iTop help desk software training, service desk procedures, and general IT orientation training. Service desk personnel utilize iTop to track and log related issues/problems and requests through resolution (**Control 5.2**). Each ticket, which is tracked through the system, contains the nature of the problem, call statistics, the contact, and any relevant notes. All incidents entered into iTop are reviewed, prioritized, assigned to support personnel for resolution, and the current status is updated.

If the wvOASIS service desk cannot resolve the problem by phone or by remote control, the wvOASIS service desk assigns the ticket to the proper groups/personnel/field technicians, or the appropriate subject matter experts (i.e., CGI contractors).

Data Backup and Retention

Backups

The WV ERP Board automatically backs up the wvOASIS ERP application database on a daily basis. The Oracle Recovery Manager (RMAN) utility is utilized to perform a full volume backup of the database (**Control 6.1**). Backup of the operating system servers are replicated (mirrored) real time to the disaster recovery site. At any point in time if production issues are encountered, the WV ERP Board can failover to the operating system servers within the disaster recovery site to restore the application and continue operations.

Monitoring of backups

Backups are monitored on a real-time basis for successful completion. The wvOASIS support staff monitor the backup job on a daily basis by completing a nightly cycle summary memo. The completion of this memo verifies the processing and successful results of the daily backup (**Control 6.2**). In addition, any required resolution or follow-up that occurred is documented to address backups failures encountered.

All failures of backup jobs that cannot be immediately resolved are escalated through the wvOASIS problem management process (leveraging the iTop help desk system). This may involve working with other area experts (communications, file servers, etc.) to take appropriate corrective actions.

Backup Access

Access to the RMAN database utility is restricted to wvOASIS database administrators (**Control 6.3**). The database administrators can modify the schedule, frequency and configured alerts of the automated backup jobs. In order to access RMAN, the database administrators connect to the production Oracle database and require assignment to the privileged DBA role to access the RMAN utility from the command prompt.

Recovery

If data needs to be restored, the data is recovered from the backups performed for the production Oracle database. The WV ERP Board manually verifies that requested wvOASIS data is properly backed-up and retained on a daily basis. Restores are performed on an as-requested basis by the wvOASIS support staff.

Subservice Organization

The WV ERP Board leverages data center hosting services provided by the West Virginia Office of Technology (WVOT). WVOT exists to consolidate and host IT infrastructure, develop an organized approach to IT resource management, and provide technical assistance to agencies, including the WV ERP Board. The extent of services provided by WVOT is only related to physical data center space and environmental controls; all infrastructure administration is provided by wvOASIS support staff that exist within the WV ERP Board. The description does not include the control objectives and related controls for the data center hosting services provided by WVOT.

Complementary Subservice Organization Controls

The WV ERP Board's wvOASIS application and support services were designed with the assumption that certain control objectives would only be achieved if complementary subservice organization controls assumed in the design of WV ERP Board's controls are suitably designed and operating effectively with the related controls at the WV ERP Board.

For the control objectives documented in the table below, WV ERP Board is using the data center hosting services of the WVOT to support the achievement of the control objectives. The subservice organization controls presented below should not be regarded as a comprehensive list of all of the controls that should be employed by the subservice organization.

Control Objective	Complementary Subservice Organization Controls
Controls provide reasonable assurance that access to computer equipment, storage media and program documentation is restricted to properly authorized individuals.	WVOT should have designed and implemented controls to restrict access to the data center to authorized personnel; these controls should include administration, including setup, removal, and review, of individuals with access to the data center.
Controls provide reasonable assurance that equipment and facilities are protected from damage by fire, flood or other environmental hazards.	WVOT should have designed and implemented environmental controls within the data center; environmental controls should be monitored in accordance with policy.

Control Objectives and Related Controls

The control objectives specified by the WV ERP Board and the related controls that achieve those control objectives are listed in the accompanying Description of Control Objectives, Controls, Tests and Results of Tests.

Complementary User Entity Controls

In designing its system, the WV ERP Board has contemplated that certain complementary controls would be implemented by user organizations to achieve criteria control objectives included in this report. The complementary user entity controls are outlined below. The list of the complementary user entity controls presented is not and should not be considered a comprehensive list of internal controls that should be employed by the customers of the WV ERP Board. Other internal controls may be required at user organizations. It is the responsibility of each customer and user auditor to evaluate the internal controls at the customer to determine if the following controls have been placed into operation.

Application Software Development

- User organizations are responsible for performing user acceptance testing and approving results for wvOASIS ERP change requests.

Logical Access

- User organizations are responsible for requesting and authorizing access to the wvOASIS ERP application.
- User organization management should perform a review of wvOASIS user access on at least an annual basis to verify user access remains appropriate based on user job responsibilities.
- User organizations are responsible for timely notification of terminations to the wvOASIS ERP team.

Description of Control Objectives, Controls, Tests, and Results of Tests

Tests Performed and Results of Tests of Entity-Level Controls

In planning the nature, timing and extent of our testing of the controls specified by the WV ERP Board, Ernst & Young LLP considered the aspects of the WV ERP Board's control environment, risk assessment processes, information and communication, and management monitoring procedures and performed such procedures as we considered necessary in the circumstances.

- Inspected the Board's organizational structure, including segregation of functional responsibilities, policy statements, operating manuals, and personnel policies.
- Inquired of management, operations, administrative, and other personnel responsible for various key areas, ensuring adherence to and applying of internal controls.
- Observed personnel in the performance of their assigned duties.

Control Objectives and Related Controls

On the pages that follow, the description of control objectives and the controls to achieve the objectives, have been specified by and are the responsibility of the WV ERP Board. The testing performed by Ernst & Young LLP and the results of tests are the responsibility of the service auditor.

Application Software Development

Control Objective #1

Controls provide reasonable assurance that application code and configuration parameter changes are initiated as needed, are authorized, and function in accordance with application specifications to (1) result in valid, complete, accurate, and timely processing and data, (2) provide for the functioning of application controls, and (3) support segregation of duties.

	Controls Specified by WV ERP Board	Testing Performed by EY and Results of Tests
1.1	The wvOASIS team has developed a formalized procedure outlining the application change management process from initiation through completion.	Inspected the wvOASIS application production change management policy and procedure for evidence that there is a formal process to initiate and complete changes. No deviations noted.
1.2	Acceptance of the change request for development is authorized and evidenced via approval on the JIRA ticket by the wvOASIS change implementation manager or director.	For a sample of wvOASIS application changes, inspected the JIRA ticket for evidence of acceptance of the change request for development was authorized by the change implementation manager or director. No deviations noted.
1.3	In support of change requests, wvOASIS maintains separate test and production environments; including development, integration testing, user acceptance testing and production environments.	Inspected screen-prints from wvOASIS for evidence of the existence of separate development, testing, and production environments. No deviations noted.
1.4	Upon completion of testing, approval(s) indicating that testing has been successfully completed by the developers and end-user(s) is obtained within the JIRA ticket.	For a sample of wvOASIS application changes, inspected the JIRA ticket for evidence of approval of testing by the developer and end-user for the change request. No deviations noted.
1.5	The change migration is invoked by the manager approving the migration request via JIRA ticket.	For a sample of wvOASIS application changes, inspected the JIRA ticket for evidence of change migration approval by the manager of the request. No deviations noted.
1.6	Once the code is provided to wvOASIS, a server administrator is responsible for promoting the change to the production environment.	Inspected with the assistance of management the wvOASIS administrators that can promote changes to the production environment and validated that only approved server administrators had this access. No deviations noted.

System Software and Network Changes

Control Objective #2

Controls provide reasonable assurance that infrastructure is configured as authorized to (1) enable applications and application controls to operate effectively, (2) protect data from unauthorized changes and provide for its availability for processing, and (3) support segregation of duties.

	Controls Specified by WV ERP Board	Testing Performed by EY and Results of Tests
2.1	The WV ERP Board has developed formal policies and procedures over system software/hardware maintenance processes, including the patch management process, for infrastructure supporting the wvOASIS application.	Inspected the wvOASIS system software/hardware maintenance, including patch management process, policy and procedure for evidence that there is a formal process for infrastructure changes. No deviations noted.
2.2	The JIRA ticket contains the authorization, testing, and migration approvals by wvOASIS support staff (i.e., server administrators, DBAs) and management for infrastructure changes implemented to production.	The circumstances that warranted the performance of the control did not occur during the examination period.
2.3	Separate environments exist from production for testing infrastructure upgrades and patches prior to being deployed.	Observed the existence of separate test and production servers and databases for the infrastructure supporting the wvOASIS application. No deviations noted.
2.4	Privileged access to install patches/upgrades to the LINUX environment is restricted to wvOASIS server administrators.	Refer to testing procedures performed and results of tests for Control 3.7.
2.5	Privileged access to install patches/upgrades to the production Oracle database is restricted to wvOASIS database administrators.	Refer to testing procedures performed and results of tests for Control 3.8.
2.6	The ability to implement network patches and service packs are restricted to wvOASIS domain administrators.	Refer to testing procedures performed and results of tests for Control 3.9.

Logical Access

Control Objective #3

Controls provide reasonable assurance that access to system resources, including computing platforms, operating systems and databases is restricted to properly authorized individuals.

	Controls Specified by WV ERP Board	Testing Performed by EY and Results of Tests
3.1	The WV ERP Board has defined policies and guidelines for ensuring information systems are secure to meet their obligations for maintaining confidentiality on business processes, research data, or other proprietary data.	Inspected the WV ERP Board's policy and procedures for evidence of formal guidelines related to securing and obtaining access to information systems and data. No deviations noted.
3.2	New account requests and account modifications for wvOASIS and the supporting infrastructure are submitted via email by the wvOASIS user or the user's manager; the email serves as authorization and approval by the user's manager for the new or modified request.	For the new and modification access account requests (100% of the population), inspected the email for evidence of authorization and approval by the user's manager prior to creation or modification of the access account. No deviations noted.
3.3	Upon notification of a terminated employee, system access is removed by the responsible wvOASIS ERP administrators.	For the terminated employees (100% of the population), inspected the wvOASIS application, network and supporting infrastructure user listings for evidence the user's account was removed or disabled upon notification of termination. No deviations noted.
3.4	User access to the wvOASIS application for the wvOASIS support staff is reviewed on an annual basis for appropriateness to ensure that access rights commensurate with job responsibilities.	Observed the generation of the wvOASIS application access listing and determined a complete and accurate security report extracted from the system is utilized for the access review. Inspected the annual access review of the wvOASIS support staff for evidence each users' application account was reviewed for appropriateness based on job responsibilities by WV ERP Board management. No deviations noted. For a sample of access modifications identified in the access review, inspected the wvOASIS application for evidence user accounts were updated or removed. No deviations noted.

Control Objective #3 (cont.)

	Controls Specified by WV ERP Board	Testing Performed by EY and Results of Tests
3.5	To access the wvOASIS application or any other resources (i.e., operating system servers, databases), a user must first authenticate to the WV ERP Board network via a unique user ID and password. Once authenticated to the network, the user accesses the application and must enter their user ID and password to gain access to the wvOASIS application.	Inspected the WV ERP Board network password settings for establishment in accordance with industry-leading practices. No deviations noted. Inspected the wvOASIS application password settings for establishment in accordance with industry-leading practices. No deviations noted. Inspected the LINUX operating system application and database servers and Oracle database password settings for establishment in accordance with industry-leading practices. Deviation noted. For the LINUX operating system servers, the password settings were not configured with industry-leading practices related to expiration and history. For the Oracle database, the password settings were not configured with industry-leading practices related to minimum length, account lockout, expiration, and history. Management response: Management agrees with these findings and has reinforced the policies and procedures to the wvOASIS server and database administrators. Although password settings are not configured with industry-leading practices, a password is required to access each of the servers/database (required minimum character password for LINUX) and authentication to the WV ERP Board network is required as part of the logon sequence. Additionally, access to the operating system servers and database is restricted to only wvOASIS server and database administrators.
3.6	Administrator access to the wvOASIS application is restricted to the security and workflow team within the WV ERP Board.	Inspected with the assistance of management all privileged access to the wvOASIS application to identify access is restricted to the security and workflow team within the WV ERP Board. No deviations noted.

Control Objective #3 (cont.)

	Controls Specified by WV ERP Board	Testing Performed by EY and Results of Tests
3.7	Administrator access to the LINUX operating system servers is limited to wvOASIS server administrators who require access for job responsibilities.	Inspected with the assistance of management all privileged access to the LINUX operating system servers to identify access is restricted to wvOASIS server administrators. No deviations noted.
3.8	Administrator access to Oracle database is limited to wvOASIS database administrators.	Inspected with the assistance of management all privileged access to the Oracle database to identify access is restricted to wvOASIS database administrators. No deviations noted.
3.9	Administrator access to WV ERP Board network is limited to wvOASIS domain administrators.	Inspected with the assistance of management all privileged access to the WV ERP Board network to identify access is restricted to wvOASIS domain administrators. No deviations noted.

Automated Job Scheduling

Control Objective #4

Controls provide reasonable assurance that processing is appropriately authorized and scheduled and that deviations from scheduled processing are identified and resolved.

	Controls Specified by WV ERP Board	Testing Performed by EY and Results of Tests
4.1	JobScheduler access to add, modify, or delete scheduled jobs is restricted to users within administrator security group in the utility; privileged access is restricted to wvOASIS support staff based upon job responsibilities.	Inspected with the assistance of management privileged access to the JobScheduler utility to identify access is restricted to wvOASIS support staff based on job responsibilities. No deviations noted.
4.2	If a scheduled processing job fails, the JobScheduler utility automatically notifies the wvOASIS support staff via an email alert.	Inspected the JobScheduler utility for evidence of configuration of automatic notifications of job failures to the wvOASIS support staff. No deviations noted.
4.3	The wvOASIS support staff monitor processing jobs on a daily basis by completing a nightly cycle summary memo.	For a sample of days, inspected the nightly cycle summary memo for evidence of monitoring the scheduled processing jobs for successful completion by the wvOASIS support staff. No deviations noted.

Problem Management and Tracking

Control Objective #5

Controls provide reasonable assurance that significant operations problems are adequately reported, tracked and monitored through resolution.

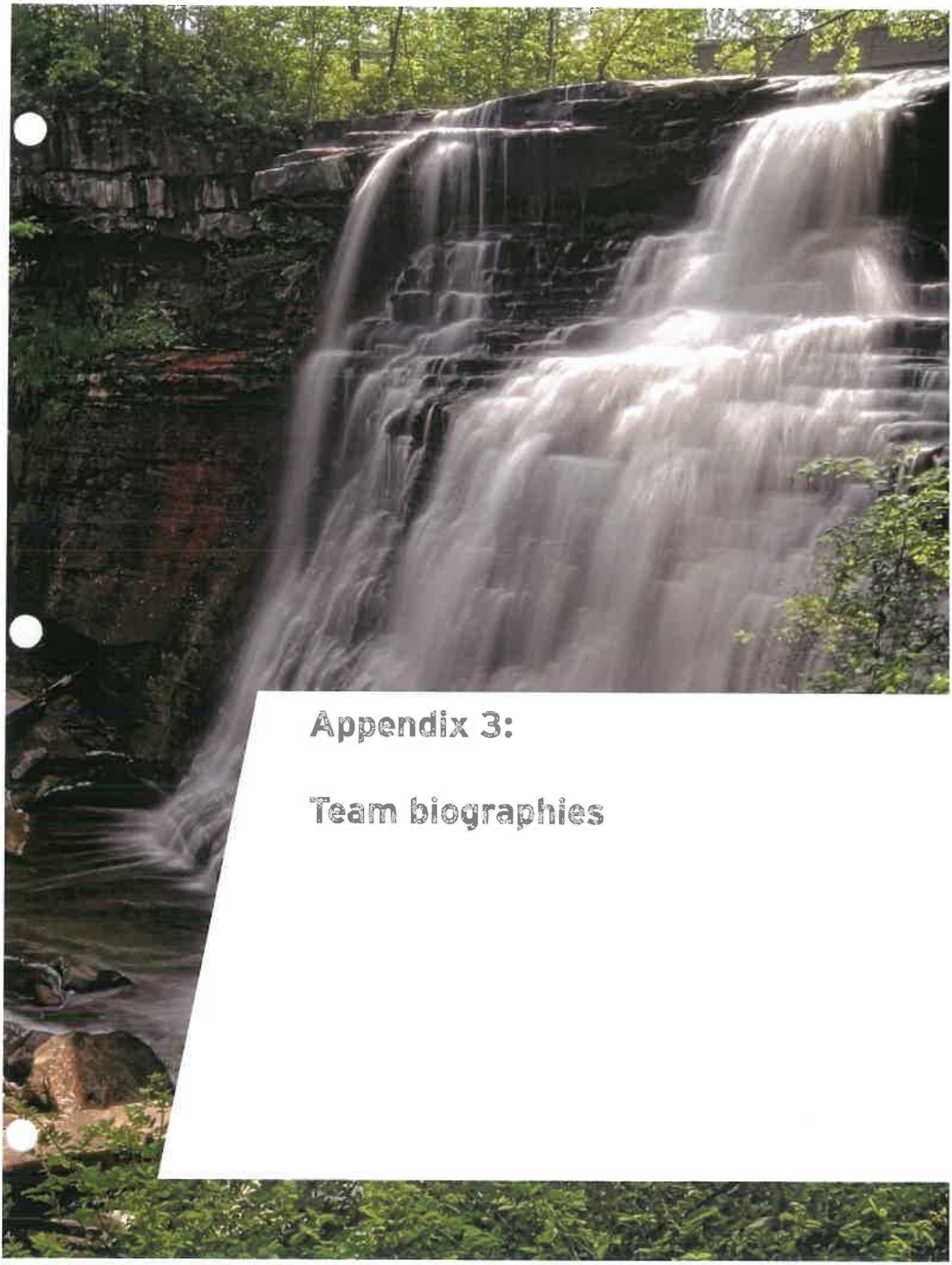
	Controls Specified by WV ERP Board	Testing Performed by EY and Results of Tests
5.1	The WV ERP Board has policy and plan to address wvOASIS-related operations problems and to report, escalate, track, and monitor through resolution.	Inspected the WV ERP Board incident management policy and procedure for evidence that there is a formal process to report, escalate, track, and monitor incidents through resolution. No deviations noted.
5.2	Service desk personnel utilize iTop to track and log related issues/problems and requests through resolution.	For a sample of closed incidents, inspected the iTop ticket for evidence the incident was logged/tracked and resolved by the wvOASIS staff. No deviations noted.

Data Backup and Retention

Control Objective #6

Controls provide reasonable assurance that programs, files and datasets that have been identified as requiring periodic backup are properly backed up and retained.

	Controls Specified by WV ERP Board	Testing Performed by EY and Results of Tests
6.1	The WV ERP Board automatically backs up the wvOASIS ERP application database on a daily basis. The RMAN utility is utilized to perform a full volume backup of the Oracle database.	Inspected the backup schedule for evidence that databases backups are performed on a daily and weekly basis. Inspected configuration for evidence that an automated email alert is sent if the backup jobs fail. No deviations noted.
6.2	The wvOASIS support staff monitor the backup job on a daily basis by completing a nightly cycle summary memo. The completion of this memo verifies the processing and successful results of the daily backup.	For a sample of days, inspected the nightly cycle summary memo for evidence of monitoring the daily backup jobs for successful completion by the wvOASIS support staff. No deviations noted.
6.3	Access to the RMAN database utility is restricted to wvOASIS database administrators.	Refer to testing procedures performed and results of tests for Control 3.8.



Appendix 3:

Team biographies

EY bios



Susan Wheeler, CPA

Coordinating Partner, Ernst & Young LLP

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Relevant experience: State of West Virginia CAFR and State of West Virginia Uniform Guidance Audit, West Virginia Investment Management Board Audits and other public sector entity audits and advisory projects

Role

Susan will continue to be responsible for the overall administration and supervision of the engagement, as well as being involved in complex accounting and reporting matters. Susan will continue to lead your local EY team dedicated to addressing your accounting issues should they arise. She will work with Adam Carr in the overall administration and supervision of the engagement, as well as be involved in complex accounting and reporting matters on the engagement. She will also work closely with our technical advisors and professionals to make certain that audit issues are addressed in a timely manner. She will continue to work closely with Chris Deweese and Steve Dearien in the coordination of our overall audit efforts.

Background

- Susan has more than 25 years of experience providing assurance services to a variety of EY clients including those in the public sector industry. Susan has extensive experience involving accounting and auditing in a variety of industries including energy, manufacturing and distribution. Susan's clients are both public and private and range in size from small entities to multinational companies with numerous subsidiaries.
- Susan leads the Government and Public Sector Assurance Practice in the Central Area. Susan has significant experience addressing government audit, accounting and reporting issues. She also has significant experience in performing audits in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).
- Susan is the coordinating partner on the audit of the State of West Virginia and the West Virginia Investment Management Board. Susan is the engagement quality review partner on the Pennsylvania Higher Education Assistance Agency (including the Uniform Guidance audit) and the Texas Association of School Boards Risk Management Fund. Susan also serves as an engagement partner on the United States Air Force Working Capital Fund. Susan has assisted clients in in filing and being awarded the Comprehensive Annual Financial Report Certificate of Achievement of Excellence in Financial Reporting, including the State and the West Virginia Board of Risk and Insurance Management (BRIM). Her past clients include, BRIM, West Virginia Public Employees Insurance Agency, West Virginia Retiree Health Benefit Trust, West Virginia Prepaid Tuition Plan, West Virginia Bureau of Employment Programs, including the Workers' Compensation Division.
- Susan is a reviewer in the Government Financial Officers Association's (GFOA) certificate of achievement program and reviews CAFRs for the GFOA Certificate of Achievement for Excellence in Financial Reporting.
- Susan serves as a technical resource including functioning as an assurance quality reviewer and a peer reviewer on audits of government entities. She also serves as a subject matter resource on financial accounting and advisory clients related to the adoption of new GASB pronouncements, public sector business process improvement projects and questions related to Uniform Guidance.
- Susan has completed required continuing professional education courses and is in compliance with the *Government Auditing Standards* Continuing Professional Education requirements. Susan is a certified public accountant (CPA) and holds a Bachelor of Business Administration in Accounting from Marshall University where she serves on the Lewis College of Business Division of Accountancy and Legal Environment Advisory Board. She is a member of the American Institute of Certified Public Accountants (AICPA), the West Virginia Society of Certified Public Accountants (WVSCPA) and Governors' Finance Officers Association. Susan was the West Virginia 2014 recipient of the Women to Watch Award, Experienced Leader sponsored by the WVSCPA. Susan has served on various nonprofit boards throughout her career and currently serves on the finance committee for the YWCA of Charleston.

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Louis (Lou) Roberts, CPA

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Relevant experience: State of West Virginia CAFR and State of West Virginia Uniform Guidance Audit, Pennsylvania Higher Education Assistance Agency (including the Uniform Guidance audit) and other public sector entities

Role

Lou will serve as the engagement quality reviewer and public sector technical advisor. He will perform and document his quality review using our firm's Program for Engagement Quality Review. Lou's review, which is a component of our firm's quality control system, is designed to evaluate the significant judgments made and conclusions reached by the engagement team in forming the overall conclusion on the engagement.

Background

- Lou is a partner with the Northeast Region Government and Public Sector practice. He has more than 20 years of experience providing accounting, auditing and governmental consulting services to public sector entities.
- In addition to the State, major clients include the Pennsylvania Higher Education Assistance Agency (including the Uniform Guidance audit), West Virginia Board of Risk and Insurance Management, the State Boston Retirement Board, New Jersey Transit Corporation (including defined benefit and contribution plans), New Jersey Division of Investment, State of New York Housing Finance Agency, New York City Department of Education, Connecticut Housing Finance Authority, Connecticut Lottery Corporation, New Jersey Housing & Mortgage Finance Authority, New York Power Authority, New Jersey Turnpike Authority, Massachusetts Port Authority, and the New York City Housing Authority.
- Lou is a volunteer reviewer of the Government Financial Officers Association's (GFOA's) Special Review Committee, and reviews CAFRs for the GFOA Certificate of Achievement for Excellence in Financial Reporting.
- Lou serves as a technical resource including functioning as an assurance quality reviewer and a peer reviewer on audits of government entities. Lou also serves as a subject matter resource on financial accounting and advisory clients related to the adoption of new GASB pronouncements, public sector business process improvement projects and questions related to Uniform Guidance.
- Lou has completed required relevant continuing professional education courses and is in compliance with the *Government Auditing Standards* Continuing Professional Education requirements. Lou is a certified public accountant for New Jersey and Massachusetts and holds a Bachelor of Science in Accounting from Rutgers University. He is also a New Jersey licensed Registered Municipal Accountant, New Jersey licensed Public School Accountant and New Jersey Certified Municipal Finance Officer. He is a member of the American Institute of Certified Public Accountants and GFOA.

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John Short, CPA

Senior Advisory Partner, Ernst & Young LLP

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Relevant experience: United States Air Force, Working Capital Fund, US Department of Health and Human Services, Social Security Administration, US Marine Corps and Defense Intelligence Agency Audits

Role

As a senior advisory partner, John will serve as a resource to the engagement team for complex accounting and auditing issues impacting the State. John will work with Susan and the entire EY team to make sure you have access to the firm's top resources to help meet your evolving needs. He serves as a liaison for EY to the Government Accountability Office (GAO), Office of Management and Budget (OMB) and Federal Inspectors General community. John will also complete EY's quality survey conducted with key management at the State.

Background

- John is a partner in EY's Global Public Sector Practice in the Northeast Area and serves as the Federal Assurance Market Segment Leader.
- John has more than 20 years of combined experience as an auditor and consultant serving a diverse group of clients. His clients include both public sector and privately held companies with a primary focus on public sector entities leading both advisory and audit engagements of major agencies including the audits of the Department of Health and Human Service, the Centers for Medicare and Medicaid, the Social Security Administration and the first-time audits of the United States Marine Corps and Army Corps of Engineers, United States Air Force and the Defense Intelligence Agency.
- John has worked extensively with commercial entities, state and federal government agencies in the completion of performance audits to address topics such as improper payments, valuation, compliance and regulatory issues. John's knowledge and experience encompasses performance and financial audits, working capital funds, general and trust fund accounting, federal accounting standards and SSAE 16.
- John's consulting clients include the State of Texas, Department of Defense, Department of Homeland Security, and the United States Treasury. In addition, he has provided litigation support, serving as an expert witness in the field of performance auditing.
- John is a U.S. Army veteran having served across the globe in various positions within the intelligence community.
- John has completed required relevant continuing professional education courses and is in compliance with the *Government Auditing Standards* Continuing Professional Education requirements. John is a certified public accountant and holds a Bachelor of Science in Accounting, summa cum laude, from Towson University and a Master's in Business Administration with a concentration in Management Information Systems from the Johns Hopkins University. He is a Certified Information Systems Auditor and Certified Government Financial Manager. John currently serves as the National Trustee for the Boys and Girls Clubs of America.

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John Good, CPA

Engagement Technical Advisor Executive Director, Ernst & Young LLP

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Relevant experience: State of West Virginia CAFR and State of West Virginia Uniform Guidance Audit; national technical advisor to EY's public sector practice in the United States

Role

As the engagement technical advisor, John will continue to work with Susan Wheeler to provide technical advice for the State of West Virginia and the audit team. He will continue to leverage his extensive knowledge of governmental accounting and Uniform Guidance audits to make certain you receive a quality audit focused on the key risk areas.

Background

- John is an executive director with the Americas Professional Practice group of EY and serves as the firm's technical resource in government accounting and Uniform Guidance audits.
- John has significant experience serving as Engagement Executive Director for the State of West Virginia, West Virginia Public Employees Insurance Agency, West Virginia Retiree Health Benefit Trust Fund and as a technical advisor for the West Virginia Board of Risk and Insurance Management and other public sector clients of the firm. He has 26 years of experience with EY in public sector auditing and has served the states of West Virginia, Pennsylvania and Maryland on the financial statement and A-133 Single Audits.
- John teaches the EY Government Accounting and Auditing Update session, other government accounting and auditing classes, and Uniform Guidance training sessions in all areas of the firm. He has also developed and presented various technical educational sessions.
- John distributes Governmental Accounting Standards Board (GASB), *Government Auditing Standards* (GAS) and Uniform Guidance newsletters within the firm, and external publications, which are available for client distribution.
- John represents the firm at the semiannual National Single Audit Roundtables. He has consulted frequently on government accounting and auditing matters within and outside the firm; liaises frequently with the federal inspector general community, the Federal Audit Clearinghouse Government Accountability Office, and the OMB on Uniform Guidance matters; assists engagement teams before, during and after quality control reviews of Uniform Guidance audits by federal agencies; and represents the firm on the American Institute of Certified Public Accountants (AICPA) State and Local Government Expert Panel that liaises with the GASB.
- John also develops our firm's forms and templates and policies and procedures on performing government and A-133 audits. He represents the firm on the AICPA Governmental Audit Quality Center Executive Committee and reviews AICPA Practice Aids and Audit Guides on Uniform Guidance audits.
- John has completed required relevant continuing professional education courses and is in compliance with the *Government Auditing Standards* Continuing Professional Education requirements. John is a certitied public accountaint and holds a Bachelor of Science from Shippensburg University of Pennsylvania. He is a member of the AICPA.

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Maureen Wood, CPA

Assurance Executive Director, Ernst & Young LLP

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Relevant experience: State of West Virginia CAFR and State of West Virginia Uniform Guidance Audit, The Cleveland Clinic, The Mayo Clinic, UPMC and Ascension Nationwide Children's Hospital

Role

Maureen will work closely with the core engagement team to provide assurance support to the State of West Virginia and the audit team. She will leverage her extensive knowledge of governmental accounting and Uniform Guidance audits to make certain you receive a quality audit focused on the key risk areas.

Background

- Maureen is an executive director with more than 30 years of accounting and auditing experience.
- Maureen serves public sector, academic medical centers, large health systems and other not-for-profit entities in providing both the financial statement audit as well and leading the Uniform Guidance audit.
- Maureen has in-depth knowledge of accounting, financial reporting and internal control considerations including those that are unique to these industries.
- Maureen serves as the Central Area subject-matter resource for audits subject to *Government Auditing Standards* (GAS) including Uniform Guidance audits.
- Maureen performs the second-level executive review on a large number of clients subject to Uniform Guidance across the Central area.
- Maureen has a deep knowledge of clients receiving research and development funding.
- Maureen's deep focus on Uniform Guidance audits will bring early warnings of planned changes in compliance requirements and the impact on internal policies and procedures to comply with the changes.
- Maureen is also responsible for providing the annual Uniform Guidance and GAS training to our team on both a local and national basis.
- Maureen has completed required relevant continuing professional education courses and is in compliance with the *Government Auditing Standards* Continuing Professional Education requirements. Maureen is a certified public accountant and holds a Bachelor of Science from Bowling Green State University. Maureen is a member of the American Institute of Certified Public Accountants.

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William (Bill) Schlegel, CISA, CRP

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Relevant experience: State of West Virginia CAFR, State of West Virginia Uniform Guidance Audit, and West Virginia Enterprise Resource Planning Board Data Center SOC 1

Role

Bill is the lead Financial Audit IT executive for the State of West Virginia CAFR, Uniform Guidance and SOC 1 procedures. Additionally, Bill will continue to lead the West Virginia ERP Board wvOASIS SOC 1 engagement.

Background

- Bill has more than 24 years of relevant public accounting experience with 22 years at EY. His career-long focus has been on assisting clients with systems and application auditing and advisory services.
- Bill currently leads the IT audits and services on over 30 clients including public sector, private sector and public companies from either an external audit or internal audit role.
- He has extensive experience in advising clients in many areas of IT, including but not limited to cybersecurity, privacy/GDPR, IT governance (policy and procedure), auditing, information security and IT strategic planning.
- Bill has performed IT controls auditing technical experience across a wide array of accounting applications, operating systems and databases, including the State's ERP system (wvOASIS), GenTax, RAPIDS, FACTS, Kronos, etc. His experience also includes other accounting applications (e.g., Oracle, SAP, Lawson, home-grown systems) operating systems (e.g., IBM mainframes, all flavors of UNIX, Windows, AS/400) and databases (e.g., Oracle, SQL, Informix).
- Bill has managed teams of resources performing pre- and post-implementation reviews for a variety of ERP packages and supporting infrastructure in multiple industries, including the development of process and package-specific compliance and operational frameworks.
- Bill is the thought leader on regulatory expectations including Sarbanes-Oxley compliance and management's reliance on the internal control framework.
- He routinely gives presentations and conducts training and workshops on the topic of IT internal controls to audiences such as the EY staff, the Pittsburgh chapters of the Information Systems Audit and Control Association and the Institute of Internal Auditors, as well as to local colleges, universities and clients.
- Bill has completed required relevant continuing professional education courses and is in compliance with the *Government Auditing Standards* Continuing Professional Education requirements. Bill is a Certified Information System Auditor (CISA) and Certified Risk Professional (CRP). Bill holds a Bachelor of Business Administration in Management Information Systems with a concentration in Accounting from Ohio University and is an active member of the Information Systems Audit and Control Association and the Bank Administration Institute.

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Kevin Wasko, CISA

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Relevant experience: State of West Virginia Uniform Guidance Audit, State of West Virginia CAFR and West Virginia Enterprise Resource Planning Board Data Center SOC 1, and WV ERP Board wvOASIS SOC 1

Role

Kevin will continue to serve as a resource to the core financial audit team on the State of West Virginia information systems audit. Additionally, Kevin will continue to lead the West Virginia ERP Board wvOASIS SOC 1 engagement. As a senior manager within the IT Risk Assurance practice, Kevin's primary responsibilities include oversight of the day-to-day execution of information systems procedures.

Background

- Kevin has over 14 years of public accounting experience with the firm in Information Technology systems auditing, including over 11 years supporting the State Single Audit. He is experienced with all common technology platforms from an audit and security perspective within the State of West Virginia's IT environment (e.g., wvOASIS, RAPIDS, FACTS, GenTax). In addition, specifically to supporting the State of West Virginia:
  - Kevin was the lead manager that drafted, completed and issued the first West Virginia Enterprise Resource Planning Board Data Center SAS 70 report in 2010 and the WV ERP Board wvOASIS SOC 1 report in 2015. In 2011 (in addition to overseeing execution of procedures), Kevin worked closely with WVOT management to modify and issue the report for compliance with the new standards. To date, we have also issued the reports for WVOT for the years ended June 30, 2012 through 2015 and for WV ERP Board for the years ended June 30, 2015 through 2017.
  - Kevin was part of the team that assisted the Department of Health and Human Resources with a Medicaid compliance project (e.g., IT risk assessments, telecommunication security program, IT policies and procedures).
- Kevin has performed internal and external audits for various clients across multiple industries, including government, manufacturing, public utilities, life sciences, financial services, retail and health care. These reviews included a variety of disciplines with some examples as follows:
  - Extensive experience in IT general control, application and technical security reviews
  - IT control auditing experience across a wide array of accounting applications (e.g., SAP, Oracle), operating systems (e.g., IBM Mainframe, all flavors of UNIX, Windows, AS/400) and databases (e.g., Oracle, SQL)
  - Experience in performing application control testing and segregation of duties analyses over a variety of applications covering many of the significant business processes
  - Experience performing service organization controls reports (i.e., SOC 1 and SOC 2), both Type 1 and Type 2 reports, including documenting the various components that make up the report
  - Experience performing reviews pertaining to system upgrades/conversions (both pre- and post-implementation)
- Assisting organizations with strategy, integration and embedding of data analytics within Internal Audit departments and in support of our financial statement audit procedures; executed and led data analytics projects for Internal Audit for organizations in various industries.
- Involvement in EY's internal quality control review program including supporting audit teams through PCAOB inspections and performing annual quality reviews (including attestation examinations).
- Kevin routinely gives presentations and conducts training and workshops on the topics of IT internal controls to the firm staff, students, clients and professional organizations (i.e., ISACA).
- Kevin has completed required relevant continuing professional education courses and is in compliance with the *Governmental Auditing Standards* Continuing Professional Education requirements. Kevin is a Certified Information Systems Auditor (CISA) and is an active member of the Information Systems and Controls Association (ISACA). Kevin holds a Bachelor of Science in Business Administration in IT and Accounting Information Systems from Duquesne University.

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David (Dave) Phillips, CPA

Tax Executive Director, Ernst & Young LLP

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Relevant experience: State of West Virginia CAFR

Role

Dave will continue to serve as your link to EY's network of tax-related services. He will continue to work closely with Susan Wheeler and serve as a technical resource for interpretation of West Virginia tax regulations and the impact on the State's revenue recognition and refunds payable calculations.

Background

- Dave leads EY's Charleston office/West Virginia tax practice and has over 34 years of professional experience with 29 years at EY.
- Dave is a frequent author and consultant with respect to a variety of West Virginia tax issues. In addition, he has consulted and assisted various tax reform initiatives that have been completed in West Virginia in recent years. Dave has been designated as the firm's West Virginia "State Tax Desk," where he consults with all of EY's clients on matters involving West Virginia and multistate income and franchise tax issues.
- Dave regularly provides a full range of transaction-related tax advisory services to major clients of EY. He has extensive experience in assisting clients in structuring acquisitions, including tax purchase price allocations, and a variety of post-merger tax-related considerations. In addition, he advises clients on a variety of financial statement reporting matters involving income and franchise taxes.
- Dave has completed required relevant continuing professional education courses and is in compliance with the *Governmental Auditing Standards* Continuing Professional Education requirements. Dave is a certified public accountant and a member of the American Institute of Certified Public Accountants. He is a graduate of Fairmont State University.

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Darrell Knapp, CPA

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Relevant experience: State of West Virginia CAFR

Role

Darrell will continue to work closely with the core engagement team to provide actuarial audit support to the State engagement. He will leverage his prior experience with the State and WV Public Employees Insurance Agency (PEIA) to provide assistance in areas such as Medicaid and other postretirement benefit liabilities.

Background

- Darrell is a consulting actuary and executive director in the Insurance and Actuarial Advisory Services practice of Ernst & Young LLP's Financial Services Office with more than 30 years of actuarial consulting experience.
- Darrell has extensive experience in various areas of the firm's actuarial practice, including:
  - Rating and reserve review
  - Medicaid Advantage filings and product development
  - Mergers and acquisitions assistance
  - Self-funded health benefit plan design and review
  - Risk-based capital and capital adequacy reviews
  - Rate filings for insurance companies and Health Maintenance Organizations (HMOs)
  - Budget and utilization reviews for HMOs
  - Audit support, primarily in valuation of claim liabilities for insurers, HMOs, self-funded plans and providers accepting risk
  - Long-term care insurance products, pricing and financial reporting for insurers
  - Development of global capitation arrangement and risk absorption models
  - Stop-loss product development
- He has served as a panelist, moderator and workshop chairperson at various Society of Actuaries meetings, was a member of the Health Insurance Association of America Data Policy and Management Committee, was the General Chairperson of the Society of Actuaries Education and Examination Committee, and was on the Society of Actuaries Nominating Committee.
- Darrell has served as a member of the American Academy of Actuaries Board of Directors, chaired the Health Practice Financial Reporting Committee, is vice-chair of the Financial Reporting Committee, and provided considerable support in the development of the Academy's proposed risk-based capital formula for health organizations and creation of the Health Reserving Guidance Manual.
- He is co-author of a paper entitled "A Model for Evaluating a Multiple Option Plan Package" and a contributing author to a group insurance textbook sponsored by the Society of Actuaries. He has served on the editorial board of the Actuarial Digest.
- Darrell has completed required relevant continuing professional education courses and is in compliance with the *Government Auditing Standards* Continuing Professional Education requirements. Darrell is a certified public accountant and a fellow of the Society of Actuaries. He is a member of the American Academy of Actuaries and chairs the Health Practice Financial Reporting Committee. Darrell holds a Bachelor of Science in Accounting and Actuarial Science from Drake University in Des Moines, Iowa.

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Gerald (Chip) Johnson, CPG

Climate Change and Sustainability Services Senior Manager, Ernst & Young LLP

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Relevant experience: State of West Virginia CAFR

Role

Chip will serve as an environmental specialist on our team, assisting the State team on technical environmental matters such as the State's landfill and special reclamation liabilities.

Background

- Chip is a senior manager in Ernst & Young LLP's Climate Change and Sustainability Services (CCaSS) practice and is a Certified Professional Geologist (CPG) with over 20 years of experience in the mining and metal industry. He has over nine years of experience as a field geologist and environmental consultant.
- Chip has worked as both a consulting engineer and an environmental underwriter for a major worldwide insurer. In these roles, Chip's responsibilities included the completion of environmental risk and liability evaluations for the purposes of developing and pricing pollution and closure plan insurance for global Fortune 500 mining and metal sector firms.
- During his tenure at EY, Chip has led and supported multiple assurance and advisory engagements relating to mineral reserve assessments, sustainability program evaluations, and environmental liabilities from legacy operations and mine reclamation. Properties and operations assessed included prospects and active operations for coal, gold, copper, diamonds, precious stones, nickel, aluminum, phosphate and graphite in North America, South America and Australia.
- Additionally, Chip has also served as a practice leader and subject-matter resource for matters relating to compliance with various voluntary CSR criteria such as the Bettercoal Code, Responsible Jewelry Care's Code of Practice, and the SEC's Conflict Mineral final rule. He is co-author of a paper entitled "A Model for Evaluating a Multiple Option Plan Package" and a contributing author to a group insurance textbook sponsored by the Society of Actuaries. He has served on the editorial board of the Actuarial Digest.
- Chip holds a Bachelor of Science in Geology & Government from Beloit College, a Master of Science in Environmental Management from the Illinois Institute of Technology and a Master of Science in Geology from Southern Illinois University.
- Chip has completed required relevant continuing professional education courses and is in compliance with the *Government Auditing Standards* Continuing Professional Education requirements.
- Chip is a Certified Professional Geologist, American Institute of Professional Geologists (CPG #9760), a Certified Hazardous Materials Manager (2008 to present), a Certified Lead Greenhouse Gas Verifier, California Air Resources Board (2010 to present) and a Wisconsin Licensed Professional Geologist and Hydrologist (2005 to present).

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Jeannette Kunz, CPA

Assurance Senior Manager, Ernst & Young LLP

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Relevant experience: State of West Virginia Uniform Guidance Audit

Role

Jeannette will work with Susan Wheeler on the overall administration and supervision of the Uniform Guidance Audit. Jeannette will work closely with the subcontractors to coordinate their audit efforts on the OMB Uniform Guidance portion of the engagement.

Background

- Jeannette has more than 28 years of experience at EY serving various clients, including government, financial services and health care entities.
- Jeannette's experience includes audits of federal awards in accordance with the Uniform Guidance.
- Jeannette has extensive experience performing audits in accordance with Government Auditing Standards including the State Single Audit, plus all major programs.
- Jeannette has significant experience working with internal audit departments in order to develop the most efficient audit approach.
- Jeannette also has experience performing audits with respect to internal controls and compliance requirements in accordance with the Consolidated Audit Guide for Audits of HUD Programs.-
- Jeannette serves as a technical resource for teams conducting audits in accordance with the Uniform Guidance and Government Auditing Standards.
- Jeannette attends annual conferences relating to the Uniform Guidance and Government Auditing Standards. In addition, she is both an internal and external speaker on the topic of the Uniform Guidance and Government Auditing Standards.
- Jeannette has completed required relevant continuing professional education courses and is in compliance with the *Governmental Auditing Standards* Continuing Professional Education requirements. Jeannette is a certified public accountant. She is a graduate of Saint Louis University and is a member of both the Missouri Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

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Adam Carr, CPA

Assurance Manager, Ernst & Young LLP

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Relevant experience: State of West Virginia CAFR, State of West Virginia Uniform Guidance Audit

Role

Adam will continue to coordinate our day-to-day staffing resources in the field and our overall audit procedures. He will serve as a key resource to the State in addressing complex accounting issues. He will also work closely with Susan Wheeler in the coordination of our procedures related to the State's Comprehensive Annual Financial Report (CAFR) including our procedures related to the review of the CAFR for the State's filing for the Government Finance Officers Association's (GFOA's) Certificate of Achievement. Adam will also work with Susan Wheeler on the planning, execution and reporting of the Uniform Guidance Audit. Adam will continue to work closely with the subcontractors to coordinate their audit efforts and serve as the primary contact for the State on the Uniform Guidance portion of the engagement.

Background

- Adam has more than 10 years of experience providing assurance services to public, private, high-growth and international companies in various industries such as coal, oil and gas, and construction.
- Adam has extensive experience performing audits in accordance with *Government Auditing Standards* (GAS) and audits described in the Single Audit Act Amendments of 1996, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), serving as a manager on the State's Single Audit and completing various compliance procedures primarily focusing on the student financial assistance cluster, which includes institutions of higher education across the State of West Virginia and Department of Health and Human Resources.
- Adam serves as a technical resource for teams conducting audits in accordance with the Uniform Guidance and Government Auditing Standards. He is also part of our national team that develops and updates our public sector internal guidance. Adam is an experienced instructor and has provided internal training to EY professional staff. He also provides training for external professional audiences on government accounting and auditing topics.
- Adam has completed required relevant continuing professional education courses and is in compliance with the *Governmental Auditing Standards* Continuing Professional Education requirements. Adam is a certified public accountant and a member of the American Institute of Certified Public Accountants and the West Virginia Society of Certified Public Accountants. He holds a Bachelor of Science in Accounting and a Master of Business Administration from West Virginia Wesleyan College. Adam serves on the Board of Directors and Finance Committee of the Daymark, Inc. Adam also serves on the Board of Trustees and Finance Committee for Mount Vernon Nazarene University.

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Grant Grishaber, CPA

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Relevant experience: State of West Virginia CAFR and State of West Virginia Uniform Guidance Audit

Role

Grant will work closely with our staffing resources in the field and our overall audit procedures. He will serve as a key resource to the State in addressing complex accounting and Uniform Guidance issues. He will also work closely with Susan Wheeler in the coordination of our procedures related to the State's Comprehensive Annual Financial Report (CAFR) including our procedures related to the review of the CAFR for the State's filing for the Government Finance Officers Association's (GFOA's) Certificate of Achievement as well as the State's Uniform Guidance procedures.

Background

- Grant has more than six years of experience providing assurance services to public, private, high-growth and international companies in various industries such as public sector, mining, aggregate, oil and gas, financial services, and construction.
- Grant has experience managing public sector technical accounting and auditing matters related to the State's comprehensive annual financial report and Uniform Guidance. He has managed a number of the State's major programs including the Student Financial Assistance Cluster. He has experience not only on the State of West Virginia but other engagements with multiple locations, auditors and other complexities that are applicable to the State.
- Grant has served a variety of clients in the public sector, metals & mining and diversified industrials products industries.
- Grant has served a variety of clients in the GPS, metals & mining and diversified industrials products industries.
- Grant is an experienced instructor and has provided internal training to EY professional staff.
- Grant has completed required relevant continuing professional education courses and is in compliance with the *Governmental Auditing Standards* Continuing Professional Education requirements. Grant is a CPA and a member of the AICPA and the WVSCPA. He also has a BS in Accounting and a Master of Business Administration from Marshall University.
- Grant serves on the Finance Committee for the United Way of Central West Virginia.

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Wyatt Young

Assurance Senior, Ernst & Young LLP

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Relevant experience: State of West Virginia CAFR

Role

Wyatt will be in the field on a day to day basis and work closely with your accounting personnel and our staffing resources in the field to manage our overall audit procedures. He will serve as a key resource to the State in addressing complex accounting issues and managing our project timeline. He will also work closely with Susan Wheeler and Adam Carr in the coordination of our procedures related to the State's Comprehensive Annual Financial Report (CAFR) including our procedures related to the review of the CAFR for the State's filing for the Government Finance Officers Association's (GFOA) Certificate of Achievement.

Background

- Wyatt has more than five years of experience providing assurance services to public, private and high-growth companies in various industries such as public sector, mining, oil and gas, construction, financial services, and healthcare.
- Wyatt has experience in public sector technical accounting and auditing matters such as Medicaid liabilities, environmental liabilities such as landfill and special reclamation, pensions and other postemployment benefits as well as, taxes receivable and refunds payable and financial reporting, including comprehensive annual financial report requirements. He has experience managing the State CAFR project to the deadline and understands the areas that can be accelerated and identifying areas that can result in timing concerns. He has experience not only on the State of West Virginia but other engagements with multiple locations, auditors and other complexities that are applicable to the State.
- Wyatt has completed required relevant continuing professional education courses and is in compliance with the *Government Auditing Standards* Continuing Professional Education requirements.
- Wyatt holds a Bachelor of Science in Business Administration with an emphasis in Accounting from West Virginia University.

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Leslie Batista

Assurance Senior, Ernst & Young LLP

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Relevant experience: State of West Virginia CAFR and State of West Virginia Uniform Guidance audit

Role

Leslie will be in the field on a day to day basis and work closely with our staffing resources in the field and our overall audit procedures. She will serve as a key resource to the State in addressing issues related to Uniform Guidance. She will also work closely with Susan Wheeler and Adam Carr in the coordination of our procedures related to the State's Uniform Guidance audit.

Background

- Leslie has more than two years of experience providing assurance services to public, private, high-growth and international companies in various industries such as public sector, mining, and construction.
- Leslie has experience in public sector technical accounting and auditing matters such as investments, tax processes, and financial reporting, including comprehensive annual financial report requirements. She is experience with Uniform Guidance and has worked on a number of the State's major programs including the Student Financial Assistance Cluster and programs managed by the West Virginia Department of Health and Human Services among other state agencies. She has experience not only on the State of West Virginia and West Virginia Investment Management Board but other engagements with multiple locations, auditors and other complexities that are applicable to the State.
- Leslie has served clients such as West Virginia Investment Management Board, Natural Resource Partners, and Appalachian Materials Group.
- Leslie has completed required relevant continuing professional education courses and is in compliance with the *Government Auditing Standards* Continuing Professional Education requirements.
- Leslie holds a Bachelor of Science in Accounting and a Master of Accounting from Binghamton University (SUNY).

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Suttle & Stalnaker bios



Christopher (Chris) Deweese, CPA

Member, Suttle & Stalnaker, PLLC

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Relevant experience: State of West Virginia Uniform Guidance Audit

Role

Chris will assist Susan Wheeler with the overall coordination of Single Audit activities. Additionally, he will work closely with Adam Carr and supervise the Single Audit procedures in key departments such as the West Virginia Department of Health and Human Resources, the Department of Education and Homeland Security, having served in a similar capacity on prior Single Audits.

Background

- Chris is a member at S&S, and is responsible for helping develop and carry out the engagement plans for specific clients. His primary functions focus on audit and consulting engagements including significant experience in governmental entities and colleges and universities.
- Chris has over 23 years of experience with S&S during which he has focused on serving governmental as well as for-profit and nonprofit entities. He has served as an auditor for the State of West Virginia, including the following: West Virginia Department of Education, West Virginia Development Office, West Virginia Department of Environmental Protection, West Virginia University, West Virginia Department of Health and Human Resources, Marshall University, West Virginia Division of Rehabilitative Services, West Virginia Department of Transportation, Eastern Community & Technical College, West Virginia Division of Highways, Fairmont State University, New River Community and Technical College, WORKFORCE West Virginia, Pierpont Community and Technical College, Southern West Virginia Community and Technical College, Bluefield State College, West Virginia School of Osteopathic Medicine, Concord University, Bridgemont Community and Technical College, West Virginia Council for Community and Technical College Education, West Virginia Consolidated Public Retirement Board and 16 public defender corporations.
- Chris has experience performing audits of the student financial assistance cluster, purchasing reviews or other special engagements with every West Virginia public college and university.
- Chris has completed required relevant continuing professional education courses and is in compliance with the *Government Auditing Standards* Continuing Professional Education requirements.
- Chris is a member of the AICPA, West Virginia Society of Certified Public Accountants (WVSCPA), the Government Finance Officers Association (GFOA), the Association of School Business Officials, and the Charleston Chapter of the WVSCPA. Chris is the past chair of the accounting and audit committee of the WVSCPA, a past president of the Charleston Chapter of Certified Public Accountants, and is a current Board Member of the WVSCPA. In addition, he currently serves on the Accounting Procedures Committee of the Association of School Business Officials, the Special Review Committee of the GFOA for the GFOA Certificate of Excellence in Financial Reporting and is an associate member of the Association of Certified Fraud Examiners. Chris is the 2004 recipient of the Young CPA of the Year Award from the WVSCPA. Chris is also a frequent speaker and serves on several nonprofit boards in the community.
- Chris graduated with a bachelor's degree with a major in Accounting from the University of Charleston. He is a CPA in the State of West Virginia. He has also achieved the designation of Chartered Global Management Accountant.

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Christopher (Chris) Lambert, CPA

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Relevant experience: State of West Virginia Uniform Guidance Audit, West Virginia Racing Commission, West Virginia Regional Jail Commission, West Virginia Parkways Authority

Role

Chris will assist Susan Wheeler and Chris Deweese in the coordination of the Single Audit procedures. Specifically, he will be responsible for Single Audit activities at the West Virginia Department of Education, West Virginia Department of Transportation, West Virginia Department of Environmental Protection, West Virginia Adjutant General's Office and the West Virginia Development Office. He is responsible for making certain that client deliverables are met and quality control standards are followed.

Background

- Chris has over 27 years of public accounting experience. He previously was a member of Pack, Lambert, and Burdette, PLLC until merging with Suttle & Stalnaker, PLLC in July 2008.
- Chris has extensive consulting and audit experience. His client service experience includes public sector, wholesale, pension and not-for-profit entities. He has experience in accounting systems, internal audit assistance, financial reporting consultation, audit preparation consulting, internal control systems, operational improvement reviews and OMB Uniform Guidance.
- His government experience extends to the following agencies: West Virginia Department of Education, West Virginia Department of Transportation, West Virginia Department of Environmental Protection, West Virginia Adjutant General's Office, West Virginia Development Office, West Virginia Racing Commission, West Virginia Division of Highways, West Virginia Regional Jail Authority, West Virginia Parkways Authority, West Virginia Lottery and the West Virginia Public Defenders Office.
- Chris has a bachelor's degree with a major in Accounting from Marshall University.
- Chris has completed required relevant continuing professional education courses and is in compliance with the *Government Auditing Standards* Continuing Professional Education requirements.
- He is a CPA, a member of the AICPA, West Virginia Society of Certified Public Accounts (WVSCPA), the Charleston Chapter of the WVSCPA, and the Government Finance Officers Association (GFOA). He has also achieved the designation of Chartered Global Management Accountant.
- His community service includes formerly serving as president of the Marshall University Quarterback Club, President of the West Virginia Susan G. Komen Foundation and treasurer of the West Virginia Soccer Club.

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Kelly Shafer, CPA

Member, Suttle & Stalnaker, PLLC

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Relevant experience: State of West Virginia Uniform Guidance Audit

Role

Kelly will work closely with Chris Lambert and Chris Deweese to execute compliance procedures for various major programs in accordance with OMB Uniform Guidance. She will also supervise assigned staff and assist with reporting for the major programs. She will leverage her prior experience on the State to provide an effective and efficient audit.

Background

- Kelly has over 13 years of experience with S&S during which time she has worked on several audit engagements that are similar to the client being proposed on. These engagements include the State of West Virginia Single Audit, as well as the following departments: West Virginia Bureau of Employment Programs, Workforce West Virginia, West Virginia Department of Health and Human Resources, West Virginia Department of Environmental Protection, West Virginia Department of Education, West Virginia Parkways Authority, Student Financial Assistance Cluster, Fairmont State University, Pierpont Community and Technical College, BridgeValley Community and Technical College, New River Community and Technical College, Bluefield State College, Southern West Virginia Community and Technical College, West Virginia School of Osteopathic Medicine, Concord University, West Virginia Council for Community and Technical College Education.
- Kelly has completed required relevant continuing professional education courses and is in compliance with the *Government Auditing Standards* Continuing Professional Education requirements.
- Kelly is a member of the AICPA, the West Virginia Society of Certified Public Accountants (WVSCPA), the Charleston Chapter of the WVSCPA, and serves on the Awards and Banking, Industry and Governmental Project Committees of the WVSCPA. Kelly was the recipient of the 2015 Young CPA of the Year Award and the 2017 Women to Watch Emerging Leader Award sponsored by the WVSCPA. She also serves on several local boards and is involved with various civic organizations as a member or volunteer.
- Kelly graduated summa cum laude from West Virginia University with a Bachelor of Science degree in Accounting and Master of Professional Accountancy. She is a CPA in the State of West Virginia.

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Mary (Marie) Long, CPA

Audit Senior Manager, Suttle & Stalnaker, PLLC

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Relevant experience: State of West Virginia Uniform Guidance Audit

Role

Marie will continue to work closely with Chris Lambert and Chris Deweese and leverage her prior knowledge to execute compliance procedures for various major programs in accordance with OMB Uniform Guidance. Marie will be on-site supervising staff during most of the engagement fieldwork and will assist in the design, implementation and execution of the engagement services.

Background

- Marie has over 12 years of experience with S&S during which time she has worked on several audit engagements that are similar to the client being proposed on, such as State of West Virginia Single Audit, as well as the following; West Virginia Department of Health and Human Resources, Office of the Secretary of State, Department of Rehabilitation Services, Racing Commission, Regional Jail and Correctional Authority, Blue Ridge Community & Technical College, New River Community and Technical College, Bluefield State College, Pierpont Community and Technical College, BridgeValley Community and Technical College, Southern West Virginia Community and Technical College, Concord University, West Virginia School of Osteopathic Medicine, Eastern West Virginia Community and Technical College, West Virginia Council for Community and Technical College Education, and Fairmont State University.
- Marie is currently the senior manager on two public colleges and universities in the State of West Virginia and the West Virginia Council for Community and Technical College Education. She also manages several agreed-upon procedure engagements for state agencies, public colleges and universities, including NCAA engagements.
- Marie has completed required relevant continuing professional education courses and is in compliance with the *Government Auditing Standards* Continuing Professional Education requirements.
- Marie is a member of the AICPA, the West Virginia Society of Certified Public Accountants (WVSCPA), the Chair of the Recruiting and Career Opportunities Committee, the Charleston Chapter of the WVSCPA, member of the Association of Governmental Accountants (AGA), the Charleston Chapter of the AGA, Accountability Chair and past president of Charleston WV AGA Chapter, and the Vice-Chair of the West Virginia Children's Home Society and the Chair of the Nominating and Finance Committees.
- Marie graduated from West Virginia State University with a Bachelor of Science degree in Business Administration with major concentrations in Accounting, Finance and Management and a minor in Economics. She is a CPA in the State of West Virginia.

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Sarah Crouse, CPA

Audit Manager, Suttle & Stalnaker, PLLC

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Relevant experience: State of West Virginia Uniform Guidance Audit

Role

Sarah will continue to work closely with Chris Lambert and Chris Deweese and leverage her prior knowledge to execute compliance procedures for various major programs in accordance with OMB Uniform Guidance. Sarah will be on-site supervising staff during most of the engagement fieldwork and will assist in the design, implementation and execution of the engagement services.

Background

- Sarah has over seven years of experience with S&S, during which time she has worked on several audit engagements that are similar to the client being proposed on, such as State of West Virginia Single Audit, as well as the following: Blue Ridge Community & Technical College, New River Community and Technical College, Pierpont Community and Technical College, Southern West Virginia Community and Technical College, Bluefield State College, Concord University, Fairmont State University, West Virginia School of Osteopathic Medicine, West Virginia Council for Community and Technical College Education, West Virginia Economic Development Authority, West Virginia Offices of the Insurance Commissioner, West Virginia Regional Jail Authority, West Virginia State Rail Authority, Boone County Board of Education, Doddridge County Board of Education, Fayette County Board of Education, and Roane County Board of Education.
- Sarah is currently the manager on two public colleges and universities in the State of West Virginia and the West Virginia Council for Community and Technical College Education.
- Sarah has completed required relevant continuing professional education courses and is in compliance with the *Government Auditing Standards* Continuing Professional Education requirements.
- Sarah is a member of the AICPA, the West Virginia Society of Certified Public Accountants (WVSCPA), the Charleston Chapter of the WVSCPA, member of the Association of Governmental Accountants (AGA), the Charleston Chapter of the AGA.
- Sarah graduated from West Virginia University with a Bachelor of Science degree in Business Administration with a concentration in Accounting and a Master of Professional Accountancy. She is a CPA in the State of West Virginia.

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Kristin Moody, CPA, CFE

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Relevant experience: State of West Virginia Uniform Guidance Audit

Role

Kristin will continue to work closely with Chris Lambert and Chris Deweese and leverage her prior knowledge to execute compliance procedures for various major programs in accordance with OMB Uniform Guidance. Kristin will be on-site supervising staff during most of the engagement fieldwork and will assist in the design, implementation and execution of the engagement services.

Background

- Kristin has nearly 10 years of experience with S&S during which time she has worked on several audit engagements that are similar to the client being proposed on, such as State of West Virginia Single Audit.
- Kristin is currently the manager on two public colleges and universities and on two other state agencies in the State of West Virginia.
- Kristin has completed required relevant continuing professional education courses and is in compliance with the *Government Auditing Standards* Continuing Professional Education requirements.
- Kristin is a member of the AICPA, the West Virginia Society of Certified Public Accountants (WVSCPA), the Charleston Chapter of the WVSCPA, and the Association of Certified Fraud Examiners.
- Kristin graduated from West Virginia University with a Bachelor of Science degree in Business Administration with a concentration in Accounting. She is a CPA in the State of West Virginia.

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Elizabeth (Beth) Farley, CPA

Audit Manager, Suttle & Stalnaker, PLLC

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Relevant experience: State of West Virginia Uniform Guidance Audit

Role

Beth will continue to work closely with Chris Lambert and Chris Deweese and leverage her prior knowledge to execute compliance procedures for various major programs in accordance with OMB Uniform Guidance. Beth will be on-site supervising staff during most of the engagement fieldwork and will assist in the design, implementation and execution of the engagement services.

Background

- Beth has approximately nine years of experience with S&S during which time she has worked on several audit engagements that are similar to the client being proposed on, such as State of West Virginia Single Audit, as well as the following; West Virginia Division of Highways, West Virginia State Rail Authority, West Virginia Parkways Authority, West Virginia Regional Jail and Correctional Facility Authority, City of Charleston, West Virginia, City of Parkersburg, West Virginia, New River Community and Technical College, Eastern West Virginia Community and Technical College, BCKP Regional Intergovernmental Council, Region VI Planning and Development Council, Doddridge County Board of Education, Roane County Board of Education, Boone County Board of Education, Tyler County Board of Education, Mingo County Board of Education, and Summers County Board of Education.
- Beth is currently the manager on five county Boards of Education in the State of West Virginia and four State agencies that are part of the State of West Virginia's Comprehensive Annual Financial Report.
- Beth has completed required relevant continuing professional education courses and is in compliance with the *Government Auditing Standards* Continuing Professional Education requirements.
- Beth is a member of the AICPA, the West Virginia Society of Certified Public Accountants (WVSCPA), and the Charleston Chapter of the WVSCPA.
- Beth graduated from Concord University with a Bachelor of Science in Business Administration with a concentration in Accounting. She is a CPA in the State of West Virginia.

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Dearien & Company bio



Steven (Steve) Dearien, CPA

Managing Owner, Dearien & Company, A.C.

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Relevant experience: State of West Virginia Uniform Guidance Audit

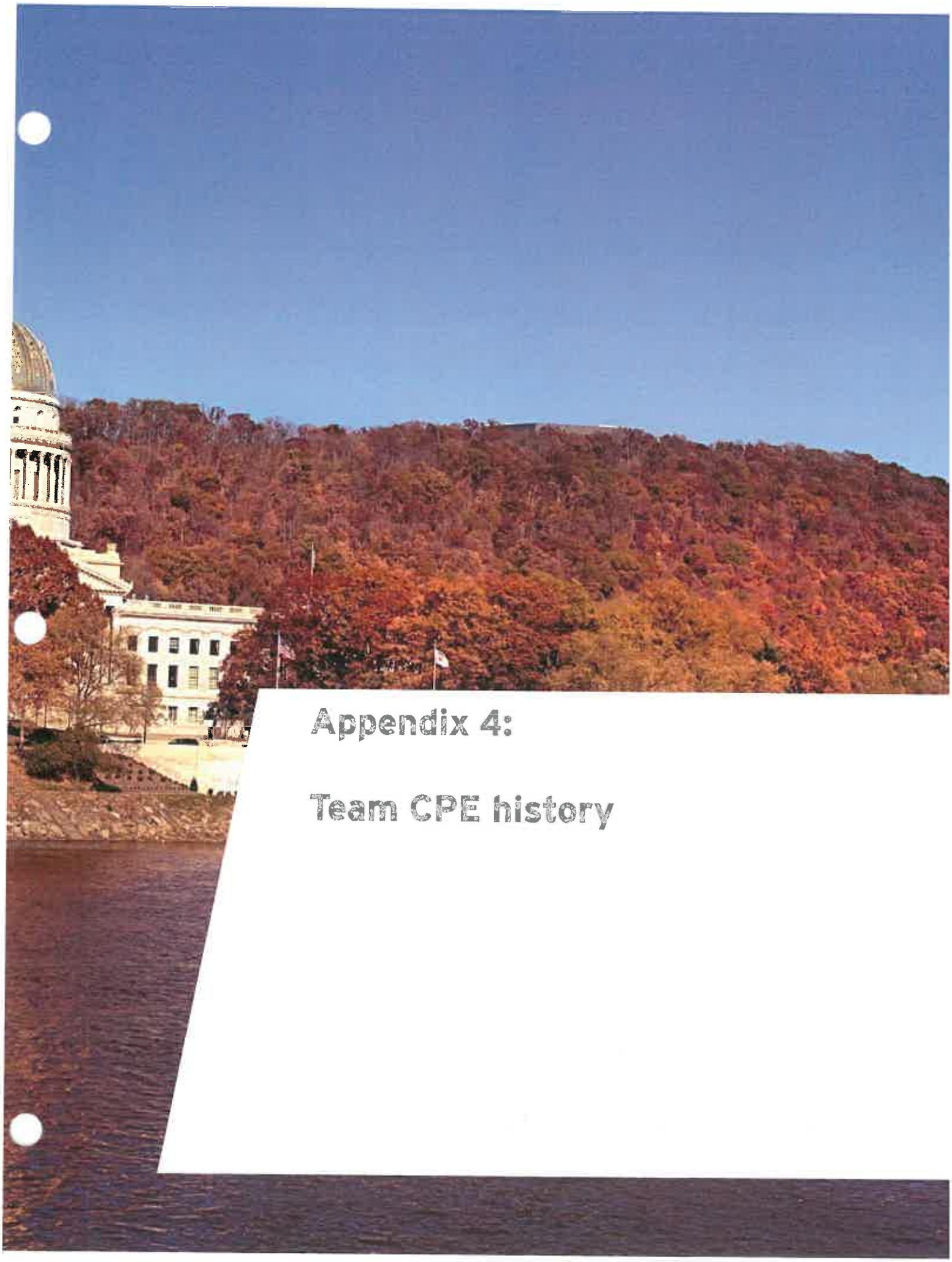
Role

Steve will work with Susan Wheeler and assist with the coordination and supervision of his staff to determine that audit plans and programs are being properly executed and compliance issues are timely addressed.

Background

- Steve has more than 33 years of diversified experience in public accounting, including extensive responsibility for the planning, supervision, review and completion of audit engagements ranging in size and financial complexity from privately owned, development-stage domestic corporations to major multinational public companies and state and local governmental units.
- He has significant experience as a subcontractor assisting EY in connection with the Higher Education component of the Single Audit of the State of West Virginia, and having assisted EY in connection with the 13 State of West Virginia Single Audits.
- Steve's responsibilities include providing technical assistance on all accounting and audit engagements, serving as Dearien & Company's quality control coordinator, and serving in a technical advisory and consulting capacity to senior client management with respect to the identification and resolution of a broad range of technical accounting, financial reporting, financial management and general business issues.
- He has served as the engagement partner for numerous State of West Virginia clients throughout his career including West Virginia Water Development Authority, West Virginia Infrastructure and Jobs Development Council, West Virginia Alcohol and Beverage Control Commission, West Virginia Solid Waste Management Board, West Virginia Hospital Finance Authority and West Virginia State Armory Board.
- His background includes extensive experience conducting audits in accordance with OMB Circular A-133.
- Steve has completed required relevant continuing professional education courses and is in compliance with the *Government Auditing Standards* Continuing Professional Education requirements.
- Steve is a CPA. He holds a Bachelor of Science in Business Administration degree with honors from West Virginia University. He is a member of the AICPA and the West Virginia Society of Certified Public Accountants (WVSCPA), serves on the Peer Review Committee of the WVSCPA and is a past chair of the WVSCPA's Peer Review Committee.

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Appendix 4:

Team CPE history

EY CPE

Susan Wheeler, CPA
Coordinating Partner, Ernst & Young LLP

End date	Title	Vendor	Total
FY2016			
07/13/2015	Preparing for Q2 Audit Committee Meetings (26V44)	EYUS National	1.50
07/21/2015	State of West Virginia A-133 Training (27898)	West Virginia Society of CPAs	7.00
08/11/2015	Central Assurance Quality Update - August 2015 (26ZJQ)	EYUS Area	1.50
08/27/2015	2015 Central Region PPEDD Retreat (276YJ)	EYUS Area	3.00
09/16/2015	2015 Central Region PPEDD Retreat (276YJ)	EYUS Area	7.00
09/17/2015	Call to Action: Auditing Management Review Controls (26WKR)	EYUS National	1.00
09/17/2015	Call to Action: Auditing Management Estimates (276CG)	EYUS Area	1.00
10/05/2015	Sustainable Audit Quality (276UD)	EYUS Global	1.50
10/07/2015	2015 US Fall Executive Audit Quality Event - Managers – Partners (273ZA)	EYUS National	1.00
10/07/2015	2015 US Fall Executive Audit Quality Event - Managers – Partners (273ZA)	EYUS National	7.00
10/25/2015	Independence and related ethics 2015 Update: (INDx15US) (T5997)	EYUS National	2.00
11/10/2015	Global IFRS Executive Update 2015: IASB/IFRIC Update November (27BP4)	EYUS Global	1.00
11/12/2015	Accounting for pension and other postretirement benefits: Year- end rem... (279SU)	EYUS Area	1.50
11/16/2015	Substantial Stockholders and Record or Beneficial Owners (27C74)	EYUS Area	1.50
11/19/2015	2015 Corporate Reporting Update (27JL3)	EYUS Local	3.00
12/07/2015	Global IFRS Executive Update 2015: Year-End Audit and Accounting Obser... (27DVN)	EYUS Global	1.50
12/10/2015	WVCPA Society Update (27KIY)	Charleston Chapter of WVCPAs	1.00
12/14/2015	Sampling in a Single Audit Environment (27ED4)	EYUS Area	2.00
12/16/2015	EY Global Pensions & Retirement webcast (27GZF)	EYUS Global	1.00
01/06/2016	2015 Year End GASB Update (27EM6)	EYUS Area	2.00
01/07/2016	Central Assurance Quality Update - January 2016 (27FSD)	EYUS Area	2.00
01/27/2016	Global GPS Public Finance Management Webcast January 2016 (27HW8)	EYUS National	1.00
02/11/2016	Global IFRS Executive Update 2016: An Introduction to the IASB's	EYUS Global	1.00
03/12/2016	Private Company Aud Quality Matter Webcasts – Part 2 (27X4V)	EYUS Area	1.50
04/14/2016	Central Assurance Quality Update April 2016 (281SC)	EYUS Area	1.50
04/26/2016	EBP 2016 Accounting & Auditing Update (27XS5)	EYUS National	2.50
05/05/2016	EBP Accounting Simplifications (ASU 2015-12) (27XS9)	EYUS National	1.00
05/20/2016	New PCAOB Rules on Transparency Reporting (28AR8)	EYUS National	1.00
06/09/2016	Performing a Government Auditing Standards and Uniform Guidance Audit (283HS)	EYUS National	8.00
06/14/2016	The 2016 Office of Management and Budget Compliance Supplement Update (28A74)	EYUS National	2.00
06/27/2016	2016 Executive Audit Quality Event (27UP7)	EYUS Area	0.50
06/27/2016	2016 Executive Audit Quality Event (27UP7)	EYUS Area	7.00
06/28/2016	EQR Foundation Training - 2016 (27XT8)	EYUS National	4.50
			81.50
FY2017			
07/22/2016	2016 GAAP Uniform Guidance Training (292JC)	State of WV Department of Administration FARS	10.00
07/26/2016	Global IFRS Executive Update 2016: IFRS 2 Share- based Payment (28MHA)	EYUS Global	1.00
08/10/2016	Changes to US requirements for SEC registrants audited by EY US and de... (28RMJ)	EYUS Area	1.00

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End date	Title	Vendor	Total
08/17/2016	2016 NASACT Annual Conference (28VIF)	National Association of State Auditors, C&T	1.50
08/17/2016	2016 NASACT Annual Conference (28VIF)	National Association of State Auditors, C&T	2.00
08/17/2016	2016 NASACT Annual Conference (28VIF)	National Association of State Auditors, C&T	1.00
08/17/2016	2016 NASACT Annual Conference (28VIF)	National Association of State Auditors, C&T	1.00
08/21/2016	Respect at Work: Refresher (W3118)	EYUS National	1.50
09/15/2016	News you can use September 2016 (28SNM)	EYUS Area	1.00
09/19/2016	Central Assurance Quality Update September 2016 (28SSR)	EYUS Area	1.50
09/19/2016	Audit analytics for executives Part 1 (28VYC)	EYUS Area	1.00
09/20/2016	Accounting for income taxes: a quarterly perspective (September 2016) (28VYU)	EYUS National	1.00
09/27/2016	The FASB's New Leases Standard: a Closer Look (28XUT)	EYUS National	1.50
09/27/2016	Audit Analytics for Executives Part 2 (28VYE)	EYUS Area	1.00
09/29/2016	2016 Central QIL Coaching Session (28T53)	EYUS Area	6.50
10/01/2016	EY Canvas Year 2 Learning: Senior Manager - Partner WBL (W0212)	EYUS National	1.00
10/05/2016	SEC Comments and Trends: an Analysis of Current Reporting Issues (28XVI)	EYUS National	1.00
10/06/2016	Americas Oil & Gas Quarterly Sector Update October 2016 (28VXU)	EYUS Area	1.00
10/11/2016	Americas Assurance Quarterly Leadership Webcast October 2016	EYUS National	1.50
11/06/2016	Awareness for Experienced Counselors (2908T)	EYUS National	1.00
11/08/2016	GASB's Fair Value Standard: Accounting and Auditing Considerations (28ZWM)	EYUS Area	1.50
11/09/2016	Central Assurance Quality Update November 2016 (28YCL)	EYUS Area	1.50
11/10/2016	How the 2016 US Election Will Affect Federal State and Local Taxes (2901A)	EYUS National	1.50
11/17/2016	2016 Corporate Reporting Update (297IZ)	EYUS Local	4.50
11/29/2016	Commonly asked questions about the Uniform Guidance and Government Aud... (291WX)	EYUS Area	2.00
12/06/2016	Better Public Finance Management Better Government: Accelerating EY's ... (292IZ)	EYUS National	1.00
12/08/2016	Global IFRS Executive Update 2016: 2016 Year-End Audit and Accounting ... (291PV)	EYUS Global	1.50
12/15/2016	Q4 2016 Financial Reporting Update (292R9)	EYUS National	1.50
12/21/2016	Global IFRS Executive Update 2016: IFRS 16 Leases: A Closer Look Archive (X7159)	EYUS National	1.00
01/06/2017	PCAOB Audit Transparency Rules Webcast (292YJ)	EYUS Area	1.50
01/09/2017	Americas Assurance Quarterly Leadership Webcast January 2017 (2962P)	EYUS National	1.00
01/11/2017	Central Assurance Quality Update - January 2017 (293PN)	EYUS Area	2.00
02/28/2017	M&A and capital raising in global mining and metals (29PG9)	EYUS National	1.00
03/22/2017	2017 Revenue Recognition Audit Readiness Program (29NSE)	EYUS Area	1.50
03/23/2017	2017 AQR Reviewer Training Webcast - New Reviewers (29QL6)	EYUS Area	2.00
03/30/20117	Q1 2017 financial reporting update (29KMX)	EYUS National	1.50
04/04/2017	Global IFRS Executive Update 2017: IFRS 15 Practical Considerations: C... (29QWP)	EYUS Global	1.00
04/05/2017	Americas Assurance leadership Webcast April 2017 (29NL3)	EYUS National	1.50
04/26/2017	EBP 2017 Accounting & Auditing Update (29LC0)	EYUS National	2.00
05/12/2017	2017 Uniform Guidance Government and Public Sector Not-for- Profit and ... (29M28)	EYUS National	5.00
05/12/2017	2017 Uniform Guidance Government and Public Sector Not-for- Profit and ... (29M28)	EYUS National	1.00
05/12/2017	2017 Uniform Guidance Government and Public Sector Not-for- Profit and ... (29M28)	EYUS National	2.50

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End date	Title	Vendor	Total
05/12/2017	2017 Uniform Guidance Government and Public Sector Not-for- Profit and ... (29M28)	EYUS National	2.00
05/12/2017	2017 Uniform Guidance Government and Public Sector Not-for- Profit and ... (29M28)	EYUS National	4.00
05/16/2017	Global IFRS Executive Update 2017: IFRS 15 Practical Considerations: V... (29XA1)	EYUS Global	1.00
05/16/2017	EBP Tax Status Considerations (29LC3)	EYUS National	1.00
05/24/2017	2017 Spring Executive Audit Quality Event (29OXQ)	EYUS Area	0.50
05/24/2017	2017 Spring Executive Audit Quality Event (29OXQ)	EYUS Area	11.00
05/24/2017	2017 Spring Executive Audit Quality Event (29OXQ)	EYUS Area	0.50
05/31/2017	Planning Workshop (2A37W)	EYUS National	1.00
06/02/2017	negotiate@EY for Assurance (29MUG)	EYUS Area	10.00
06/12/2017	2017 State and Local Government Financial Statement Audit Planning Con... (2A78L)	EYUS Area	2.00
06/20/2017	Accounting for income taxes: a quarterly perspective (June 2017) (2A7C8)	EYUS National	1.00
06/26/2017	Audit considerations related to the new leases standard (29ZE1)	EYUS National	1.00
			112.50
		Grand total	**194.00**

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Louis (Lou) Roberts, CPA

Engagement Quality Review Partner, Ernst & Young LLP

End date	Title	Vendor	Total
FY2016			
07/13/2015	Preparing for Q2 Audit Committee Meetings (26V44)	EYUS National	1.50
08/11/2015	Northeast Region Quality Update August (271W7)	EYUS National	1.50
09/09/2015	Call to Action: Auditing Management Estimates (276CG)	EYUS Area	1.00
09/15/2015	Call to Action: Auditing Management Review Controls (26WKR)	EYUS National	1.00
09/09/2015	Northeast PPED Away Day (278YQ)	EYUS Area	2.00
09/22/2015	Northeast PPED Away Day (278YQ)	EYUS Area	0.50
09/22/2015	Northeast PPED Away Day (278YQ)	EYUS Area	1.00
09/22/2015	Northeast PPED Away Day (278YQ)	EYUS Area	0.50
09/22/2015	Northeast PPED Away Day (278YQ)	EYUS Area	0.50
09/22/2015	Northeast PPED Away Day (278YQ)	EYUS Area	3.50
09/22/2015	Northeast PPED Away Day (278YQ)	EYUS Area	2.50
09/22/2015	Northeast PPED Away Day (278YQ)	EYUS Area	0.50
10/05/2015	Sustainable Audit Quality (276UD)	EYUS Global	1.50
10/13/2015	2015 US Fall Executive Audit Quality Event - Managers – Partners (273ZA)	EYUS National	1.00
10/13/2015	2015 US Fall Executive Audit Quality Event - Managers – Partners (273ZA)	EYUS National	7.00
11/04/2015	2015 Government & Public Sector Update (27FDK)	EYUS Area	1.00
11/04/2015	2015 Government & Public Sector Update (27FDK)	EYUS Area	1.00
11/04/2015	2015 Government & Public Sector Update (27FDK)	EYUS Area	3.00
11/04/2015	2015 Government & Public Sector Update (27FDK)	EYUS Area	1.50
11/11/2015	Independence and related ethics 2015 Update: (INDx15US) (T5997)	EYUS National	2.00
11/12/2015	Accounting for pension and other postretirement benefits: Year- end rem... (279SU)	EYUS Area	1.50
01/12/2016	Substantial Stockholders and Record or Beneficial Owners WBL (U1471)	EYUS National	1.50
02/29/2016	Northeast Region Quality Update - January (27H33)	EYUS National	1.50
02/29/2016	Global GPS Public Finance Management Webcast January 2016 (27HW8)	EYUS National	1.00
03/18/2016	2016 Private Company Audit Quality Event (27XGW)	EYUS Area	3.50
04/05/2016	2016 Private Company Audit Quality Event (27XGW)	EYUS Area	0.50
04/08/2016	Public Sector Update (284BU)	EYUS Area	1.00
04/18/2016	Accelerating and Planning for 2016 Audits (281O3)	EYUS Area	1.50
04/18/2016	Compliance with the Health Insurance Portability and Accountability Ac... (U4576)	EYUS National	1.00
04/18/2016	FY 2016 GPS Executive Assurance Training (28DZ3)	EYUS Area	2.00
04/18/2016	FY 2016 GPS Executive Assurance Training (28DZ3)	EYUS Area	1.00
05/04/2016	FY 2016 GPS Executive Assurance Training (28DZ3)	EYUS Area	1.00
05/13/2016	FY 2016 GPS Executive Assurance Training (28DZ3)	EYUS Area	4.00
05/13/2016	NY/NJ Intergovernmental Audit Forum (28E1E)	NY/NJ Intergovernmental Audit Forum	7.00
05/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not- for-Profit ... (27XFY)	EYUS National	4.50
05/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	0.50
05/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not- for-Profit ... (27XFY)	EYUS National	2.50
05/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	2.00
05/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not- for-Profit ... (27XFY)	EYUS National	1.50
05/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not- for-Profit ... (27XFY)	EYUS National	1.50
05/23/2016	2016 Executive Audit Quality Event (27UP7)	EYUS Area	0.50

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Louis (Lou) Roberts, CPA

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End date	Title	Vendor	Total
05/23/2016	2016 Executive Audit Quality Event (27UP7)	EYUS Area	7.00
06/08/2016	2016 Completing Documentation and Archiving Webcast (28GMG)	EYUS Area	1.00
06/13/2016	Ethics for New York CPAs (S0175)	Positive Systems Inc - PassOnline	4.00
06/16/2016	GASB 77 (28J5B)	EYUS Area	1.00
			88.00
FY2017			
07/12/2016	Northeast Quality Update - July 2016 (28J2U)	EYUS Area	1.50
07/14/2016	Retirement plan changes and strategies (288EJ)	EYUS National	2.00
08/22/2016	EQR Foundation Training - 2016 (27XT8)	EYUS National	4.50
09/08/2016	Audit Sampling - Practical Considerations (28TIM)	EYUS National	1.00
09/13/2016	2016 GASB update (28GX3)	EYUS National	2.00
09/26/2016	The New Data Collection Form and Federal Audit Clearinghouse Update (27S7D)	EYUS Area	1.50
09/26/2016	Respect at Work: Refresher (W3118)	EYUS National	1.50
10/11/2016	Americas Assurance Quarterly Leadership Webcast October 2016 (28VWT)	EYUS National	1.50
10/13/2016	Northeast Region Quality Update - October 2016 (28WDL)	EYUS Area	1.50
10/31/2016	Independence and related ethics 2016 Update: (INDx16US) (X0209)	EYUS National	2.00
11/03/2016	Accounting for pension and other postretirement benefits: Year- end rem... (25LFQ)	EYUS Area	1.50
03/22/2017	2017 Revenue Recognition Audit Readiness Program (29NSE)	EYUS Area	1.50
04/10/2017	Northeast Region Quality Update - April 2017 (29SL2)	EYUS Area	1.00
04/25/2017	2017 Public Sector Update (2A2CM)	EYUS Area	1.00
04/25/2017	2017 Public Sector Update (2A2CM)	EYUS Area	1.50
04/25/2017	2017 Public Sector Update (2A2CM)	EYUS Area	4.00
05/01/2017	Northeast Region Quality Q1 Update (Part 2) (29WTN)	EYUS Area	1.00
05/12/2017	2017 Uniform Guidance Government and Public Sector Not- for-Profit and ... (29M28)	EYUS National	5.00
05/12/2017	2017 Uniform Guidance Government and Public Sector Not- for-Profit and ... (29M28)	EYUS National	1.00
05/12/2017	2017 Uniform Guidance Government and Public Sector Not- for-Profit and ... (29M28)	EYUS National	1.00
05/12/2017	2017 Uniform Guidance Government and Public Sector Not- for-Profit and ... (29M28)	EYUS National	1.50
05/12/2017	2017 Uniform Guidance Government and Public Sector Not- for-Profit and ... (29M28)	EYUS National	7.00
06/02/2017	2017 Spring Executive Audit Quality Event (29OXQ)	EYUS Area	0.50
06/02/2017	2017 Spring Executive Audit Quality Event (29OXQ)	EYUS Area	11.00
06/02/2017	2017 Spring Executive Audit Quality Event (29OXQ)	EYUS Area	0.50
06/12/2017	2017 State and Local Government Financial Statement Audit Planning Con... (2A78L)	EYUS Area	2.00
06/22/2017	FY 2017 Annual Federal Assurance Training (2AJ70)	EYUS Area	1.00
06/22/2017	FY 2017 Annual Federal Assurance Training (2AJ70)	EYUS Area	6.00
06/22/2017	FY 2017 Annual Federal Assurance	EYUS Area	1.00
			68.00
		Grand total	**156.00**

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John Short, CPA
Senior Advisory Partner, Ernst & Young LLP

End date	Title	Vendor	Total
FY2016			
8/5/2015	EY Canvas Executive Experience (Executive Directors and Partners only) (26AS7)	EYUS Area	4.5
9/22/2015	Northeast PPED Away Day (278YQ)	EYUS Area	0.5
9/22/2015	Northeast PPED Away Day (278YQ)	EYUS Area	2.5
9/22/2015	Northeast PPED Away Day (278YQ)	EYUS Area	1
9/22/2015	Northeast PPED Away Day (278YQ)	EYUS Area	0.5
9/22/2015	Northeast PPED Away Day (278YQ)	EYUS Area	3.5
9/22/2015	Northeast PPED Away Day (278YQ)	EYUS Area	2
9/22/2015	Northeast PPED Away Day (278YQ)	EYUS Area	0.5
9/22/2015	Northeast PPED Away Day (278YQ)	EYUS Area	0.5
9/28/2015	Independence and related ethics 2015 Update: (INDx15US) (T5997)	EYUS National	2
10/12/2015	2015 US Fall Executive Audit Quality Event - Managers – Partners (273ZA)	EYUS National	1
10/12/2015	2015 US Fall Executive Audit Quality Event - Managers – Partners (273ZA)	EYUS National	7
10/20/2015	Power-Presence-Purpose Program - Sponsors Workshop (26HX7)	EYUS Area	3
10/20/2015	Power-Presence-Purpose Program - Sponsors Workshop (26HX7)	EYUS Area	3.5
10/20/2015	Power-Presence-Purpose Program - Sponsors Workshop (26HX7)	EYUS Area	1
1/8/2016	2015 Ethics for Virginia CPAs (T6696)	Checkpoint Learning	2
1/11/2016	Assurance Leadership Webcast January 2016 (27G4L)	EYUS National	1.5
1/12/2016	Northeast Region Quality Update - January (27H33)	EYUS National	1.5
1/13/2016	Yellow Book Financial Audits and Attest Engagements (R9441)	Becker Professional Education	3
1/13/2016	Management Accountability & Control in the Government Circular No. A-123 (S0576)	Becker	2
1/14/2016	GAO Standards: Yellow Book (Q9246)	MicroMash	7
1/18/2016	Substantial Stockholders and Record or Beneficial Owners WBL (U1471)	EYUS National	1.5
1/26/2016	GAS and OMB Circular A-133: The EY Way (2015) (R8045)	EYUS National	2.5
1/27/2016	Housing and Urban Development: An Auditing Introduction (R9433)	Becker Professional Education	2
3/8/2016	2016 Private Company Audit Quality Event (27XGW)	EYUS Area	2
4/6/2016	Americas Assurance FY16 Q3 Leadership Webcast (27X5P)	EYUS National	1.5
4/8/2016	Northeast Region Quality Update - April (280O0)	EYUS Area	1.5
4/18/2016	FY 2016 GPS Executive Assurance Training (28DZ3)	EYUS Area	2
4/18/2016	FY 2016 GPS Executive Assurance Training (28DZ3)	EYUS Area	1
4/18/2016	FY 2016 GPS Executive Assurance Training (28DZ3)	EYUS Area	1
4/18/2016	FY 2016 GPS Executive Assurance Training (28DZ3)	EYUS Area	4
5/4/2016	GAS and Uniform Guidance: The EY Way (2016) (V6453)	EYUS National	3
6/1/2016	2016 Executive Audit Quality Event (27UP7)	EYUS Area	0.5
6/1/2016	2016 Executive Audit Quality Event (27UP7)	EYUS Area	7
			79.5
FY2017			
8/18/2016	2016 Completing Documentation and Archiving Webcast WBL (W4312)	EYUS National	1
8/22/2016	Respect at Work: Refresher (W3118)	EYUS National	1.5
10/11/2016	Americas Assurance Quarterly Leadership Webcast October 2016 (28VWT)	EYUS National	1.5
10/18/2016	Engaging Northeast Region Leaders in Our Strategy (28Y8W)	EYUS Area	10.5
11/2/2016	Independence and related ethics 2016 Update: (INDx16US) (X0209)	EYUS National	2
1/2/2017	2016 Ethics for Virginia CPAs (W0082)	Checkpoint Learning	2
4/10/2017	Northeast Region Quality Update - April 2017 (29SL2)	EYUS Area	1

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End date	Title	Vendor	Total
5/2/2017	EY Harvard Leadership Program: Developing and Executing Strategy - Ses... (255TY)	EYUS Global	1.5
5/5/2017	EY Harvard Leadership Program: Module 1 – Developing and Executing Str... (2A09R)	EYUS Area	1.5
5/16/2017	EY Harvard Leadership Program: Module 1 – Developing and Executing Str... (2A0CQ)	EYUS Area	1.5
6/22/2017	FY 2017 Annual Federal Assurance Training (2AJ70)	EYUS Area	1
6/22/2017	FY 2017 Annual Federal Assurance Training (2AJ70)	EYUS Area	7.5
6/22/2017	FY 2017 Annual Federal Assurance Training (2AJ70)	EYUS Area	1
6/27/2017	2017 Spring Executive Audit Quality Event (29OXQ)	EYUS Area	0.5
6/27/2017	2017 Spring Executive Audit Quality Event (29OXQ)	EYUS Area	11
6/27/2017	2017 Spring Executive Audit Quality Event (29OXQ)	EYUS Area	0.5
6/30/2017	2017 Engagement Quality Reviewer Foundation Training (Z3638)	EYUS National	1.5
			47.0
		Grand total	**126.50**

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End date	Title	Vendor	Total
FY2016			
7/8/2015	GASB Review 2015 (27595)	National Association of State Auditors, C&T	2
8/11/2015	AICPA Government Accounting and Auditing Update Conference East (277XF)	AICPA	1.5
8/11/2015	AICPA Government Accounting and Auditing Update Conference East (277XF)	AICPA	4.5
8/11/2015	AICPA Government Accounting and Auditing Update Conference East (277XF)	AICPA	1.5
8/12/2015	The 2015 Office of Management and Budget Compliance Supplement Update (271MZ)	EYUS National	4
8/13/2015	Call to Action: Auditing Management Review Controls (26WKR)	EYUS National	1
9/9/2015	Call to Action: Auditing Management Estimates (276CG)	EYUS Area	1
9/19/2015	Independence and related ethics 2015 Update: (INDx15US) (T5997)	EYUS National	2
9/24/2015	GASB 72 (2779K)	EYUS Area	1
10/1/2015	AICPA Governmental Accounting and Auditing Update Conference West 2015 (27B6W)	AICPA	3
10/1/2015	AICPA Governmental Accounting and Auditing Update Conference West 2015 (27B6W)	AICPA	2.5
10/5/2015	Sustainable Audit Quality (276UD)	EYUS Global	1.5
10/8/2015	BCM Monthly Webcast Government Call 2015 (27AUV)	EYUS Area	2
10/9/2015	2015 US Fall Executive Audit Quality Event - Managers – Partners (273ZA)	EYUS National	1
10/9/2015	2015 US Fall Executive Audit Quality Event - Managers – Partners (273ZA)	EYUS National	6
10/21/2015	AICPA Governmental and Not for Profit Training Program 2015 (27D8P)	AICPA	4
10/21/2015	AICPA Governmental and Not for Profit Training Program 2015 (27D8P)	AICPA	8
10/28/2015	Single Audit roundtable (27E8E)	AICPA	5
10/30/2015	Single Audit Fundamentals, Part2: The Mysteries of Major Program Determination (27L5X)	AICPA	4
11/4/2015	2015 Government & Public Sector Update (27FDK)	EYUS Area	1
11/4/2015	2015 Government & Public Sector Update (27FDK)	EYUS Area	1
11/4/2015	2015 Government & Public Sector Update (27FDK)	EYUS Area	1
11/4/2015	2015 Government & Public Sector Update (27FDK)	EYUS Area	4.5
11/5/2015	EY Health Care Finance Roundtable - 11-5-15 (27FK3)	EYUS Local	4.5
11/5/2015	EY Health Care Finance Roundtable - 11-5-15 (27FK3)	EYUS Local	0.5
11/5/2015	EY Health Care Finance Roundtable - 11-5-15 (27FK3)	EYUS Local	0.5
11/16/2015	Substantial Stockholders and Record or Beneficial Owners (27C74)	EYUS Area	1.5
12/2/2015	CPE Day - FHI 360 (27JN8)	EYUS Local	7.5
12/14/2015	Sampling in a Single Audit Environment (27ED4)	EYUS Area	6
12/15/2015	EY Medical Accommodations Training (27F3T)	EYUS Area	1
1/6/2016	2015 Year End GASB Update (27EM6)	EYUS Area	2
1/11/2016	Assurance Leadership Webcast January 2016 (27G4L)	EYUS National	1.5
1/15/2016	2015 Ethics for Virginia CPAs (T6696)	Checkpoint Learning	2
4/6/2016	Americas Assurance FY16 Q3 Leadership Webcast (27X5P)	EYUS National	1.5
4/18/2016	The Continuing Complexities of Auditing Governmental Pension Plans and... (2819U)	EYUS Area	2
4/20/2016	Single Audit Roundtable (28AC6)	AICPA	5.5
5/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	2.5
5/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	1.5

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End date	Title	Vendor	Total
5/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	1.5
5/18/2016	Uniform Grant Guidelines: Implementation Issues for Management and Auditors (28RYR)	Natl Assc. of State Auditors Comp. & Treas. NASACT	2
5/20/2016	2016 Executive Audit Quality Event (27UP7)	EYUS Area	0.5
5/20/2016	2016 Executive Audit Quality Event (27UP7)	EYUS Area	7
6/8/2016	2016 Completing Documentation and Archiving Webcast (28GMG)	EYUS Area	1
6/14/2016	The 2016 Office of Management and Budget Compliance Supplement Update (28A74)	EYUS National	6
			121
FY2017			
07/11/16	Americas Assurance Quarterly leadership webcast July 11 (28KWC)	EYUS Area	1
08/09/16	AICPA Governmental Accounting and Auditing Update Conference 2016 (28TW6)	AICPA	2.5
08/09/16	AICPA Governmental Accounting and Auditing Update Conference 2016 (28TW6)	AICPA	7.5
08/09/16	AICPA Governmental Accounting and Auditing Update Conference 2016 (28TW6)	AICPA	2
08/18/16	Respect at Work: Refresher (W3118)	EYUS National	1.5
09/08/16	Audit Sampling - Practical Considerations (28TIM)	EYUS National	1
09/13/16	2016 GASB update (28GX3)	EYUS National	2
09/15/16	the New Data Collection Form and Federal Audit Clearinghouse Update (28YDZ)	AICPA	3.5
09/16/16	Independence and related ethics 2016 Update: (INDx16US) (X0209)	EYUS National	2
09/26/16	The New Data Collection Form and Federal Audit Clearinghouse Update (27S7D)	EYUS Area	1.5
09/27/16	Health Technical Update - Boston 27 Sept 2016 (28Z1J)	EYUS National	11.5
10/05/16	Single Audit Roundtable Fall 2016 (28Z7Y)	AICPA	5.5
10/11/16	Americas Assurance Quarterly Leadership Webcast October 2016 (28VWT)	EYUS National	1.5
10/11/16	IN FOCUS: Update on GASB's Fiduciary Activities Project (28ZRI)	GASB	1.5
10/13/16	BCM 2016 Government Webcast (28Z5E)	EYUS Area	2
10/20/16	2016 Governmental and Not for Profit Training Program (290XP)	AICPA	7
10/20/16	2016 Governmental and Not for Profit Training Program (290XP)	AICPA	2
11/08/16	GASB's Fair Value Standard: Accounting and Auditing Considerations (28ZWM)	EYUS Area	1.5
11/29/16	Commonly asked questions about the Uniform Guidance and Government Aud... (291WX)	EYUS Area	6
12/02/16	2016 Ethics for Virginia CPAs (W0082)	Checkpoint Learning	2
12/09/16	Accounting Updates (299FG)	EYUS National	6
12/09/16	Accounting Updates (299FG)	EYUS National	1
12/09/16	Accounting Updates (299FG)	EYUS National	2
01/09/17	Americas Assurance Quarterly Leadership Webcast January 2017 (2962P)	EYUS National	1
01/11/17	Individual Income Tax: Overview (U9703)	Checkpoint Learning	4
02/20/17	Individual Income Tax: Itemized Deductions (V6606)	Checkpoint Learning	4
02/28/17	Government & Public Sector Webcast Series February 2017 (29K73)	EYUS Global	1
03/09/17	BCM Monthly Webcast - March 2017 (29Q19)	EYUS Area	1
03/22/17	2017 Revenue Recognition Audit Readiness Program (29NSE)	EYUS Area	1.5
03/30/17	Q1 2017 financial reporting update (29KMX)	EYUS National	1.5
04/05/17	Americas Assurance leadership Webcast April 2017 (29NL3)	EYUS National	1.5
04/10/17	Northeast Region Quality Update - April 2017 (29SL2)	EYUS Area	1

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John Good, CPA

Engagement Technical Advisor Executive Director, Ernst & Young LLP

End date	Title	Vendor	Total
05/01/17	Northeast Region Quality Q1 Update (Part 2) (29WTN)	EYUS Area	1
05/07/17	2017 Uniform Guidance Government and Public Sector Not-for-Profit and ... (29M28)	EYUS National	2
05/23/17	Audit considerations related to the new leases standard (29ZE1)	EYUS National	1
05/31/17	Corporate governance essentials to advance your boardroom discussions (2A13M)	EYUS Area	1
06/08/17	2017 OMB Compliance Supplement and SIngle Audit Update (2ALPA)	AICPA	3
06/12/17	2017 State and Local Government Financial Statement Audit Planning Con... (2A78L)	EYUS Area	6
06/22/17	The 2017 Office of Management and Budget Compliance Draft Supplement Update (2ABC4)	EYUS Area	6
			110.50
		Grand total	**231.50**

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Maureen Wood, CPA

Assurance Executive Director, Ernst & Young LLP

End date	Title	Vendor	Total
FY2016			
8/11/2015	Central Assurance Quality Update - August 2015 (26ZJQ)	EYUS Area	1.5
8/12/2015	The 2015 Office of Management and Budget Compliance Supplement Update (271MZ)	EYUS National	2
8/26/2015	Call to Action: Auditing Management Review Controls (26WKR)	EYUS National	1
9/10/2015	Health Care Technical Update September 2015 (2771M)	EYUS Area	1
9/22/2015	Call to Action: Auditing Management Estimates (276CG)	EYUS Area	1
10/5/2015	Sustainable Audit Quality (276UD)	EYUS Global	1.5
10/26/2015	Leadership Matters (20RC5)	EYUS National	8
11/8/2015	Independence and related ethics 2015 Update: (INDx15US) (T5997)	EYUS National	2
11/9/2015	Central Assurance Quality Update - November 2015 (27APS)	EYUS Area	1.5
11/11/2015	2015 US Fall Executive Audit Quality Event - Managers – Partners (273ZA)	EYUS National	1
11/11/2015	2015 US Fall Executive Audit Quality Event - Managers – Partners (273ZA)	EYUS National	7
11/12/2015	Accounting for pension and other postretirement benefits: Year-end rem... (279SU)	EYUS Area	1
11/16/2015	Substantial Stockholders and Record or Beneficial Owners (27C74)	EYUS Area	1.5
11/19/2015	Health Care Technical update November 2015 (27ECT)	EYUS Area	1
12/14/2015	Sampling in a Single Audit Environment (27ED4)	EYUS Area	2
12/15/2015	EY Medical Accommodations Training (27F3T)	EYUS Area	1
12/17/2015	EY Q4 2015 Financial Reporting Update (27HM3)	EYUS National	1.5
1/11/2016	Assurance Leadership Webcast January 2016 (27G4L)	EYUS National	1.5
1/14/2016	News you can use January 2016 (27N9E)	EYUS Area	0.5
1/14/2016	News you can use January 2016 (27N9E)	EYUS Area	0.5
2/11/2016	The Impact of the New OMB Uniform Guidance on Federal Grant Recipients... (27UIM)	EYUS Area	2
3/2/2016	EY Exempt Organization Roundtable (Ohio) (28NY3)	EYUS Area	1.5
3/8/2016	US Health Technical Update March 2016 (280ZN)	EYUS Area	1
4/14/2016	Central Assurance Quality Update April 2016 (281SC)	EYUS Area	1.5
4/26/2016	EBP 2016 Accounting & Auditing Update (27XS5)	EYUS National	2.5
5/5/2016	EBP Accounting Simplifications (ASU 2015-12) (27XS9)	EYUS National	1
5/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	0.5
5/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	2.5
5/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	4.5
5/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	2.5
5/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	2.5
6/1/2016	Performing a Government Auditing Standards and Uniform Guidance Audit (283HS)	EYUS National	9
6/9/2016	Performing a Government Auditing Standards and Uniform Guidance Audit (283HS)	EYUS National	9
6/14/2016	The 2016 Office of Management and Budget Compliance Supplement Update (28A74)	EYUS National	2
6/15/2016	2016 Completing Documentation and Archiving Webcast (28GMG)	EYUS Area	1
6/27/2016	2016 Executive Audit Quality Event (27UP7)	EYUS Area	0.5

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Maureen Wood, CPA

Assurance Executive Director, Ernst & Young LLP

End date	Title	Vendor	Total
6/27/2016	2016 Executive Audit Quality Event (27UP7)	EYUS Area	7
6/28/2016	EQR Foundation Training - 2016 (27XT8)	EYUS National	4.5
			93
FY2017			
7/7/2016	Health Care Technical Update July 2016 (28Q4P)	EYUS Area	1
8/11/2016	Central Assurance Quality Update August 2016 (28SJR)	EYUS Area	1.5
8/31/2016	Respect at Work: Refresher (W3118)	EYUS National	1.5
9/19/2016	Central Assurance Quality Update September 2016 (28SSR)	EYUS Area	1.5
9/26/2016	The New Data Collection Form and Federal Audit Clearinghouse Update (27S7D)	EYUS Area	1.5
10/11/2016	Americas Assurance Quarterly Leadership Webcast October 2016 (28VWT)	EYUS National	1.5
11/3/2016	Accounting for pension and other postretirement benefits: Year-end rem... (25LFQ)	EYUS Area	1.5
11/8/2016	Counselor Excellence Awareness for Experienced Counselors (2908T)	EYUS National	1
11/9/2016	Independence and related ethics 2016 Update: (INDx16US) (X0209)	EYUS National	2
11/9/2016	Central Assurance Quality Update November 2016 (28YCL)	EYUS Area	1.5
11/29/2016	Commonly asked questions about the Uniform Guidance and Government Aud... (291WX)	EYUS Area	2
12/15/2016	BCM 2016 Government Webcast (28Z5E)	EYUS Area	1.5
1/9/2017	Americas Assurance Quarterly Leadership Webcast January 2017 (2962P)	EYUS National	1
1/11/2017	Central Assurance Quality Update - January 2017 (293PN)	EYUS Area	2
3/9/2017	US Health Technical Update March 2017 (29NO9)	EYUS Area	1
3/30/2017	Q1 2017 financial reporting update (29KMX)	EYUS National	1.5
4/3/2017	Central Assurance Quality Matters webcast April 2017 (29MF7)	EYUS Area	1.5
4/26/2017	EBP 2017 Accounting & Auditing Update (29LC0)	EYUS National	2
5/5/2017	2017 Spring Executive Audit Quality Event (29OXQ)	EYUS Area	0.5
5/5/2017	2017 Spring Executive Audit Quality Event (29OXQ)	EYUS Area	11
5/5/2017	2017 Spring Executive Audit Quality Event (29OXQ)	EYUS Area	0.5
5/12/2017	2017 Uniform Guidance Government and Public Sector Not-for-Profit and ... (29M28)	EYUS National	3
5/12/2017	2017 Uniform Guidance Government and Public Sector Not-for-Profit and ... (29M28)	EYUS National	1
5/12/2017	2017 Uniform Guidance Government and Public Sector Not-for-Profit and ... (29M28)	EYUS National	15
5/12/2017	2017 Uniform Guidance Government and Public Sector Not-for-Profit and ... (29M28)	EYUS National	6
5/12/2017	2017 Uniform Guidance Government and Public Sector Not-for-Profit and ... (29M28)	EYUS National	4.5
5/16/2017	EBP Tax Status Considerations (29LC3)	EYUS National	1
5/23/2017	Audit considerations related to the new leases standard (29ZE1)	EYUS National	1
6/22/2017	The 2017 Office of Management and Budget Compliance Draft Supplement Update (2ABC4)	EYUS Area	2
			72.5
		Grand total	**165.50**

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William (Bill) Schlegel, CISA, CRP

Financial Audit IT Executive Director, Ernst & Young LLP

End date	Title	Vendor	Total
FY2016			
07/20/2015	Practical Contracting for EY Advisory Engagement Leaders (265EQ)	EYUS National	3.50
07/24/2015	FAIT Integration (26V6Y)	EYUS National	8.50
08/05/2015	Cyber Primer for FAIT Delivery Personnel (272PR)	EYUS Area	1.00
08/06/2015	2015 SOCR Executive Workshop (26SJN)	EYUS National	11.00
08/07/2015	ADA Brand Activation SF Event - August 2015 (272ZW)	EYUS Area	1.50
08/13/2015	Call to Action: Auditing Management Review Controls (26WKR)	EYUS National	1.00
08/27/2015	2015 Central Region PPEDD Retreat (276YJ)	EYUS Area	4.50
08/27/2015	2015 Central Region PPEDD Retreat (276YJ)	EYUS Area	7.50
09/08/2015	Understanding and Auditing Hyperion Financial Management (HFM) (273ZL)	EYUS Area	1.50
09/30/2015	Americas Advisory - Fall FAIT Integration Webcast (277GM)	EYUS Area	1.50
10/06/2015	Independence and related ethics 2015 Update: (INDx15US) (T5997)	EYUS National	2.00
10/12/2015	Powering Advisory's Profitable Growth (T6351)	EYUS National	1.50
11/16/2015	ISACA Pittsburgh Information Security Awareness Day (27H79)	ISACA	8.00
11/19/2015	2015 EY Pittsburgh Accounting and Tax Update (27DQ0)	EYUS National	1.00
11/19/2015	2015 EY Pittsburgh Accounting and Tax Update (27DQ0)	EYUS National	1.00
12/02/2015	Americas Advisory Fall FAIT Community of Interest (COI) Webcast (27DXJ)	EYUS Area	1.00
12/15/2015	EY Medical Accommodations Training (27F3T)	EYUS Area	1.00
12/16/2015	L Brands CPE Presentation (27Q9U)	EYUS Local	0.50
12/16/2015	L Brands CPE Presentation (27Q9U)	EYUS Local	3.00
12/16/2015	L Brands CPE Presentation (27Q9U)	EYUS Local	2.50
03/01/2016	Cybersecurity – Introduction (T5200)	EYUS National	2.00
03/01/2016	EY Global Benchmarking 1hr Essentials (27RH8)	EYUS Area	1.00
04/01/2016	2016 IT AQR Reviewer Training (27YO6)	EYUS Global	1.50
04/12/2016	Pittsburgh ISACA -Spring Seminar - Cyber Security & Emerging Risks (28B4C)	ISACA	8.00
04/12/2016	Pittsburgh ISACA -Spring Seminar - Cyber Security & Emerging Risks (28B4C)	ISACA	8.00
04/14/2016	Service Quality Training for Engagement Teams (26GK8)	EYUS Local	3.50
04/15/2016	Executing a CPM Assessment Bootcamp (28BZZ)	EYUS Area	22.00
05/25/2016	Exceptional Client Service: A Roadmap for Audit Teams (254SB)	EYUS Area	4.50
06/07/2016	2016 Executive Audit Quality Event (27UP7)	EYUS Area	0.50
06/07/2016	2016 Executive Audit Quality Event (27UP7)	EYUS Area	7.00
06/08/2016	2016 Completing Documentation and Archiving Webcast (28GMG)	EYUS Area	1.00
06/17/2016	Executing a CPM Assessment Bootcamp (28BZZ)	EYUS Area	13.00
			135
FY2017			
07/20/2016	Enhancing our Cyber Competency in Risk (28BG2)	EYUS Area	2.00
07/27/2016	Financial Audit IT (FAIT) Integration 2016 – Executives (28CUB)	EYUS National	4.50
07/28/2016	Service Organization Control Reporting (SOCR) for Executives (2871N)	EYUS Global	6.50
08/23/2016	Respect at Work: Refresher (W3118)	EYUS National	1.50
08/31/2016	National SOCR Virtual Town Hall (28T67)	EYUS National	2.00
09/13/2016	2016 IT-related Audit Matters (W7881)	EYUS National	1.00
09/27/2016	Independence and related ethics 2016 Update: (INDx16US) (X0209)	EYUS National	2.00
10/04/2016	Cybersecurity - Identity and Access Management (V7499)	EYUS National	1.00
11/17/2016	Taking Charge of Your Cyber Agenda (291TO)	EYUS National	1.00
12/19/2016	2016 L Brands Inc. Corporate Year-end Update (29A5J)	EYUS Local	0.50

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William (Bill) Schlegel, CISA, CRP
Financial Audit IT Executive Director, Ernst & Young LLP

End date	Title	Vendor	Total
12/19/2016	2016 L Brands Inc. Corporate Year-end Update (29A5J)	EYUS Local	3.00
12/19/2016	2016 L Brands Inc. Corporate Year-end Update (29A5J)	EYUS Local	2.50
01/23/2017	NEO-PIT IA Summit (29HFB)	EYUS Area	5.50
02/27/2017	IAM Strategy and Governance (29ZWU)	The Madray Group	1.00
05/19/2017	Service Quality Training for Engagement Teams (26GK8)	EYUS Local	7.00
			41.00
		Grand total	**176.00**

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Kevin Wasko, CISA, CRP

Financial Audit IT Senior Manager, Ernst & Young LLP

End date	Title	Vendor	Total
FY2016			
6/25/2015	2015 US Executive Audit Quality Event (26GD5)	EYUS Area	0.5
6/25/2015	2015 US Executive Audit Quality Event (26GD5)	EYUS Area	8
7/21/2015	2015 FAIT Integration Course - Train the Trainer (26XMS)	EYUS Global	1
7/22/2015	2015 SOCR Executive Workshop (26SJN)	EYUS National	11
7/24/2015	FAIT Integration (26V6Y)	EYUS National	1.5
7/27/2015	FAIT Integration (26V6Y)	EYUS National	12
7/29/2015	FAIT Integration (26V6Y)	EYUS National	12.5
8/5/2015	Cyber Primer for FAIT Delivery Personnel (272PR)	EYUS Area	1
8/6/2015	EY Canvas Launch Event (26AKM)	EYUS Area	6.5
9/16/2015	Call to Action: Auditing Management Review Controls (26WKR)	EYUS National	1
9/30/2015	Americas Advisory - Fall FAIT Integration Webcast (277GM)	EYUS Area	1.5
10/19/2015	Go To Market Simulation (27CC3)	EYUS Global	6
10/20/2015	Americas Global NextGen (Year 2) (27CIH)	EYUS Global	4
10/20/2015	Americas Global NextGen (Year 2) (27CIH)	EYUS Global	4
11/4/2015	Independence and related ethics 2015 Update: (INDx15US) (T5997)	EYUS National	2
11/16/2015	Information Security Awareness Conference (27L7O)	ISACA	8
11/19/2015	2015 EY Pittsburgh Accounting and Tax Update (27DQ0)	EYUS National	1
11/19/2015	2015 EY Pittsburgh Accounting and Tax Update (27DQ0)	EYUS National	1
11/19/2015	2015 EY Pittsburgh Accounting and Tax Update (27DQ0)	EYUS National	2
12/2/2015	Americas Advisory Fall FAIT Community of Interest (COI) Webcast (27DXJ)	EYUS Area	1
12/7/2015	Life Science 102 (27GNW)	EYUS Area	1.5
12/9/2015	Life Sciences TAS Quarterly Earnings and Transactions Update December 2015 (27IM3)	EYUS Area	1
3/2/2016	IBM Watson Health Webinar (284JA)	EYUS Area	1
4/14/2016	Service Quality Training for Engagement Teams (26GK8)	EYUS Local	4.5
5/25/2016	Exceptional Client Service: A Roadmap for Audit Teams (254SB)	EYUS Area	4.5
6/7/2016	2016 Executive Audit Quality Event (27UP7)	EYUS Area	0.5
6/7/2016	2016 Executive Audit Quality Event (27UP7)	EYUS Area	7
6/15/2016	2016 Completing Documentation and Archiving Webcast (28GMG)	EYUS Area	1
			106.50
FY2017			
7/29/2016	RA100: Financial Audit IT (FAIT) Foundations (28BQG)	EYUS Area	47.5
8/2/2016	Financial Audit IT (FAIT) Integration 2016 – Executives (28CUB)	EYUS National	4.5
8/23/2016	Respect at Work: Refresher (W3118)	EYUS National	1.5
9/22/2016	2016 IT-related Audit Matters (W7881)	EYUS National	1
10/24/2016	Independence and related ethics 2016 Update: (INDx16US) (X0209)	EYUS National	2
11/2/2016	Mylan 2016 IA CPE Session (29AHT)	EYUS Area	1
11/2/2016	Mylan 2016 IA CPE Session (29AHT)	EYUS Area	1
11/2/2016	Mylan 2016 IA CPE Session (29AHT)	EYUS Area	1
11/10/2016	2016 EY Pittsburgh Corporate Year-End Update (291JC)	EYUS Area	1
11/10/2016	2016 EY Pittsburgh Corporate Year-End Update (291JC)	EYUS Area	1
11/10/2016	2016 EY Pittsburgh Corporate Year-End Update (291JC)	EYUS Area	1
11/10/2016	2016 EY Pittsburgh Corporate Year-End Update (291JC)	EYUS Area	1
11/14/2016	Counselor Excellence Awareness for Experienced Counselors (2908T)	EYUS National	1

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Kevin Wasko, CISA, CRP

Financial Audit IT Senior Manager, Ernst & Young LLP

End date	Title	Vendor	Total
11/17/2016	2016 Corporate Reporting Update (297IZ)	EYUS Local	4.5
12/8/2016	2016 EY Kansas City Corporate Year-End Update (294XC)	EYUS Local	7.5
1/23/2017	NEO-PIT IA Summit (29HFB)	EYUS Area	5.5
4/27/2017	Trends and Leading Practices for Data Analytics in Auditing (29LZY)	EYUS Local	2
5/19/2017	Mylan Conference (2AAN6)	EYUS Local	1
5/19/2017	Mylan Conference (2AAN6)	EYUS Local	1
5/19/2017	Mylan Conference (2AAN6)	EYUS Local	4
5/22/2017	Pittsburgh ISACA Meeting & Luncheon (2AH2Z)	ISACA	1
5/31/2017	Ecolab Internal Audit Data Analytics Training Session 1 (2AJWY)	EYUS Area	10.5
6/22/2017	Service Organization Control Reporting (SOCR) for Executives (29XDK)	EYUS Global	6.5
6/27/2017	Institute of Internal Auditors: Data Analytics User Group (2AH2W)	The Institute of Internal Auditors (IIA)	2
			110
		Grand total	**216.50**

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David (Dave) Phillips, CPA

Tax Executive Director, Ernst & Young LLP

End date	Title	Vendor	Total
FY2016			
7/10/2015	Financial Services Tax July 10, 2015 (272JK)	EYUS Area	1
7/31/2018	Financial Services Tax July 31, 2015 (27542)	EYUS Area	1
8/7/2015	Financial Services Tax - August 7, 2015 (275T7)	EYUS Area	1
8/11/2015	International tax talk quarterly series-August 2015 (274GM)	EYUS Area	1.5
8/28/2015	Financial Services Tax August 28 2015 (277U5)	EYUS Area	1
10/8/2015	BCM Monthly Webcast Government Call 2015 (27AUV)	EYUS Area	2
10/27/2015	EY Canvas (T4135)	EYUS Area	1
11/6/2015	Financial Services Tax November 6, 2015 (27EWD)	EYUS Area	1
11/9/2015	Independence and related ethics 2015 Update: (INDx15US) (T5997)	EYUS National	2
11/19/2015	2015 Corporate Reporting Update (27JL3)	EYUS Local	3
11/20/2015	Financial Services Tax, November 20, 2015 (27GHO)	EYUS Area	1
12/3/2015	2015 Annual Update: ICFR For Reviewing Tax Professionals (T9773)	EYUS National	1
12/7/2015	Channel 1 PreBusy Season Tax Training - 2015 (27CAI)	EYUS National	1.5
12/18/2015	2015 Annual Update: US GAAP (T9462)	EYUS National	1.5
12/18/2015	2015 Annual -- Update : /FRS (U0777)	EYUS National	1.5
1/15/2016	Financial Services Tax (2709G)	EYUS Area	1
4/1/2016	Financial Services Tax April 1, 2016 (286BQ)	EYUS Area	1
4/7/2016	2016 AQR Tax Reviewer Training (28271)	EYUS Area	1
5/3/2016	Family Office Megatrends: Insights Into Risk Operations and Technology (288HI)	EYUS National	1.5
6/8/2016	ETU 2016 Not IRS Credit No Internal A&A (28LY1)	EYUS National	3
6/8/2016	ETU 2016 (Federal Tax Law Sessions) (BFHCH-T- 00437-16-I) with Internal A&A (28LY9)	EYUS National	1.5
6/8/2016	ETU 2016 Not IRS Credit with Internal A&A (28LY2)	EYUS National	1.5
6/8/2016	ETU 2016 Not IRS Credit No Internal A&A (28LY1)	EYUS National	2
6/8/2016	ETU 2016 ASC 740 Breakout Not IRS Credit No Internal A&A (28LZR)	EYUS National	1.5
6/8/2016	ETU 2016 Not IRS Credit No Internal A&A (28LY1)	EYUS National	2
6/8/2016	ETU 2016 Not IRS Credit No Internal A&A (28LY1)	EYUS National	1.5
6/28/2016	Financial Services Tax June 28, 2016 (280NL)	EYUS Area	1
			39.5
FY2017			
8/9/2016	2016 Completing Documentation and Archiving Webcast (28GMG)	EYUS Area	1
8/23/2016	Fraud Considerations for TARAS Webcast (2805C)	EYUS Area	1.5
9/23/2016	Respect at Work: Refresher (W3118)	EYUS National	1.5
10/7/2016	Financial Services Tax October 7, 2016 (28XF)	EYUS Area	1
10/21/2016	Financial Services Tax October 21, 2016 (28ZWF)	EYUS Area	1
11/1/2016	Independence and related ethics 2016 Update: (INDx16US) (X0209)	EYUS National	2
11/3/2016	2016 Annual Update: Global Audit Methodology for reviewing tax profess. (X0779)	EY Global	0.5
11/3/2016	2016 Annual Update: Global Audit Methodology for reviewing tax profess (X0779)	EY Global	0.5
11/4/2016	Financial Services Tax, November 4, 2016 (290T2)	EYUS Area	1
11/4/2016	2016 Annual Update: IFRS for reviewing tax professionals (X0785)	EYUS National	1
11/7/2016	2016 Annual Update: US GAAP for reviewing tax professionals (X0786)	EYUS National	1
11/10/2016	2016 Annual Update : Internal controls for reviewing tax professionals (X0778)	EY Global	1.5

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David (Dave) Phillips, CPA

Tax Executive Director, Ernst & Young LLP

11/11/2016	Financial Services Tax - November 11, 2016 (292DU)	EYUS Area	1
11/15/2016	2016 KeyCorp Technical Update (296FF)	EYUS Local	7.5
11/17/2016	2016 Corporate Reporting Update (2971Z)	EYUS Local	3.5
11/29/2016	2016 Pre-Busy Season Tax Training (2913K)	EYUS Area	1.5
12/1/2016	Impact of Potential Tax Reform on Banking and Capital Markets (295MW)	EYUS National	1
2/23/2017	House Blueprint Modeling and Scenario Planning (29JNL)	EYUS National	1.5
3/10/2018	Financial Services Tax - March 10, 2017 (29PD4)	EYUS Area	1
3/23/2017	2017 AQR Tax Reviewer Training (29SRY)	EYUS National	1.5
3/23/2017	FSO Tax BCM March Learning Session (29M0K)	EYUS Area	1
3/31/2017	Financial Services Tax - March 31, 2017 (29SBS)	EYUS Area	1
4/28/2017	Financial Services Tax April 28, 2017 (29XC4)	EYUS National	1
5/5/2017	Financial Services Tax May 5, 2017 (2A1CV)	EYUS Area	1
6/13/2017	ETU 2017 Not IRS Credit No Internal A&A (2AF62)	EYUS National	2.5
6/13/2017	ETU 2017 Not IRS Credit No Internal A&A (2AF62)	EYUS National	8
6/14/2017	ETU 2017 (Federal Tax Law Update Sessions) (8FHCH-U-00521-17-I) with I... (2AENL)	EYUS National	1.5
6/14/2017	ETU 2017 (Federal Tax Law Update Sessions) (8FHCH-T-00518-17-I) with A&A (2AENR)	EYUS National	1.5
6/14/2017	ETU 2017 IFRS Breakout Not IRS Credit No Internal A&S (2AFCI)	EYUS National	1.5
6/14/2017	ETU 2017 Not IRS Credit with Internal A&A (2AF99)	EYUS National	3
6/19/2017	EBP 2017 Accounting & Auditing Update Webcast e-Learning (Y9929)	EYUS National	2
6/19/2017	EBP Tax Qualification Review Training Webcast WBL (Q2289)	EYUS National	2
6/23/2017	Financial Services Tax June 23, 2017 (2A9NN)	EYUS Area	1
6/30/2017	Financial Services Tax June 30, 2017 (2AFIN)	EYUS Area	1
			60
		Grand total	**99.5**

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Darrell Knapp

Consulting Actuary Executive Director, Ernst & Young LLP

End date	Title	Vendor	Total
FY2016			
07/31/2015	Fireside Chat Financial Reporting (276BV)	EYUS Local	1.00
08/04/2015	2015 IAAS Academy (2740I)	EYUS Area	12.50
08/07/2015	ADA Brand Activation SF Event - August 2015 (272ZW)	EYUS Area	1.50
08/28/2015	Centene Statutory Accounting Learning (279U2)	EYUS Area	15.00
10/30/2015	Independence and related ethics 2015 Update: (INDx15US) (T5997)	EYUS National	2.00
11/16/2015	Carolinas Insurance Year-End Update (27G4R)	EYUS Area	0.50
11/16/2015	Carolinas Insurance Year-End Update (27G4R)	EYUS Area	2.00
11/16/2015	Carolinas Insurance Year-End Update (27G4R)	EYUS Area	3.00
11/30/2015	Audit for Actuaries (27HRE)	EYUS Area	2.00
12/02/2015	IAAS Health Meeting 12-02-15 (28G2A)	EYUS Local	6.00
12/02/2015	IAAS Health Meeting 12-02-15 (28G2A)	EYUS Local	7.50
02/26/2016	Fireside Chat for Financial Reporting 2-26-2016 (281ZF)	EYUS Local	1.00
03/01/2016	Powering Advisory's Profitable Growth(T6351)	EYUS National	1.50
03/02/2016	IBM Watson Health Webinar (284JA)	EYUS Area	1.00
03/30/2016	Introduction to Counseling at EY (P4690)	EYUS National	0.50
03/30/2016	Introduction to Counseling at EY (P4690)	EYUS National	1.00
03/31/2016	FSO Counselor Foundations Certification (27ON4)	EYUS Area	1.00
04/06/2016	Fireside Chat for Financial Reporting 4/6/2016 (28780)	EYUS Local	1.00
04/14/2016	Giving Feedback (Q1219)	SkillSoft	1.00
04/19/2016	Service Quality Training for Engagement Teams (26GK8)	EYUS Local	4.50
04/26/2016	IAAS PC / LH Quality Technical Call (28CWB)	EYUS Local	1.50
04/26/2016	Your Role as a Counselor at EY (P5335)	EYUS National	0.50
04/26/2016	Your Role as a Counselor at EY (P5335)	EYUS National	1.00
04/29/2016	Business Coaching: Getting Ready to Coach (Q1143)	SkillSoft	1.00
05/06/2016	IAAS Health Actuaries Meeting on 5-06-16 (28GJ4)	EYUS Local	9.00
05/06/2016	IAAS Health Actuaries Meeting on 5-06-16 (28GJ4)	EYUS Local	7.50
			86.0
FY2017			
08/02/2016	2016 IAAS Academy (28QHJ)	EYUS Area	13.50
08/02/2016	2016 IAAS Academy (28QHJ)	EYUS Area	1.00
08/18/2016	Centene Statutory Accounting Training 2016 (28W8M)	EYUS Area	12.00
09/27/2016	Respect at Work: Refresher (W3118)	EYUS National	1.50
10/11/2016	Audit for Actuaries Annual Update 2016 (28YEL)	EYUS Area	2.00
10/11/2016	FSO Insurance PPED Meeting (2905R)	EYUS Area	9.50
10/24/2016	Independence and related ethics 2016 Update: (INDx16US) (X0209)	EYUS National	2.00
11/17/2016	Fireside Chat for Financial Reporting 11/17/16 (2961L)	EYUS Local	1.00
12/09/2016	IAAS Health Meeting 12-09-16 (29CPF)	EYUS Local	10.50
12/09/2016	IAAS Health Meeting 12-09-16 (29CPF)	EYUS Local	7.50
12/12/2016	Global Health Quarterly All- Hands Webcast (291XX)	EYUS Global	1.50
04/10/2017	2017 Revenue Recognition Audit Readiness Program (29NSE)	EYUS Area	1.50
04/18/2017	Trump's First 100 Days: Health and Life Sciences (29VGA)	EYUSNational	1.00
05/16/2017	IAAS Health Meeting 05-16-17 (2A7P3)	EYUS Area	11.00
05/16/2017	IAAS Health Meeting 05-16-17 (2A7P3)	EYUS Area	9.00
05/23/2017	Duke CPE Day (2A7C4)	EYUS Local	9.00
06/22/2017	IAAS Quality Update Webex – EQR Findings (2AHS2)	EYUS Local	1.00
			94.50
		Grand total	**180.50**

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Gerald (Chip) Johnson, CPG

Climate Change and Sustainability Services Senior Manager, Ernst & Young LLP

End date	Title	Vendor	Total
FY2016			
7/21/2015	CCaSS Executive Meeting and Learning Event: Building a Culture of Prof... (275O1)	EYUS Area	2
7/21/2015	CCaSS Executive Meeting and Learning Event: Building a Culture of Prof... (275O1)	EYUS Area	1
7/21/2015	CCaSS Executive Meeting and Learning Event: Building a Culture of Prof... (275O1)	EYUS Area	2
7/21/2015	CCaSS Executive Meeting and Learning Event: Building a Culture of Prof... (275O1)	EYUS Area	4
8/12/2015	CCaSS All-Hands Meeting and Learning Event - 2015 (279A3)	EYUS Area	2
8/12/2015	CCaSS All-Hands Meeting and Learning Event - 2015 (279A3)	EYUS Area	7.5
8/12/2015	CCaSS All-Hands Meeting and Learning Event - 2015 (279A3)	EYUS Area	4
8/12/2015	CCaSS All-Hands Meeting and Learning Event - 2015 (279A3)	EYUS Area	4.5
8/12/2015	CCaSS All-Hands Meeting and Learning Event - 2015 (279A3)	EYUS Area	3.5
8/13/2015	CCaSS Environmental Liability or ARO Estimates on EYs Financial Audits... (27LGP)	EYUS National	9.5
9/17/2015	Call to Action: Auditing Management Estimates (276CG)	EYUS Area	1
9/25/2015	Americas Mining and Metals Forum 2015 (27B3A)	EYUS National	4
9/25/2015	Americas Mining and Metals Forum 2015 (27B3A)	EYUS National	4.5
9/25/2015	Americas Mining and Metals Forum 2015 (27B3A)	EYUS National	4
10/28/2015	Independence and related ethics 2015 Update: (INDx15US) (T5997)	EYUS National	2
4/6/2016	Americas Assurance FY16 Q3 Leadership Webcast (27X5P)	EYUS National	1.5
4/19/2016	Sustainable Transformation Service Methodology (286CB)	EYUS National	1.5
5/2/2016	Lean Principles and Six Sigma Projects (S9964)	SkillSoft	3.5
5/19/2016	News You Can Use May 2016 (28BOD)	EYUS Area	0.5
5/19/2016	News You Can Use May 2016 (28BOD)	EYUS Area	0.5
			63.0
FY2017			
7/11/2016	Americas Assurance Quarterly leadership webcast July 11 (28KWC)	EYUS Area	1
8/8/2016	EY and the power of you: Taking control of your career (28SXT)	EYUS Area	1.5
9/15/2016	Americas CCaSS Annual Meeting and Learning Event (28YMS)	EYUS National	1.5
9/15/2016	Americas CCaSS Annual Meeting and Learning Event (28YMS)	EYUS National	1
9/15/2016	Americas CCaSS Annual Meeting and Learning Event (28YMS)	EYUS National	7
9/15/2016	Americas CCaSS Annual Meeting and Learning Event (28YMS)	EYUS National	0.5
9/15/2016	Americas CCaSS Annual Meeting and Learning Event (28YMS)	EYUS National	3
9/15/2016	Americas CCaSS Annual Meeting and Learning Event (28YMS)	EYUS National	3.5
10/11/2016	Americas Assurance Quarterly Leadership Webcast October 2016 (28VWT)	EYUS National	1.5
10/12/2016	Independence and related ethics 2016 Update: (INDx16US) (X0209)	EYUS National	2
1/27/2017	TAS/FIDS/FAAS/CCASS Workshop (2A3F9)	EYUS National	3
2/13/2017	Americas FAAS Foundations (27CAH)	EYUS Area	0.5
2/13/2017	Americas FAAS Foundations (27CAH)	EYUS Area	0.5
2/13/2017	Americas FAAS Foundations (27CAH)	EYUS Area	3
2/13/2017	Americas FAAS Q&RM Training (2832M)	EYUS Area	4.5
2/14/2017	Developing the FAAS Mindset - 2016 (28RS5)	EYUS National	5.5
2/14/2017	Developing the FAAS Mindset - 2016 (28RS5)	EYUS National	2
2/15/2017	Sustainabilty Attestation Engagement Training (29QF6)	EYUS Area	9.5

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Gerald (Chip) Johnson, CPG

Climate Change and Sustainability Services Senior Manager, Ernst & Young LLP

End date	Title	Vendor	Total
3/15/2017	Supply chain and sustainabillty (29QE9)	EYUS Area	1
4/5/2017	Americas Assurance leadership Webcast April 2017 (29NL3)	EYUS National	1.5
			53.5
		Grand total	**116.50**

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Jeannette Kunz, CPA

Assurance Senior Manager, Ernst & Young LLP

End date	Title	Vendor	Total
FY2016			
07/13/2015	Preparing for Q2 Audit Committee Meetings (26V44)	EYUS National	1.50
07/13/2015	EY Canvas Launch Event (26AKM)	EYUS Area	8.00
08/11/2015	Central Assurance Quality Update - August 2015 (26ZJQ)	EYUS Area	1.50
08/12/2015	The 2015Office of Management and Budget Compliance Supplement Update (271MZ)	EYUS National	1.00
08/13/2015	Call to Action: Auditing Management Review Controls (26WKR)	EYUS National	1.00
09/17/2015	Call to Action: Auditing Management Estimates (276CG)	EYUS Area	1.00
10/05/2015	Sustainable Audit Quality (276UD)	EY US Global	1.50
11/01/2015	Independence and related ethics 2015 Update: (INDx15US) (T5997)	EYUS National	2.00
11/09/2015	Central Assurance Quality Update – November 2015 (27APS)	EYUS Area	1.50
11/11/2015	2015 US Fall Executive Audit Quality Event - Managers – Partners (273ZA)	EYUS National	5.00
11/16/2015	Substantial Stockholders and Record or Beneficial Owners(27C74)	EYUS Area	1.50
12/14/2015	Sampling in a Single Audit Environment (27ED4)	EYUS Area	2.00
01/07/2016	Central Assurance Quality Update - January 2016 (27FSD)	EYUS Area	1.50
01/11/2016	Assurance Leadership Webcast January 2016 (27G4L)	EYUS National	1.00
02/11/2016	The Impact of the New OMB Uniform Guidance on Federal Grant Recipients... (27UIM)	EYUS Area	2.00
04/06/2016	Americas Assurance FY16 Q3 Leadership Webcast (27X5P)	EYUS National	1.50
04/14/2016	Central Assurance Quality Update April 2016 (281SC)	EYUS Area	1.50
04/26/2016	EBP 2016 Accounting & Auditing Update (27XS5)	EYUS National	2.00
05/13/2016	GAS and Uniform Guidance: The EY Way (2016) (V6453)	EYUS National	3.00
05/17/2016	2016 Executive Audit Quality Event (27UP7)	EYUS Area	0.50
05/17/2016	2016 Executive Audit Quality Event (27UP7)	EYUS Area	7.00
06/01/2016	Performing a Government Auditing Standards and Uniform Guidance Audit (283HS)	EYUS National	10.00
06/08/2016	2016 Completing Documentation and Archiving Webcast (28GMG)	EYUS Area	1.00
			58.50
FY2017			
07/11/2016	Americas Assurance Quarterly leadership webcast July 11 (28KWC)	EYUS Area	1.00
08/11/2016	Central Assurance Quality Update August 2016 (28SJR)	EYUS Area	1.50
09/08/2016	US Health Technical Update September 2016 (28U77)	EYUS National	1.00
09/11/2016	Respect at Work: Refresher (W3118)	EYUS Area	1.50
09/19/2016	Central Assurance Quality Update September 2016 (28SSR)	EYUS National	1.50
09/25/2016	EBP Accounting Simplifications (ASU 2015-12) Webcast WBL (V9076)	EYUS National	1.00
10/30/2016	Independence and related ethics 2016 Update: (INDx16US) (X0209)	EYUS Area	2.00
11/09/2016	Central Assurance Quality Update November 2016 (28YCL)	EYUS Area	1.50
11/21/2016	Indiana University Health – Technical Update (28XKI)	EYUS Area	4.50
11/21/2016	Indiana University Health – Technical Update (28XKI)	EYUS Area	8.00
11/29/2016	Commonly asked questions about the Uniform Guidance and Government Aud... (291WX)	EYUS Area	2.00
01/09/2017	Americas Assurance Quarterly Leadership Webcast January 2017 (2962P)	EYUS National	1.00
01/11/2017	Central Assurance Quality Update - January 2017 (293PN)	EYUS Area	2.00
03/22/2017	2017 Revenue Recognition Audit Readiness Program (29NSE)	EYUS Area	1.50
04/03/2017	Central Assurance Quality Matters webcast April 2017 (29MF7)	EYUS Area	1.50
04/05/2017	Americas Assurance leadership Webcast April 2017 (29NL3)	EYUS National	1.50

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Jeannette Kunz, CPA
Assurance Senior Manager, Ernst & Young LLP

04/26/2017	EBP 2017 Accounting & Auditing Update (29LC0)	EYUS National	2.00
05/16/2017	EBP Tax Status Considerations (29LC3)	EYUS National	1.00
06/06/2017	Performing a Government Auditing Standards and Uniform Guidance Audit 283HS)	EYUS National	12.00
06/22/2017	The 2017 Office of Management and Budget Compliance Draft Supplement Update (2ABC4)	EYUS Area	2.00
			50.00
		Grand total	**108.50**

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Adam Carr, CPA

Assurance Manager, Ernst & Young LLP

End date	Title	Vendor	Total
FY2017			
08/11/15	Central Assurance Quality Update - August 2015 (26ZJQ)	EYUS Area	1.5
08/12/15	The 2015 Office of Management and Budget Compliance Supplement Update (271MZ)	EYUS National	2
08/26/15	Call to Action: Auditing Management Review Controls (26WKR)	EYUS National	1
08/27/15	International GAAP – Introduction to IFRS and IASB – IFRS (P3171)	EYUS National	1.5
08/28/15	US GAAP vs IFRS - The Bridge 2015 (26ZRN)	EYUS Area	19
09/17/15	Call to Action: Auditing Management Estimates (276CG)	EYUS Area	1
11/10/15	Independence and related ethics 2015 Update: (INDx15US) (T5997)	EYUS National	2
11/11/15	2015 Auditing 602 New Manager (266TY)	EYUS Area	20
11/11/15	2015 Auditing 602 New Manager (266TY)	EYUS Area	6
11/29/15	Introduction to Reporting in the Global Monitoring System (T8843)	EYUS National	2.5
12/07/15	Global IFRS Executive Update 2015: Year-End Audit and Accounting Obser... (27DVN)	EYUS Global	1.5
12/07/15	US GAAP v. IFRS: The Bridge: Long-Lived Assets and Inventory (T2484)	EYUS National	1
12/07/15	US GAAP v. IFRS: The Bridge: Financial Reporting Overview (T2401)	EYUS National	1
12/10/15	Substantial Stockholders and Record or Beneficial Owners WBL (U1471)	EYUS National	1.5
12/14/15	Sampling in a Single Audit Environment (27ED4)	EYUS Area	2
01/06/16	2015 Year End GASB Update (27EM6)	EYUS Area	2
01/07/16	Central Assurance Quality Update - January 2016 (27FSD)	EYUS Area	1.5
02/11/16	Global IFRS Executive Update 2016: An Introduction to the IASB's New L... (27K4Y)	EYUS Global	1.5
03/05/16	Private Company Audit Quality Matters Webcasts – Part 1 (27X5D)	EYUS Area	1.5
03/12/16	Private Company Audit Quality Matters Webcasts – Part 2 (27X4V)	EYUS Area	1.5
04/14/16	Central Assurance Quality Update April 2016 (281SC)	EYUS Area	1.5
04/26/16	EBP 2016 Accounting & Auditing Update (27XS5)	EYUS National	2.5
05/05/16	EBP Accounting Simplifications (ASU 2015-12) (27XS9)	EYUS National	1
05/13/16	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	4.5
05/13/16	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	0.5
05/13/16	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	2.5
05/13/16	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	2
05/13/16	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	1.5
05/13/16	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	1.5
05/18/16	Global IFRS Executive Update 2016: Clarifications to IFRS 15 (287PQ)	EYUS Global	1.5
05/27/16	GAS and Uniform Guidance: The EY Way (2016) (V6453)	EYUS National	3
06/01/16	Performing a Government Auditing Standards and Uniform Guidance Audit (283HS)	EYUS National	8
06/03/16	Leadership Matters Managing in Today's Work Environment (22S2P)	EYUS National	4
06/07/16	EBP Understanding Defined Contribution Plans: Beyond the Basics Webcast WBL (Q7088)	EYUS National	2
06/07/16	EY Employee Benefit Plans (EBP) Significant Accounting and Auditing Issues (M7017)	EYUS National	2.5

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Adam Carr, CPA

Assurance Manager, Ernst & Young LLP

End date	Title	Vendor	Total
06/07/16	Global IFRS Executive Update 2016: IASB/IFRIC Update June (28CCD)	EYUS Global	1
06/14/16	The 2016 Office of Management and Budget Compliance Supplement Update (28A74)	EYUS National	2
06/15/16	2016 Completing Documentation and Archiving Webcast (28GMG)	EYUS Area	1
06/16/16	GASB 77 (28J5B)	EYUS Area	1
06/22/16	2016 Auditing 701 Manager Intermediate (27QYI)	EYUS National	0.5
06/22/16	2016 Auditing 701 Manager Intermediate (27QYI)	EYUS National	19
06/22/16	2016 Auditing 701 Manager Intermediate (27QYI)	EYUS National	6
06/30/16	EY Canvas Year 2 Learning: Staff - Manager WBL (V9967)	EYUS National	1.5
			142
FY2017			
07/15/16	Government & Public Sector Webcast Series July 2016 (28QO9)	EYUS National	1
08/11/16	Central Assurance Quality Update August 2016 (28SJR)	EYUS Area	1.5
09/08/16	US Health Technical Update September 2016 (28U77)	EYUS Area	1
09/15/16	2016 Central QIL Coaching Session (28T53)	EYUS Area	6.5
09/22/16	2016 Auditing 702 Manager Intermediate (27QYJ)	EYUS National	15.5
09/22/16	2016 Auditing 702 Manager Intermediate (27QYJ)	EYUS National	22
10/13/16	Independence and related ethics 2016 Update: (INDx16US) (X0209)	EYUS National	2
11/08/16	GASB's Fair Value Standard: Accounting and Auditing Considerations (28ZWM)	EYUS Area	1.5
11/09/16	Central Assurance Quality Update November 2016 (28YCL)	EYUS Area	1.5
11/10/16	New PCAOB Rules in Transparency Reporting WBL (W1762)	EYUS National	1.5
11/14/16	Counselor Excellence Awareness for Experienced Counselors (2908T)	EYUS National	1
11/15/16	Global IFRS Executive Update 2016: IFRS 16 Leases: A Closer Look (290RL)	EYUS Global	1
11/17/16	2016 Corporate Reporting Update (297IZ)	EYUS Local	3.5
11/29/16	2016 NMAD Milestones Sector Breakout (291V7)	EYUS Area	1.5
11/30/16	Milestones 2016 Assurance Service Line Breakout Orlando (291JG)	EYUS National	1
11/30/16	Milestones 2016 Assurance Service Line Breakout Orlando (291JG)	EYUS National	0.5
12/01/16	Mind Bugs: Exploring Unconscious Associations with Dr. Mahzarin Banaji (20MXN)	EYUS Area	2
12/01/16	New Manager/Assistant Director Program (21M4P)	EYUS National	24
12/08/16	Global IFRS Executive Update 2016: 2016 Year-End Audit and Accounting ... (291PV)	EYUS Global	1
12/15/16	Q4 2016 Financial Reporting Update (292R9)	EYUS National	1
01/11/17	Central Assurance Quality Update - January 2017 (293PN)	EYUS Area	2
03/22/17	2017 Revenue Recognition Audit Readiness Program (29NSE)	EYUS Area	1.5
04/03/17	Central Assurance Quality Matters webcast April 2017 (29MF7)	EYUS Area	1.5
04/04/17	Global IFRS Executive Update 2017: IFRS 15 Practical Considerations: C... (29QWP)	EYUS Global	1
04/06/17	2017 EY Canvas Webcast for Staff - Managers (29RAA)	EYUS National	1
04/26/17	EBP 2017 Accounting & Auditing Update (29LC0)	EYUS National	2
05/12/17	2017 Uniform Guidance Government and Public Sector Not-for-Profit and ... (29M28)	EYUS National	5
05/12/17	2017 Uniform Guidance Government and Public Sector Not-for-Profit and ... (29M28)	EYUS National	1
05/12/17	2017 Uniform Guidance Government and Public Sector Not-for-Profit and ... (29M28)	EYUS National	1

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Adam Carr, CPA

Assurance Manager, Ernst & Young LLP

End date	Title	Vendor	Total
05/12/17	2017 Uniform Guidance Government and Public Sector Not-for-Profit and ... (29M28)	EYUS National	1.5
05/12/17	2017 Uniform Guidance Government and Public Sector Not-for-Profit and ... (29M28)	EYUS National	4
05/16/17	EBP Tax Status Considerations (29LC3)	EYUS National	1
05/24/17	2017 Spring Executive Audit Quality Event (29OXQ)	EYUS Area	0.5
05/24/17	2017 Spring Executive Audit Quality Event (29OXQ)	EYUS Area	11
05/24/17	2017 Spring Executive Audit Quality Event (29OXQ)	EYUS Area	0.5
05/31/17	Understanding the Account Management Framework and Proposal Process (P8120)	EYUS National	2
06/02/17	2017 Auditing 801 Manager Advanced (28Z0H)	EYUS National	3
06/02/17	2017 Auditing 801 Manager Advanced (28Z0H)	EYUS National	6
06/02/17	2017 Auditing 801 Manager Advanced (28Z0H)	EYUS National	4.5
06/09/17	Facilitator Skills Development (2016 Americas Refresh) (283GB)	EYUS Area	15.5
06/12/17	2017 State and Local Government Financial Statement Audit Planning Con... (2A78L)	EYUS Area	2
06/28/17	2017 Auditing 302 New Senior TTT (29Q3N)	EYUS National	0.5
06/28/17	2017 Auditing 302 New Senior TTT (29Q3N)	EYUS National	2
06/28/17	2017 Auditing 302 New Senior TTT (29Q3N)	EYUS National	5
06/28/17	2017 Auditing 302 New Senior TTT (29Q3N)	EYUS National	16
			181.50
		Grand total	**323.50**

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Grant Grishaber, CPA

Assurance Manager, Ernst & Young LLP

End date	Title	Vendor	Total
FY2016			
7/17/2015	2015 Auditing 501 Senior Advanced (266TR)	EYUS Area	0.5
7/17/2015	2015 Auditing 501 Senior Advanced (266TR)	EYUS Area	1.5
7/17/2015	2015 Auditing 501 Senior Advanced (266TR)	EYUS Area	34.5
8/11/2015	Central Assurance Quality Update - August 2015 (26ZJQ)	EYUS Area	1.5
8/26/2015	Call to Action: Auditing Management Review Controls (26WKR)	EYUS National	1
8/28/2015	Respect at Work: Refresher (S9681)	EYUS National	1.5
9/9/2015	Call to Action: Auditing Management Estimates (276CG)	EYUS Area	1
9/24/2015	Independence and related ethics 2015 Update: (INDx15US) (T5997)	EYUS National	2
10/1/2015	2015 Auditing 402/502: Senior - Making Connections (266TT)	EYUS Area	5
10/1/2015	2015 Auditing 402/502: Senior - Making Connections (266TT)	EYUS Area	36
11/9/2015	Central Assurance Quality Update - November 2015 (27APS)	EYUS Area	1.5
1/7/2016	Central Assurance Quality Update - January 2016 (27FSD)	EYUS Area	2
4/14/2016	Central Assurance Quality Update April 2016 (281SC)	EYUS Area	1.5
5/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	4.5
5/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	0.5
5/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	2.5
5/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	2
5/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	1.5
5/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	1.5
6/1/2016	Performing a Government Auditing Standards and Uniform Guidance Audit (283HS)	EYUS National	8
6/3/2016	EY Canvas Year 2 Learning: Staff - Manager WBL (V9967)	EYUS National	1.5
6/3/2016	GAS and Uniform Guidance: The EY Way (2016) (V6453)	EYUS National	3
6/8/2016	2016 Completing Documentation and Archiving Webcast (28GMG)	EYUS Area	1
6/14/2016	The 2016 Office of Management and Budget Compliance Supplement Update (28A74)	EYUS National	2
			117.50
FY2017			
8/10/2016	2016 Auditing 601 New Manager (27QYF)	EYUS National	0.5
8/10/2016	2016 Auditing 601 New Manager (27QYF)	EYUS National	1
8/10/2016	2016 Auditing 601 New Manager (27QYF)	EYUS National	9.5
8/10/2016	2016 Auditing 601 New Manager (27QYF)	EYUS National	12
8/11/2016	Central Assurance Quality Update August 2016 (28SJR)	EYUS Area	1.5
8/17/2016	Changes to US requirements for SEC registrants audited by EY US and de... (28RMJ)	EYUS Area	1
8/24/2016	2016 Auditing 602 New Manager (27QYH)	EYUS National	23.5
8/24/2016	2016 Auditing 602 New Manager (27QYH)	EYUS National	6
9/19/2016	Central Assurance Quality Update September 2016 (28SSR)	EYUS Area	1.5
9/23/2016	US GAAP vs IFRS - The Bridge (26ZRN)	EYUS Area	19.5
10/6/2016	International GAAP – Introduction to IFRS and IASB – IFRS (P3171)	EYUS National	1.5
10/17/2016	Developing an audit analytics roadmap (28Z71)	EYUS Area	1

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Grant Grishaber, CPA

Assurance Manager, Ernst & Young LLP

10/28/2016	Independence and related ethics 2016 Update: (INDx16US) (X0209)	EYUS National	2
11/9/2016	Central Assurance Quality Update November 2016 (28YCL)	EYUS Area	1.5
11/29/2016	2016 NMAD Milestones Sector Breakout (291V7)	EYUS Area	1.5
11/30/2016	Milestones 2016 Assurance Service Line Breakout Orlando (291JG)	EYUS National	1
11/30/2016	Milestones 2016 Assurance Service Line Breakout Orlando (291JG)	EYUS National	0.5
12/1/2016	Mind Bugs: Exploring Unconscious Associations with Dr. Mahzarin Banaji (20MXN)	EYUS Area	2
12/1/2016	New Manager/Assistant Director Program (21M4P)	EYUS National	24
12/8/2016	Global IFRS Executive Update 2016: 2016 Year-End Audit and Accounting ... (291PV)	EYUS Global	1
12/22/2016	Introduction to Reporting in the Global Monitoring System (US) (X2941)	EYUS National	2
12/28/2016	US GAAP v. IFRS: The Bridge: Financial Reporting Overview (W6521)	EYUS National	1
1/5/2017	US GAAP v. IFRS: The Bridge: Long-Lived Assets and Inventory (W4604)	EYUS National	1
1/6/2017	PCAOB Audit Transparency Rules Webcast (292YJ)	EYUS Area	1.5
1/11/2017	Central Assurance Quality Update - January 2017 (293PN)	EYUS Area	2
3/22/2017	2017 Revenue Recognition Audit Readiness Program (29NSE)	EYUS Area	1.5
4/3/2017	Central Assurance Quality Matters webcast April 2017 (29MF7)	EYUS Area	1
4/6/2017	2017 Auditing 301 New Senior TTT (29PVC)	EYUS National	1.5
4/6/2017	2017 Auditing 301 New Senior TTT (29PVC)	EYUS National	23.5
4/18/2017	Facilitator Skills Development (2016 Americas Refresh) (283GB)	EYUS Area	15.5
5/5/2017	Recruiting top talent: behavioral interviewing (22ESF)	EYUS National	4.5
5/12/2017	2017 Uniform Guidance Government and Public Sector Not-for-Profit and ... (29M28)	EYUS National	5
5/12/2017	2017 Uniform Guidance Government and Public Sector Not-for-Profit and ... (29M28)	EYUS National	1
5/12/2017	2017 Uniform Guidance Government and Public Sector Not-for-Profit and ... (29M28)	EYUS National	1
5/12/2017	2017 Uniform Guidance Government and Public Sector Not-for-Profit and ... (29M28)	EYUS National	1.5
5/12/2017	2017 Uniform Guidance Government and Public Sector Not-for-Profit and ... (29M28)	EYUS National	4
5/18/2017	2017 Auditing 301 New Senior (28YT1)	EYUS National	7
5/18/2017	2017 Auditing 301 New Senior (28YT1)	EYUS National	2
5/18/2017	2017 Auditing 301 New Senior (28YT1)	EYUS National	61.5
6/1/2017	2017 Auditing 701 Manager Intermediate (28YY4)	EYUS National	0.5
6/1/2017	2017 Auditing 701 Manager Intermediate (28YY4)	EYUS National	20
6/1/2017	2017 Auditing 701 Manager Intermediate (28YY4)	EYUS National	2.5
6/6/2017	Audit considerations related to the new leases standard (29ZE1)	EYUS National	1
6/15/2017	2017 Auditing 301 New Senior (28YT1)	EYUS National	2.5
6/15/2017	2017 Auditing 301 New Senior (28YT1)	EYUS National	5
6/15/2017	2017 Auditing 301 New Senior (28YT1)	EYUS National	1
6/15/2017	2017 Auditing 301 New Senior (28YT1)	EYUS National	76.5
6/20/2017	2017 EY Canvas Staff to Manager Webcast eLearning (Y9570)	EYUS National	1
6/20/2017	2017 Spring Executive Audit Quality Event (29OXQ)	EYUS Area	0.5
6/20/2017	2017 Spring Executive Audit Quality Event (29OXQ)	EYUS Area	11
6/20/2017	2017 Spring Executive Audit Quality Event (29OXQ)	EYUS Area	0.5
			372
		Grand total	**489.50**

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Wyatt Young
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End date	Title	Vendor	Total
FY2016			
9/16/2015	Welcome to EY Experience 2013 (249W9)	EYUS National	18.5
9/17/2015	Required Communications (S8976)	EYUS National	2
9/25/2015	Experienced Hire Staff and Senior 2015 (26HZK)	EYUS Area	0.5
9/25/2015	Experienced Hire Staff and Senior 2015 (26HZK)	EYUS Area	1.5
9/25/2015	Experienced Hire Staff and Senior 2015 (26HZK)	EYUS Area	34
9/28/2015	Summary of Audit Differences (T4876)	EYUS National	3
9/30/2015	Independence Policy - US Overview (IND203USENG) (M6633)	EYUS National	2.5
10/1/2015	2015 Auditing 302 New Senior (266TO)	EYUS National	0.5
10/1/2015	2015 Auditing 302 New Senior (266TO)	EYUS National	26.5
10/1/2015	2015 Auditing 302 New Senior (266TO)	EYUS National	11.5
10/9/2015	Respect at Work For New Hires (J8101)	EYUS National	1
11/9/2015	Central Assurance Quality Update - November 2015 (27APS)	EYUS Area	1.5
11/10/2015	Protecting Confidential Information (M1143)	EYUS National	0.5
11/10/2015	Protecting Confidential Information (M1143)	EYUS National	0.5
11/10/2015	Protecting Confidential Information (M1143)	EYUS National	0.5
11/19/2015	2015 Corporate Reporting Update (27JL3)	EYUS Local	3
12/18/2015	Introduction to Electronic Audit Evidence (O4313)	EYUS National	1.5
12/18/2015	Introduction to Counseling at EY (P4690)	EYUS National	0.5
12/18/2015	Introduction to Counseling at EY (P4690)	EYUS National	1
1/6/2016	2015 Year End GASB Update (27EM6)	EYUS Area	2
1/7/2016	Central Assurance Quality Update - January 2016 (27FSD)	EYUS Area	2
4/14/2016	Central Assurance Quality Update April 2016 (281SC)	EYUS Area	1.5
5/11/2016	New Senior Program 2016 (27X5N)	EYUS Area	20
5/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	4.5
5/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	0.5
5/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	2.5
5/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	1.5
5/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	2
5/13/2016	2016 OMB Uniform Guidance Government and Public Sector Not-for-Profit ... (27XFY)	EYUS National	1.5
5/25/2016	GAS and Uniform Guidance: The EY Way (2016) (V6453)	EYUS National	3
6/1/2016	Performing a Government Auditing Standards and Uniform Guidance Audit (283HS)	EYUS National	8
6/6/2016	EY Canvas Year 2 Learning: Staff - Manager WBL (V9967)	EYUS National	1.5
6/14/2016	The 2016 Office of Management and Budget Compliance Supplement Update (28A74)	EYUS National	2
6/15/2016	2016 Completing Documentation and Archiving Webcast (28GMG)	EYUS Area	1
6/16/2016	GASB 77 (28J5B)	EYUS Area	1
			165
FY2017			
8/11/2016	Central Assurance Quality Update August 2016 (28SJR)	EYUS Area	1

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8/11/2016	2016 Auditing 401 Senior Intermediate (27QLZ)	EYUS National	0.5
8/11/2016	2016 Auditing 401 Senior Intermediate (27QLZ)	EYUS National	1
8/11/2016	2016 Auditing 401 Senior Intermediate (27QLZ)	EYUS National	21
8/11/2016	2016 Auditing 401 Senior Intermediate (27QLZ)	EYUS National	13.5
8/19/2016	2016 Auditing 402: Senior - Making Connections (27QY3)	EYUS National	4.5
8/19/2016	2016 Auditing 402: Senior - Making Connections (27QY3)	EYUS National	33
8/19/2016	2016 Auditing 402: Senior - Making Connections (27QY3)	EYUS National	11
9/19/2016	Central Assurance Quality Update September 2016 (28SSR)	EYUS Area	1.5
10/25/2016	Independence and related ethics 2016 Update: (INDx16US) (X0209)	EYUS National	2
11/17/2016	2016 Corporate Reporting Update (297IZ)	EYUS Local	3.5
1/11/2017	Central Assurance Quality Update - January 2017 (293PN)	EYUS Area	2
4/3/2017	Central Assurance Quality Matters webcast April 2017 (29MF7)	EYUS Area	1.5
4/6/2017	2017 EY Canvas Webcast for Staff - Managers (29RAA)	EYUS National	1
5/12/2017	2017 Uniform Guidance Government and Public Sector Not-for-Profit and ... (29M28)	EYUS National	5
5/12/2017	2017 Uniform Guidance Government and Public Sector Not-for-Profit and ... (29M28)	EYUS National	1
5/12/2017	2017 Uniform Guidance Government and Public Sector Not-for-Profit and ... (29M28)	EYUS National	1
5/12/2017	2017 Uniform Guidance Government and Public Sector Not-for-Profit and ... (29M28)	EYUS National	1.5
5/12/2017	2017 Uniform Guidance Government and Public Sector Not-for-Profit and ... (29M28)	EYUS National	4
6/1/2017	Group Audits: Use Your Judgement to Determine a Scoping Strategy (29064)	EYUS National	4.5
6/12/2017	2017 State and Local Government Financial Statement Audit Planning Con... (2A78L)	EYUS Area	2
6/21/2017	2017 Auditing 501 Senior Advanced (28YY2)	EYUS National	0.5
6/21/2017	2017 Auditing 501 Senior Advanced (28YY2)	EYUS National	10.5
6/21/2017	2017 Auditing 501 Senior Advanced (28YY2)	EYUS National	15.5
6/22/2017	The 2017 Office of Management and Budget Compliance Draft Supplement Update (2ABC4)	EYUS Area	2
8/10/2017	Central Assurance Quality Matters Webcast August 2017 (2AGQR)	EYUS Area	2
8/21/2017	Escalation and Consultation (Y4830)	EYUS National	1
8/22/2017	Project Management: Understand the Impact of Your Decisions (29028)	EYUS Area	3.5
8/23/2017	Misstatements: Elevate Your Perspective on Evaluation and Communication (29021)	EYUS Area	3.5
8/24/2017	Technical Writing: Advance Your Technical Documentation & Consultation... (29029)	EYUS National	5
10/10/2017	Let's talk digital (Z4584)	EYUS National	1
10/12/2017	Central Assurance Quality Matters Webcast October (2APXL)	EYUS Area	1.5
10/18/2017	Compliance with the Health Insurance Portability and Accountability Ac... (AC764)	EYUS National	1
11/14/2017	Independence and related ethics 2017 Update (INDx17US) (AA805)	EYUS National	2
1/18/2018	Foreign Currency Matters (Z7226)	EYUS National	1
1/18/2018	Postretirement Benefits (AA668)	EYUS National	1
3/20/2018	Project Insight for Staff and Seniors (2BG6X)	EYUS Area	4.5
			171.50
		Grand total	**336.50**

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Leslie Batista

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End date	Title	Vendor	Total
FY2016			
9/16/2015	Welcome to EY Campus 2013 (2418K)	EYUS National	18
9/17/2015	Building Your Brand (21Z3Z)	EYUS Local	9.5
9/24/2015	2015 Auditing 101 Staff Entry (Canvas) (266TF)	EYUS Area	37
10/2/2015	Independence Policy - US Overview (IND203USENG) (M6633)	EYUS National	2.5
10/2/2015	Protecting Confidential Information (M1143)	EYUS National	0.5
10/2/2015	Protecting Confidential Information (M1143)	EYUS National	0.5
10/2/2015	Protecting Confidential Information (M1143)	EYUS National	0.5
10/2/2015	Introduction to Counseling at EY (P4690)	EYUS National	0.5
10/2/2015	Introduction to Counseling at EY (P4690)	EYUS National	1
10/2/2015	Respect at Work For New Hires (J8101)	EYUS National	1
10/8/2015	Understanding the SEC WBL v.2015 (S6766)	EYUS National	1
10/9/2015	2015 Auditing 102 Staff Entry (Canvas) (26OTE)	EYUS National	2
10/9/2015	2015 Auditing 102 Staff Entry (Canvas) (26OTE)	EYUS National	0.5
10/9/2015	2015 Auditing 102 Staff Entry (Canvas) (26OTE)	EYUS National	1
10/9/2015	2015 Auditing 102 Staff Entry (Canvas) (26OTE)	EYUS National	32.5
11/17/2015	EY Unplugged 2015 (27ODA)	EYUS Local	6.5
1/7/2016	Central Assurance Quality Update - January 2016 (27FSD)	EYUS Area	2
4/14/2016	Central Assurance Quality Update April 2016 (281SC)	EYUS Area	1.5
5/20/2016	2016 Auditing 201 Staff Intermediate (27QLS)	EYUS National	0.5
5/20/2016	2016 Auditing 201 Staff Intermediate (27QLS)	EYUS National	35.5
5/20/2016	2016 Auditing 201 Staff Intermediate (27QLS)	EYUS National	1.5
6/1/2016	GAS and Uniform Guidance: The EY Way (2016) (V6453)	EYUS National	3
6/1/2016	Performing a Government Auditing Standards and Uniform Guidance Audit (283HS)	EYUS National	8
6/8/2016	EY Canvas Year 2 Learning: Staff - Manager WBL (V9967)	EYUS National	1.5
6/14/2016	The 2016 Office of Management and Budget Compliance Supplement Update (28A74)	EYUS National	2
			170
FY2017			
7/14/2016	2016 Completing Documentation and Archiving Webcast (28GMG)	EYUS Area	1
8/5/2016	2016 Auditing 202 Staff Intermediate (27QLT)	EYUS National	1
8/5/2016	2016 Auditing 202 Staff Intermediate (27QLT)	EYUS National	29
8/5/2016	2016 Auditing 202 Staff Intermediate (27QLT)	EYUS National	15.5
8/11/2016	Central Assurance Quality Update August 2016 (28SJR)	EYUS Area	1.5
9/19/2016	Central Assurance Quality Update September 2016 (28SSR)	EYUS Area	1.5
9/20/2016	Auditing and Accounting in the Mining & Metals Sector – IFRS (Q0189)	EYUS National	1
9/20/2016	Auditing and Accounting in the Mining & Metals Sector – IFRS (Q0189)	EYUS National	1
9/22/2016	Mining and Metals: Accounting and Auditing (245ZZ)	EYUS Global	4.5
9/22/2016	Mining and Metals: Accounting and Auditing (245ZZ)	EYUS Global	5
9/22/2016	Mining and Metals: Accounting and Auditing (245ZZ)	EYUS Global	5.5
11/2/2016	Independence and related ethics 2016 Update: (INDx16US) (X0209)	EYUS National	2
11/9/2016	Central Assurance Quality Update November 2016 (28YCL)	EYUS Area	1.5
1/11/2017	Central Assurance Quality Update - January 2017 (293PN)	EYUS Area	2
3/22/2017	2017 Revenue Recognition Audit Readiness Program (29NSE)	EYUS Area	1.5
4/3/2017	Central Assurance Quality Matters webcast April 2017 (29MF7)	EYUS Area	1.5

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4/6/2017	2017 EY Canvas Webcast for Staff - Managers (29RAA)	EYUS National	1
5/25/2017	Compliance with the Health Insurance Portability and Accountability Ac... (W8490)	EYUS National	1
6/12/2017	2017 State and Local Government Financial Statement Audit Planning Con... (2A78L)	EYUS Area	2
6/14/2017	Team Events and the Audit Strategy (Y9062)	EYUS National	1
6/19/2017	Tests of Controls: Select, Design and Execute (Y6271)	EYUS National	2
6/22/2017	2017 Auditing 301 New Senior (28YT1)	EYUS National	1.5
6/22/2017	2017 Auditing 301 New Senior (28YT1)	EYUS National	3
6/22/2017	2017 Auditing 301 New Senior (28YT1)	EYUS National	1
6/22/2017	2017 Auditing 301 New Senior (28YT1)	EYUS National	34.5
			122
		Grand total	**292**

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Suttle & Stalnaker CPE

Christopher (Chris) Deweese, CPA
Member, Suttle & Stalnaker

End date	Title	Vendor	Total
FY2016			
07/15-17/2015	All Quiet on the Finance Front	WV Department of Education	6.50
07/21/2015	West Virginia Single Audit Meeting	WV Dept. of Administration - FARS	7.00
09/02-03/2015	2015 WV Chamber of Commerce Annual Meeting & Business Summit	WV Society of CPAs	3.50
12/02/2015	WV Education Information System Winter Conference	WV Dept. of Education	3.50
12/04/2015	Ethics and Professional Conduct Applicable in All Settings - Ind., Sm Bus, Gov & SEC - References to AICPA Code of Conduct, GAO Yellowbook, and SEC-PCAOB Standards	Suttle & Stalnaker, PLLC	2.00
01/25/2016	Legislative Seminar and Reception	WV Society of CPAs	4.50
01/15/2016	Cabinet Meeting	WV Society of CPAs	2.00
02/09/2016	Growth Culture Essentials	Suttle & Stalnaker, PLLC	1.00
02/04/2016	ASU Revenue Recognition & Standards Update	Suttle & Stalnaker, PLLC	2.00
05/23/2016	Ethics - Lunch and Learn	Suttle & Stalnaker, PLLC	2.00
05/06/2016	Committee Day	WV Society of CPAs	3.00
06/15-18/2016	Annual Meeting	WV Society of CPAs	5.50
06/15-18/2016	Annual Meeting	WV Society of CPAs	4.50
06/15-18/2016	Annual Meeting	WV Society of CPAs	4.50
06/07/2016	GAAP Closing Process Training	WV Higher Education Policy Commission - Division of Finance	3.50
06/20/2016	Quality Control & Independence in an SEC, DOL and Governmental Environment	Suttle & Stalnaker, PLLC	1.00
			56.00
FY2017			
07/28/2016	Loss Prevention In-Firm Presentation "Professional Liability Exposures and Remedies"	CAMICO	1.00
07/21/2016	2016 GAAP Uniform Guidance Training	State of WV, DOE, FARS	6.00
07/12-14/2016	A Tale of Two Budgets Conference	WV Dept. of Education, Office of School Finance	6.00
08/12/2016	2016 GAQC Annual Update Webcast	AICPA	2.00
08/31-09/02/2016	2016 WV Chamber of Commerce Annual Meeting	WV Society of CPAs	4.50
08/11/2016	Using IT in a Single Audit	Suttle & Stalnaker, PLLC	3.00
10/4/2016	WV Economic Outlook Conference	WVU Bureau of Business & Economic Research	4.00
12/1-2-2016	WVEIS Winter Conference	WV Dept. of Education	5.00
12/06/2016	WVSCPA Update	Charleston Chapter of the WVSCPAs	1.00
12/5-7/2016	AICPA National Conference on Current SEC & PCAOB Developments	Suttle & Stalnaker, PLLC	15.00
01/10/2017	Proposals Revisited: Content Creation and Customization	Suttle & Stalnaker, PLLC	1.00
01/20/2017	Cabinet Meeting	WV Society of CPAs	4.50
05/12/2017	Committee Day	WV Society of CPAs	3.00
05/16/2017	Reflections on a Half-Century in the Accounting Profession and a Look Ahead	Charleston Chapter of the WVSCPAs	1.00
05/02/2017	2017 GAQC Annual Update Webcast	AICPA	2.00

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Christopher (Chris) Deweese, CPA
Member, Suttle & Stalnaker

End date	Title	Vendor	Total
06/14-17/2017	Annual Meeting at The Greenbrier	WV Society of CPAs	3.50
06/29/2017	Tax Presentation and Going into Business in WV Manual	Suttle & Stalnaker, PLLC	9.00
06/22/2017	Effective and Efficient Procedures for Not-for-Profit and Governmental Entities	AuditWatch	8.00
06/23/2017	FARS Closing Book Training	State of WV - FARS	2.00
			81.50
		Grand total	**137.50**

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Christopher (Chris) Lambert, CPA

Member, Suttle & Stalnaker

End date	Title	Vendor	Total
FY2016			
07/17/2015	GAAP Closing Process Training	State of WV, Dept. of Admin. - FARS	1.00
07/21/2015	West Virginia Single Audit Meeting	WV Dept. of Administration - FARS	7.00
08/26/2015	Charleston Area Economic Development Initiatives	Charleston Chapter of the WVSCPAs	1.00
09/17/2015	Compilation, Preparation, and Review Engagements Update	AICPA	4.00
11/15-18/2015	2015 PKF North America Summit	Allinial Global	17.50
11/15-18/2015	2015 PKF North America Summit	Allinial Global	1.50
12/10/2015	S&S Tax Update Day 1	Suttle & Stalnaker, PLLC	8.00
12/04/2015	Ethics and Professional Conduct Applicable in All Settings - Ind., Sm Bus, Gov & SEC - References to AICPA Code of Conduct, GAO Yellowbook, and SEC-PCAOB Standards	Suttle & Stalnaker, PLLC	2.00
12/21/2015	SSARS No. 21 Implementation Strategies	Suttle & Stalnaker, PLLC	2.00
12/11/2015	S&S Tax Update Day 2	Suttle & Stalnaker, PLLC	8.00
01/25/2016	Legislative Seminar and Reception	WV Society of CPAs	4.50
02/04/2016	ASU Revenue Recognition & Standards Update	Suttle & Stalnaker, PLLC	2.00
02/09/2016	Growth Culture Essentials	Suttle & Stalnaker, PLLC	3.00
02/02/2016	ProSystem fx Scans Fundamentals	Suttle & Stalnaker, PLLC	2.00
03/08/2016	Understanding the New Leases Standard	AICPA	1.00
04/25/2016	EBPAQC 2016 Managers & Supervisors Audit Planning	Suttle & Stalnaker, PLLC	2.00
04/19/2016	GAQC Update presented by the AICPA	Suttle & Stalnaker, PLLC	2.00
04/20/2016	EBP Audit Quality and Firm Best Practices	AICPA	2.00
05/23/2016	Ethics - Lunch and Learn	Suttle & Stalnaker, PLLC	2.00
05/03/2016	Business Combinations Refresher by Mind the GAAP, LLC	Suttle & Stalnaker, PLLC	1.00
05/05/2016	Designated Partner Planning Webinar 2016	AICPA	2.00
06/20/2016	Quality Control & Independence in an SEC, DOL and Governmental Environment	Suttle & Stalnaker, PLLC	1.00
06/02/2016	Introduction to Fiduciary Taxation	Suttle & Stalnaker, PLLC	2.50
			79.00
FY2017			
07/28/2016	Loss Prevention In-Firm Presentation "Professional Liability Exposures and Remedies"	CAMICO	1.00
07/21/2016	2016 GAAP Uniform Guidance Training	State of WV, DOE, FARS	6.00
08/30/2016	Construction Contracts Advanced Issues: Nature and Significance of the Construction Industry; and Strategic Planning for the Construction Contractor	AICPA	1.00
08/30/2016	Construction Contracts Advanced Issues: Fraud and the Contractor	AICPA	0.50
08/18/2016	FASB & GASB Standards Update for 2016	Suttle & Stalnaker, PLLC	1.00
08/30/2016	Construction Contracts Advanced Issues: Internal Controls for the Contractor	AICPA	1.00
11/10/2016	Payments Fraud - From Paper to Electronic: Fraudsters Follow the Money	JPMorgan Chase & Co.	1.00
12/19/2016	2016 S&S Tax Update	Suttle & Stalnaker, PLLC	7.00
12/27/2016	Avoiding Common Deficiencies in Single Audit and The New Data Collection Form	Suttle & Stalnaker, PLLC	4.50
12/8-9/2016	Construction and Real Estate Conference	AICPA	1.00
12/8-9/2016	Construction and Real Estate Conference	AICPA	1.00
12/8-9/2016	Construction and Real Estate Conference	AICPA	10.50
12/8-9/2016	Construction and Real Estate Conference	AICPA	5.50
12/28/2016	Internal Control, COSO, Green Book, and more	Suttle & Stalnaker, PLLC	2.00
01/10/2017	Proposals Revisited: Content Creation and Customization	Suttle & Stalnaker, PLLC	1.00
02/27/2017	Legislative Seminar and Reception	WV Society of CPAs	4.50

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Christopher (Chris) Lambert, CPA

Member, Suttle & Stalnaker

End date	Title	Vendor	Total
05/16/2017	Reflections on a Half-Century in the Accounting Profession and a Look Ahead	Charleston Chapter of the WVSCPAs	1.00
06/23/2017	FARS Closing Book Training	State of WV - FARS	2.00
06/13/2017	Overview of Pension Recent Developments	Suttle & Stalnaker, PLLC	1.00
			60.50
		Grand total	**139.50**

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Kelly Shafer, CPA
Member, Suttle & Stalnaker

End date	Title	Vendor	Total
FY2016			
07/21/2015	West Virginia Single Audit Meeting	WV Dept. of Administration - FARS	7.00
07/27-28/2015	Governmental Accounting and Auditing	WV State Auditor's Office	16.00
12/04/2015	Ethics and Professional Conduct Applicable in All Settings - Ind., Sm Bus, Gov & SEC - References to AICPA Code of Conduct, GAO Yellowbook, and SEC-PCAOB Standards	Suttle & Stalnaker, PLLC	2.00
02/04/2016	Audit Quality Toolkit by the AICPA	Suttle & Stalnaker, PLLC	3.00
02/09/2016	Growth Culture Essentials	Suttle & Stalnaker, PLLC	1.00
02/04/2016	ASU Revenue Recognition & Standards Update	Suttle & Stalnaker, PLLC	2.00
03/08/2016	Understanding the New Leases Standard	AICPA	1.00
04/19/2016	GAQC Update presented by the AICPA	Suttle & Stalnaker, PLLC	2.00
05/03/2016	Business Combinations Refresher by Mind the GAAP, LLC	Suttle & Stalnaker, PLLC	1.00
05/06/2016	Committee Day	WV Society of CPAs	3.00
05/23/2016	Ethics - Lunch and Learn	Suttle & Stalnaker, PLLC	2.00
06/20/2016	Quality Control & Independence in an SEC, DOL and Governmental Environment	Suttle & Stalnaker, PLLC	1.00
06/07/2016	GAAP Closing Process Training	WV Higher Education Policy Commission - Division of Finance	3.50
06/10-12/2016	21st Annual Convention	Community Bankers of West Virginia	6.00
			50.50
FY2017			
07/14/2016	The New Overtime Rules	Suttle & Stalnaker, PLLC	1.50
07/28-29/2016	Financial Institutions Fly-In: San Diego, CA	Allinial Global	2.00
07/28-29/2016	Financial Institutions Fly-In: San Diego, CA	Allinial Global	10.00
07/21-22/2016	2016 GAAP Uniform Guidance Training	State of WV, DOE, FARS	10.00
08/11/2016	Using IT in a Single Audit	Suttle & Stalnaker, PLLC	3.00
12/5-7/2016	AICPA National Conference on Current SEC & PCAOB Developments	Suttle & Stalnaker, PLLC	8.00
06/01/2017	GAAP Closing Process Training	WV Higher Education Policy Commission	4.50
06/23-25/2017	22nd Annual Convention	Community Bankers of West Virginia	7.50
06/22/2017	Effective and Efficient Procedures for Not-for-Profit and Governmental Entities	AuditWatch	8.00
			54.50
		Grand total	**105.00**

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Mary (Marie) Long, CPA
Audit Senior Manager, Suttle & Stalnaker

End date	Title	Vendor	Total
FY2016			
07/21/2015	West Virginia Single Audit Meeting	WV Dept. of Administration - FARS	7.00
07/27-28/2015	Governmental Accounting and Auditing	WV State Auditor's Office	16.00
08/24-25/2015	LP3 #4	PKF North America	18.00
09/16/2015	Fraud in Government	AGA Charleston Chapter	1.00
11/18/2015	Monitoring Subrecipients under the Uniform Guidance	AGA Charleston Chapter	1.00
12/04/2015	Ethics and Professional Conduct Applicable in All Settings - Ind., Sm Bus, Gov & SEC - References to AICPA Code of Conduct, GAO Yellowbook, and SEC-PCAOB Standards	Suttle & Stalnaker, PLLC	2.00
12/10/2015	Society Update	Charleston Chapter of the WVSCPAs	1.00
01/15/2016	Cabinet Meeting	WV Society of CPAs	3.50
02/04/2016	ASU Revenue Recognition & Standards Update	Suttle & Stalnaker, PLLC	2.00
02/04/2016	Audit Quality Toolkit by the AICPA	Suttle & Stalnaker, PLLC	1.00
02/09/2016	Growth Culture Essentials	Suttle & Stalnaker, PLLC	1.00
03/15/2016	Ethical Determinations for Accountants	AGA Charleston Chapter	1.00
04/19/2016	GAQC Update presented by the AICPA	Suttle & Stalnaker, PLLC	2.00
05/03-04/2016	Charleston WV Chapter 2016 Spring Conference	AGA Charleston Chapter	8.00
05/06/2016	Committee Day	WV Society of CPAs	3.00
05/03-04/2016	Charleston WV Chapter 2016 Spring Conference	AGA Charleston Chapter	4.00
05/03/2016	Business Combinations Refresher by Mind the GAAP, LLC	Suttle & Stalnaker, PLLC	1.00
05/23/2016	Ethics - Lunch and Learn	Suttle & Stalnaker, PLLC	2.00
06/20/2016	Quality Control & Independence in an SEC, DOL and Governmental Environment	Suttle & Stalnaker, PLLC	1.00
			75.50
FY2017			
07/28/2016	Loss Prevention In-Firm Presentation "Professional Liability Exposures and Remedies"	CAMICO	1.00
07/21-22/2016	2016 GAAP Uniform Guidance Training	State of WV, DOE, FARS	10.00
08/17/2016	Forensic Accounting	AGA Charleston Chapter	1.00
08/11/2016	Using IT in a Single Audit	Suttle & Stalnaker, PLLC	3.00
12/7/2016	Uniform Guidance - Single Audit	AGA Charleston Chapter	3.00
01/18/2017	Fraud Awareness	AGA Charleston Chapter	1.00
01/10/2017	Webinar: An Overview of IFRS vs. US GAAP	Allinial Global	1.00
01/20/2017	Cabinet Meeting	WV Society of CPAs	4.50
03/15/2017	Detecting and Monitoring Fraud	AGA Charleston Chapter	1.00
05/12/2017	Committee Day	WV Society of CPAs	3.00
05/23-24/2017	The AGA Spring Conference	AGA Charleston Chapter	4.00
05/23-24/2017	The AGA Spring Conference	AGA Charleston Chapter	12.00
05/10/2017	The WV Ethics Act	AGA Charleston Chapter	1.00
06/01/2017	GAAP Closing Process Training	WV Higher Education Policy Commission	4.50
06/22/2017	Effective and Efficient Procedures for Not-for-Profit and Governmental Entities	AuditWatch	8.00
			58.00
		Grand total	**133.50**

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Sarah Crouse, CPA

Audit Manager, Suttle & Stalnaker

End date	Title	Vendor	Total
FY2016			
07/21/2015	West Virginia Single Audit Meeting	WV Dept. of Administration - FARS	7.00
07/27-28/2015	Governmental Accounting and Auditing	WV State Auditor's Office	16.00
11/11/2015	How to Run a Major Program	Suttle & Stalnaker, PLLC	12.00
12/04/2015	Ethics and Professional Conduct Applicable in All Settings - Ind., Sm Bus, Gov & SEC - References to AICPA Code of Conduct, GAO Yellowbook, and SEC-PCAOB Standards	Suttle & Stalnaker, PLLC	2.00
02/04/2016	ASU Revenue Recognition	Suttle & Stalnaker, PLLC	1.00
02/04/2016	Audit Quality Toolkit by the AICPA	Suttle & Stalnaker, PLLC	1.00
03/08/2016	Understanding the New Leases Standard	AICPA	1.00
04/19/2016	GAQC Update presented by the AICPA	Suttle & Stalnaker, PLLC	2.00
05/03/2016	Business Combinations Refresher by Mind the GAAP, LLC	Suttle & Stalnaker, PLLC	1.00
05/06/2016	Committee Day	WV Society of CPAs	3.00
05/23/2016	Ethics - Lunch and Learn	Suttle & Stalnaker, PLLC	2.00
06/20/2016	Quality Control & Independence in an SEC, DOL and Governmental Environment	Suttle & Stalnaker, PLLC	1.00
06/07/2016	GAAP Closing Process Training	WV Higher Education Policy Commission - Division of Finance	3.50
			52.50
FY2017			
07/28/2016	Loss Prevention In-Firm Presentation "Professional Liability Exposures and Remedies"	CAMICO	1.00
07/21-22/2016	2016 GAAP Uniform Guidance Training	State of WV, DOE, FARS	10.00
08/11/2016	Using IT in a Single Audit	Suttle & Stalnaker, PLLC	3.00
10/19/2016	Functional Analysis: What Non-Profits Need to Know About New Reporting Standards	CPAwebengage, Inc.	1.50
11/10/2016	Payments Fraud - From Paper to Electronic: Fraudsters Follow the Money	JPMorgan Chase & Co.	1.00
11/16-18/2016	2016 AICPA Healthcare Industry Conference	Suttle & Stalnaker, PLLC	7.00
11/16-18/2016	2016 AICPA Healthcare Industry Conference	Suttle & Stalnaker, PLLC	2.50
01/10/2017	Webinar: An Overview of IFRS vs. US GAAP	Allinial Global	1.00
05/04/2017	S&S Incremental Audit Training Level 1	Suttle & Stalnaker, PLLC	16.00
06/22/2017	Effective and Efficient Procedures for Not-for-Profit and Governmental Entities	AuditWatch	8.00
06/08/2017	S&S Level 2 Incremental Auditor Training	Suttle & Stalnaker, PLLC	8.00
06/01/2017	GAAP Closing Process Training	WV Higher Education Policy Commission	4.50
			63.50
		Grand total	**116.00**

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Kristin Moody, CPA
Audit Manager, Suttle & Stalnaker

End date	Title	Vendor	Total
FY2016			
07/27-28/2015	Governmental Accounting and Auditing	WV State Auditor's Office	16.00
11/13/2015	CFE Exam Prep Course	ACFE	17.00
12/04/2015	Ethics and Professional Conduct Applicable in All Settings - Ind., Sm Bus, Gov & SEC - References to AICPA Code of Conduct, GAO Yellowbook, and SEC-PCAOB Standards	Suttle & Stalnaker, PLLC	2.00
12/21/2015	Financial Statement Preparation and Customized Audit Programs	Suttle & Stalnaker, PLLC	3.00
02/04/2016	ASU Revenue Recognition	Suttle & Stalnaker, PLLC	1.00
02/04/2016	Audit Quality Toolkit by the AICPA	Suttle & Stalnaker, PLLC	1.00
04/19/2016	GAQC Update presented by the AICPA	Suttle & Stalnaker, PLLC	2.00
05/23/2016	Ethics - Lunch and Learn	Suttle & Stalnaker, PLLC	2.00
05/03/2016	Business Combinations Refresher by Mind the GAAP, LLC	Suttle & Stalnaker, PLLC	1.00
06/20/2016	Quality Control & Independence in an SEC, DOL and Governmental Environment	Suttle & Stalnaker, PLLC	1.00
06/07/2016	GAAP Closing Process Training	WV Higher Education Policy Commission - Division of Finance	3.50
			49.50
FY2017			
07/28/2016	Loss Prevention In-Firm Presentation "Professional Liability Exposures and Remedies"	CAMICO	1.00
08/11/2016	Using IT in a Single Audit	Suttle & Stalnaker, PLLC	3.00
08/17/2016	Forensic Accounting	AGA Charleston Chapter	1.00
10/19/2016	Functional Analysis: What Non-Profits Need to Know About New Reporting Standards	CPAwebengage, Inc.	1.50
11/10/2016	Payments Fraud - From Paper to Electronic: Fraudsters Follow the Money	JPMorgan Chase & Co.	1.00
11/16-18/2016	2016 AICPA Healthcare Industry Conference	2016 AICPA Healthcare Industry Conference	7.00
11/16-18/2016	2016 AICPA Healthcare Industry Conference	2016 AICPA Healthcare Industry Conference	10.50
03/23/2017	Medicaid Fraud	ACFE	1.00
05/04/2017	S&S Incremental Audit Training Level 1	Suttle & Stalnaker, PLLC	9.50
05/23-24/2017	The Spring Conference of the AGA	AGA Charleston Chapter	12.00
05/23-24/2017	The Spring Conference of the AGA	AGA Charleston Chapter	4.00
05/25/2017	Alternative Remittance Systems & Trade Based Money Laundering	ACFE	2.00
05/12/2017	Committee Day	WV Society of CPAs	3.00
06/01/2017	GAAP Closing Process Training	WV Higher Education Policy Commission	4.50
06/08/2017	S&S Level 2 Incremental Auditor Training	Suttle & Stalnaker, PLLC	8.00
06/22/2017	Effective and Efficient Procedures for Not-for-Profit and Governmental Entities	AuditWatch	8.00
			77.00
		Grand total	**126.50**

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Elizabeth (Beth) Farley, CPA

Audit Manager, Suttle & Stalnaker

End date	Title	Vendor	Total
FY2016			
07/21/2015	West Virginia Single Audit Meeting	WV Dept. of Administration - FARS	7.00
07/27-28/2015	Governmental Accounting and Auditing	WV State Auditor's Office	16.00
07/15-17/2015	All Quiet on the Finance Front	WV Department of Education	10.50
07/17/2015	GAAP Closing Process Training	State of WV, Dept. of Admin. - FARS	1.00
12/04/2015	Ethics and Professional Conduct Applicable in All Settings - Ind., Sm Bus, Gov & SEC - References to AICPA Code of Conduct, GAO Yellowbook, and SEC-PCAOB Standards	Suttle & Stalnaker, PLLC	2.00
02/04/2016	ASU Revenue Recognition	Suttle & Stalnaker, PLLC	1.00
04/19/2016	GAQC Update presented by the AICPA	Suttle & Stalnaker, PLLC	2.00
05/23/2016	Ethics - Lunch and Learn	Suttle & Stalnaker, PLLC	2.00
06/20/2016	Quality Control & Independence in an SEC, DOL and Governmental Environment	Suttle & Stalnaker, PLLC	1.00
			42.50
FY2017			
07/14/2016	The New Overtime Rules	Suttle & Stalnaker, PLLC	1.50
07/12-14/2016	A Tale of Two Budgets Conference	WV Dept. of Education, Office of School Finance	9.50
07/21-22/2016	2016 GAAP Uniform Guidance Training	State of WV, DOE, FARS	10.00
08/11/2016	Using IT in a Single Audit	Suttle & Stalnaker, PLLC	3.00
10/19/2016	Functional Analysis: What Non-Profits Need to Know About New Reporting Standards	CPAwebengage, Inc.	1.50
11/10/2016	Payments Fraud - From Paper to Electronic: Fraudsters Follow the Money	JPMorgan Chase & Co.	1.00
12/21/2016	Governmental Update, Fair Value Standards, and Pension Auditing	Suttle & Stalnaker, PLLC	7.00
12/27/2016	Avoiding Common Deficiencies in Single Audit and The New Data Collection Form	Suttle & Stalnaker, PLLC	4.50
12/28/2016	Internal Control, COSO, Green Book, and more	Suttle & Stalnaker, PLLC	2.00
01/10/2017	Proposals Revisited: Content Creation and Customization	Suttle & Stalnaker, PLLC	1.00
05/12/2017	Committee Day	WV Society of CPAs	3.00
05/23-24/2017	The Spring Conference of the AGA	AGA Charleston Chapter	4.00
05/23-24/2017	The Spring Conference of the AGA	AGA Charleston Chapter	12.00
06/23/2017	FARS Closing Book Training	State of WV - FARS	2.00
06/22/2017	Effective and Efficient Procedures for Not-for-Profit and Governmental Entities	AuditWatch	8.00
06/19/2017	Single Audit PPC / Sampling	Suttle & Stalnaker, PLLC	4.50
07/14/2016	The New Overtime Rules	Suttle & Stalnaker, PLLC	1.50
			74.50
		Grand total	**117.00**

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Dearien & Company CPE

Steven (Steve) Dearien, CPA

Managing Owner, Dearien & Company

End date	Title	Vendor	Total
FY2016			
07/09/2015	SSARS No. 21 Implementation Strategies	AICPA	2
07/21/2015	State of West Virginia A-133 Training	State of WV, Department of Administration Financial Accounting and Reporting Section	7
07/28/2015	Governmental Accounting and Auditing	West Virginia State Auditor's Office	16
07/30/2015	Drive your Competitive Edge with Audit Quality	AICPA	2
12/21/2015	Ethics: Nonattest Service, Integrity, and Objectivity	AICPA	4
12/21/2015	Professional Ethics: 2015 Update and Refresher	AICPA	5
12/23/2015	Annual Update for Accountants and Auditors	AICPA	14.5
01/15/2016	Cabinet Meeting	West Virginia Society of CPAs	3.5
05/06/2016	Committee Day	West Virginia Society of CPAs	3
			57
FY2017			
08/10/2016	Peer Review Conference	AICPA	16
08/15/2016	Applying the Uniform Guidance for Federal Awards in Your Single Audits	AICPA	8
12/15/2016	Fundamentals for Performing a Single Audit Under the Uniform Guidance for Federal Awards	AICPA	8
12/16/2016	Annual Update for Accountants and Auditors	AICPA	11
01/20/2017	Cabinet Meeting	West Virginia Society of CPAs	4.5
05/12/2017	Committee Day	West Virginia Society of CPAs	3
06/15/2017	Auditing Head Start Under the New Program Performance Standards & Revised 2017 Compliance Supplement	AICPA	2
			52.5
		Grand total	**109.5**

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Appendix 5:

CPA and applicable licenses

EY CPA and applicable licenses

Susan Wheeler

State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

The person indicated below is licensed as a
Certified Public Accountant
for the period beginning
July 1, 2017 through June 30, 2018

[redacted]
SUSAN POLACEK WHEELER
ERNST & YOUNG LLP
500 VIRGINIA ST E STE 900
CHARLESTON WV 25301-2125

Board President

Executive Director

GOVERNMENT FINANCE OFFICERS ASSOCIATION

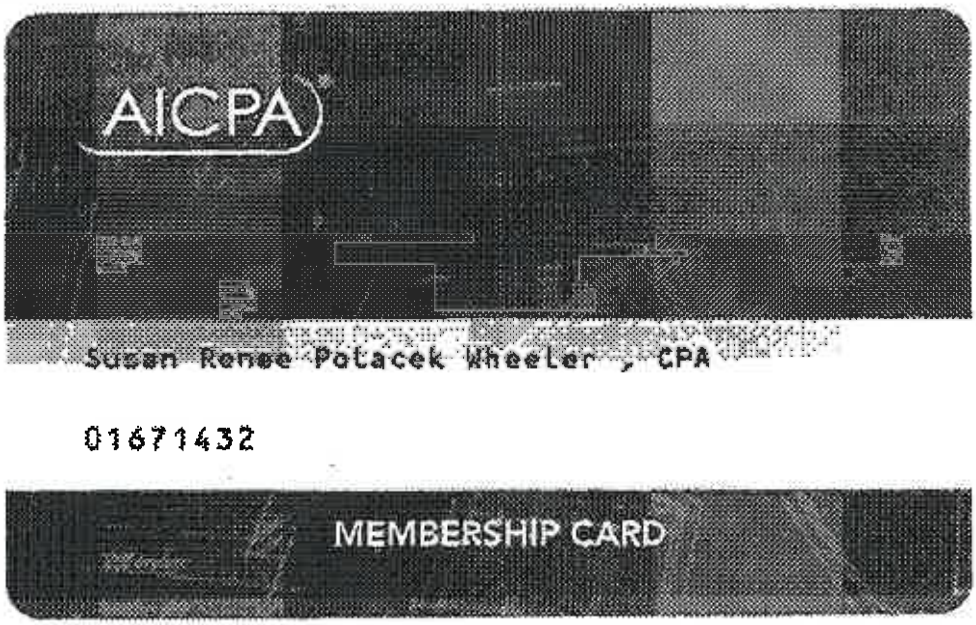
Expires: 05/31/2018
B01 - Associate Member

Ms. Susan P. Wheeler
Partner
Ernst & Young LLP

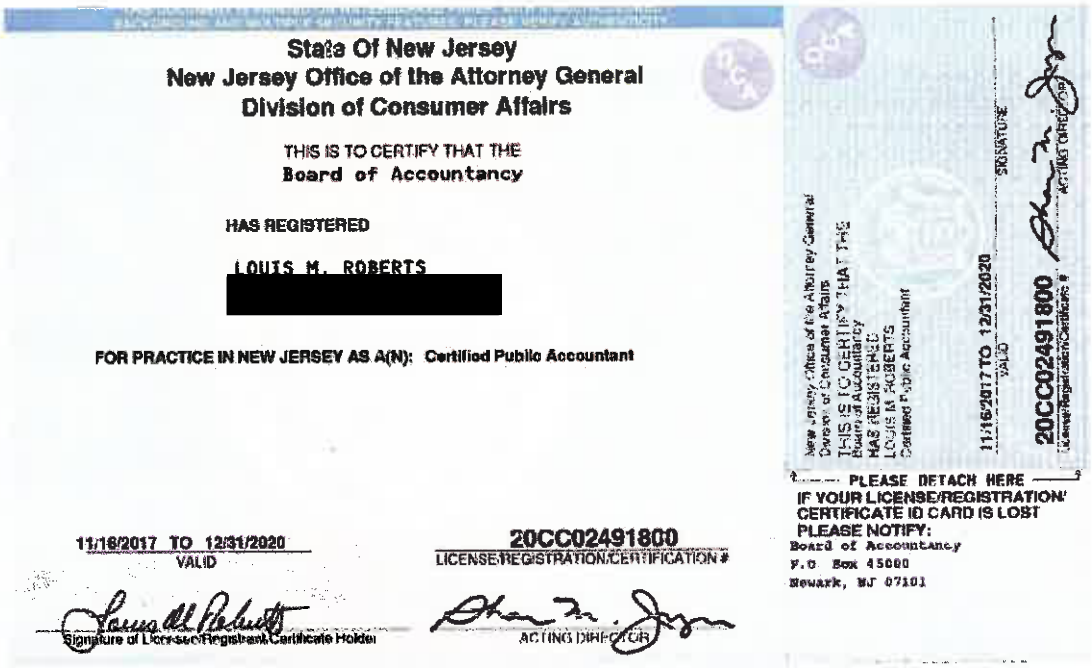
Membership # [redacted]

Executive Director/CEO

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Louis (Lou) Roberts


State Of New Jersey
New Jersey Office of the Attorney General
Division of Consumer Affairs

THIS IS TO CERTIFY THAT THE
Board of Accountancy

HAS REGISTERED

LOUIS M. ROBERTS
[redacted]

FOR PRACTICE IN NEW JERSEY AS A(N): Certified Public Accountant

11/16/2017 TO 12/31/2020
VALID

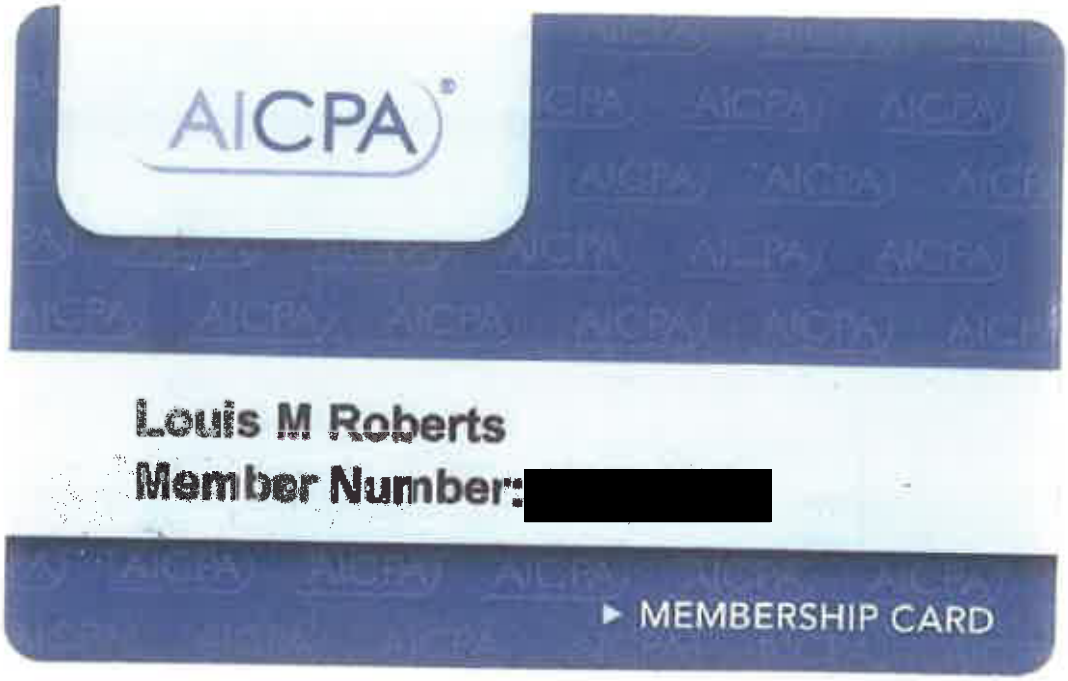
20CC02491800
LICENSE/REGISTRATION/CERTIFICATION #

Signature of Licensee/Registrant/Certificate Holder

ACTING DIRECTOR

PLEASE DETACH HERE
IF YOUR LICENSE/REGISTRATION/
CERTIFICATE ID CARD IS LOST
PLEASE NOTIFY:
Board of Accountancy
P.O. Box 45000
Newark, NJ 07101

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John Short

VIRGINIA BOARD OF ACCOUNTANCY

Home > Consumer Information > Online Services

Licensee Details

Demographic Information

Name: John Frank Short

Address Information

Line 1: [redacted]
Line 2:
Line 3:
Line 4:
County:
Country: United States

License Information

Lic #: [redacted] **Profession:** Accountancy **Type:** Certified Public Accountant
Status: Active **Issued:** 1/4/2006 **Expiration:** 1/31/2019

STATE OF MARYLAND
DLLR
DEPARTMENT OF LABOR, LICENSING AND REGULATION

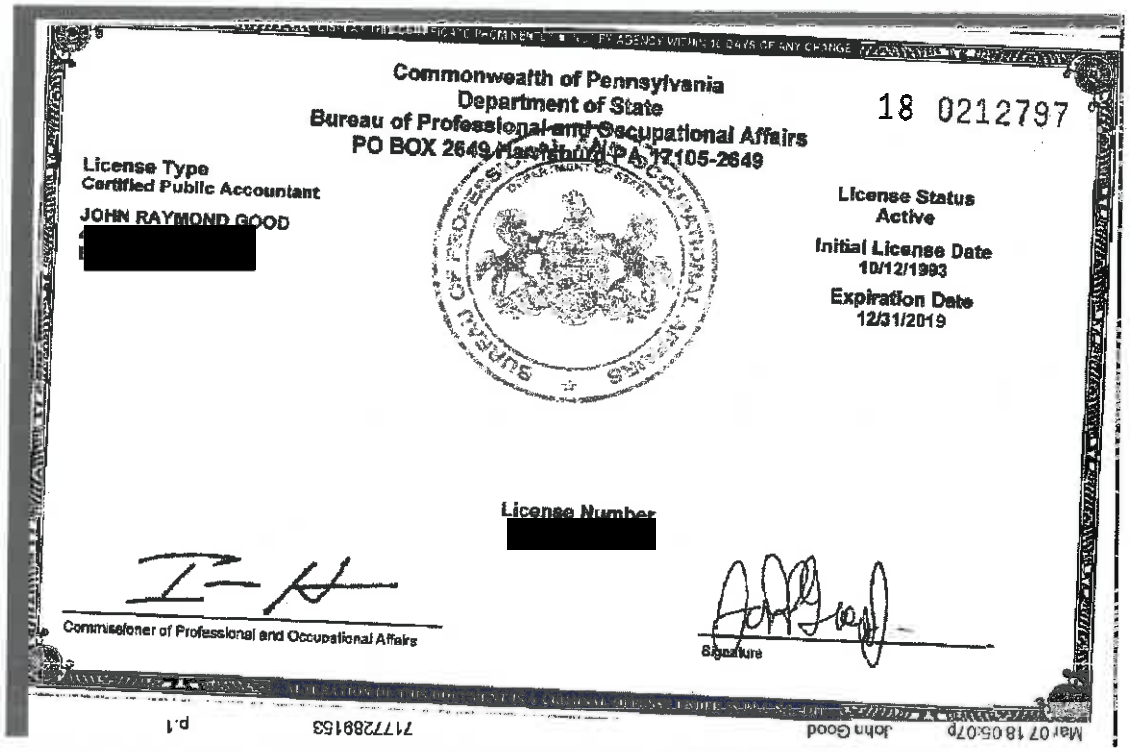
Results for Active Licensed Certified Public Accountants: 1

The following results do not include current licensees who are on inactive status.

Name	City	State	Zip	Expiration	Category	Reg. #
JOHN FRANK SHORT	GREAT FALLS	VA	22066	2019-01-03	ACTIVE C.P.A.	[redacted]

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John Good



Commonwealth of Pennsylvania
Department of State
Bureau of Professional and Occupational Affairs
PO BOX 2649 Harrisburg PA 17105-2649

18 0212797

License Type
Certified Public Accountant

JOHN RAYMOND GOOD
[redacted]

License Status
Active

Initial License Date
10/12/1993

Expiration Date
12/31/2019

License Number
[redacted]

Commissioner of Professional and Occupational Affairs

Signature

p.1 7177289153 John Good Mar 07 18 05:07p

Maureen Wood

OHIO License CENTER

Name and Address	[back]
Name	MAUREEN A WOOD
Residence	NORTON, OH
Public Address	No address information on file.

License and Registration Information

Credential	License Type	Initial Licensure Date	Issue Date	Expiration Date	Status	Reason
[redacted]	Certified Public Accountant	12/15/1992	01/01/2016	12/31/2018	ACTIVE	

CPA28989 - Ohio

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William (Bill) Schlegel



Certified Information Systems Auditor

CERTIFIED INFORMATION SYSTEMS AUDITOR

ISACA hereby certifies that

William D. Schlegel

has successfully met all requirements and is qualified as a Certified Information Systems Auditor.
In witness whereof, we have subscribed our signatures to this certificate.

Requirements include prerequisite professional experience; adherence to the ISACA Code of Professional Ethics and the CISA continuing professional education policy; and passage of the CISA exam.

05 September 1997
Date of Certification

31 January 2019
Expiration Date

[redacted]
Certificate Number

ISACA

Kevin Wasko



CISA Certified Information Systems Auditor

ISACA

CERTIFIED INFORMATION SYSTEMS AUDITOR

ISACA hereby certifies that

Kevin M. Wasko

has successfully met all requirements and is qualified as a Certified Information Systems Auditor.
In witness whereof, we have subscribed our signatures to this certificate.

Requirements include prerequisite professional experience, adherence to the ISACA Code of Professional Ethics and the CISA continuing professional education policy, and successful completion of the CISA exam.

30 June 2006
Date of Certification

International President of ISACA and ITGI

31 January 2019
Expiration Date

Chief Executive Officer of ISACA and ITGI

[redacted]
Certificate Number

ANSI

ISACA

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David (Dave) Phillips

State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

The person indicated below is licensed as a
Certified Public Accountant
for the period beginning
July 1, 2017 through June 30, 2018

[redacted]
DAVID L. PHILLIPS
ERNST & YOUNG LLP
500 VIRGINIA ST E STE 900
CHARLESTON WV 25301-2125

Board President | Executive Director

Darrell Knapp

STATE OF MARYLAND
DLLR
DEPARTMENT OF LABOR, LICENSING AND REGULATION

Results for Active Licensed Certified Public Accountants: 1

The following results do not include current licensees who are on inactive status.

Name	City	State	Zip	Expiration	Category	Reg. #
DARRELL DAVID KNAPP	SHAWNEE	KS	66217	2020-02-18	ACTIVE C.P.A.	[redacted]

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Missouri Division of Professional Registration

PR Home

Detail

Primary Source Verification

The licensee search function of this website provides data extracted from our database and constitutes a Primary Source Verification.

Licensee Name:	Krapp, Darrell D.
Profession Name:	CPA-License Holder
Licensee Number:	[redacted]
Expiration Date:	9/30/2019
Original Issue Date:	9/11/2016
Address:	[redacted]
Address Con't:	
City, State Zip:	
County:	Unknown/Out of State
Practitioner DBA Name:	
Certification Type:	
Classification:	
Current Discipline Status:	None

Gerald (Chip) Johnson

Wisconsin Department of Safety and Professional Services

Credential/Licensing Search

Credential/License Search | DSPS Home

Individual Search Results - Detail

Credential/License Summary for 368

Name: JOHNSON, GERALD W
Profession: PROFESSIONAL GEOLOGIST (13)
Credential/License Number: [redacted]
Location: WHEATON IL
Credential/License Type: regular
Status: License is current (Active)
Eligible To Practice: credential license is current

Details | Requirements | Payments | Orders | Relationships

Credential/License current through: 7/31/2018
Granted date: 11/16/1995
Multi-state: N
Orders: NONE
Specialties: NONE
Other Names: Gerald W Johnson

Certified Professional Geologist [redacted]

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Jeannette Kunz

Missouri Division of Professional Registration

PR Home (https://pr.mo.gov/)

Detail

Primary Source Verification

The licensee search function of this website provides data extracted from our database and constitutes a Primary Source Verification.

Licensee Name:	Kunz, Jeannette
Profession Name:	CPA-License Holder
Licensee Number:	[redacted]
Expiration Date:	9/30/2018
Original Issue Date:	5/26/1992
Address:	Ernst & Young
Address Con't:	190 Carondelet Plaza Ste 1300
City, State Zip:	Clayton, MO 63105
County:	St. Louis County
Practitioner DBA Name:	
Certification Type:	
Classification:	
Current Discipline Status:	None

Adam Carr

State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

The person indicated below is licensed as a
Certified Public Accountant
for the period beginning
July 1, 2017 through June 30, 2018

[redacted]
ADAM MICHAEL CARR
ERNST & YOUNG LLP
500 VIRGINIA ST E STE 900
CHARLESTON WV 25301-2125

Board President — Executive Director

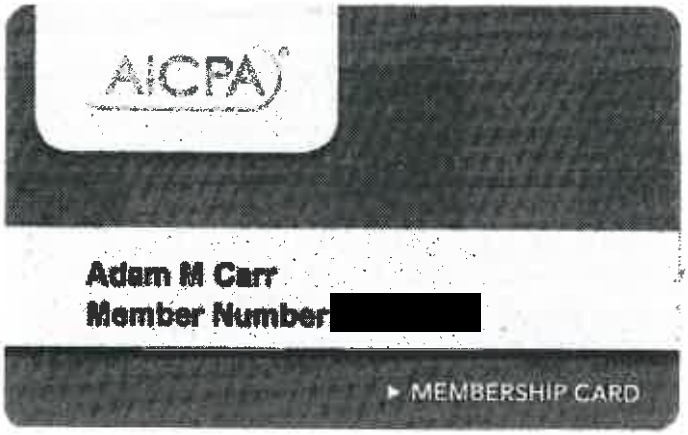
State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

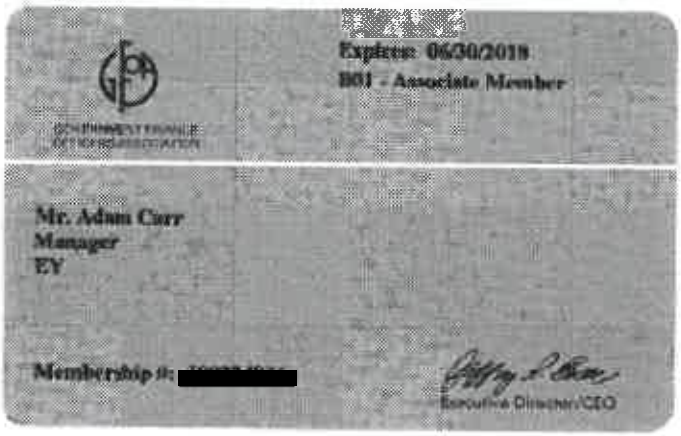
The person indicated below is licensed as a
Certified Public Accountant
for the period beginning
July 1, 2017 through June 30, 2018

[redacted]
ADAM MICHAEL CARR
ERNST & YOUNG LLP
500 VIRGINIA ST E STE 900
CHARLESTON WV 25301-2125

Board President — Executive Director

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Grant Grishaber

State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

The person indicated below is licensed as a
Certified Public Accountant
for the period beginning July 1, 2017 through June 30, 2018

[redacted]
GRANT M. GRISHABER
[redacted]

Board President Executive Director

State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

The person indicated below is licensed as a
Certified Public Accountant
for the period beginning July 1, 2017 through June 30, 2018

[redacted]
GRANT M. GRISHABER
[redacted]

Board President Executive Director

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Wyatt Young

WEST VIRGINIA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

Know all persons by these presents
that the West Virginia University Board of Governors
upon the recommendation of the faculty
has conferred upon

WYATT DANIEL YOUNG

The Degree of

BACHELOR OF SCIENCE IN BUSINESS ADMINISTRATION

Accounting
MAGNA CUM LAUDE

With all the rights, honors, and privileges thereunto appertaining. Witness the seal of the university and the signatures of its duly authorized officers hereunto affixed this thirteenth day of May, two thousand twelve.

Leslie Batista

State University of New York at Binghamton

School of Management

On the recommendation of the Faculty and by virtue of the authority vested in them, the Trustees of the University have conferred upon

Leslie M Batista

the degree of

Bachelor of Science

Cum Laude

and have granted this Diploma as evidence thereof on

May 18, 2014

Chairperson of the Board of Trustees

Chairperson of the Council
State University of New York at Binghamton

Chancellor of the State University of New York

President of the
State University of New York in Binghamton

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State University of New York at Binghamton

School of Management

On the recommendation of the Faculty and by virtue of the authority vested in them, the Trustees of the University have conferred upon

Leslie Mariel Batista

the degree of

Master of Science

Accounting

and have granted this Diploma as evidence thereof on

May 17, 2015



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Suttle & Stalnaker CPA licenses

Christopher (Chris) Deweese

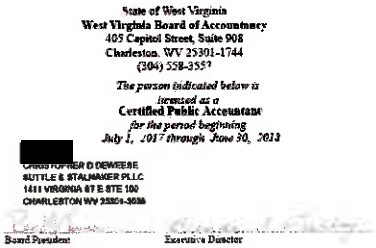


State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

The person indicated below is licensed as a
Certified Public Accountant
for the period beginning
July 1, 2017 through June 30, 2015

[redacted]
CHRISTOPHER D DEWEESE
SUTTLE & STALNAKER PLLC
1411 VIRGINIA ST E STE 100
CHARLESTON WV 25301-3086

Board President Executive Director



State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

The person indicated below is licensed as a
Certified Public Accountant
for the period beginning
July 1, 2017 through June 30, 2018

[redacted]
CHRISTOPHER D DEWEESE
SUTTLE & STALNAKER PLLC
1411 VIRGINIA ST E STE 100
CHARLESTON WV 25301-3086

Board President Executive Director

Christopher (Chris) Lambert

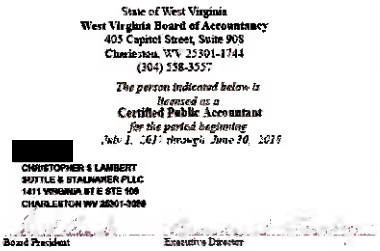


State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

The person indicated below is licensed as a
Certified Public Accountant
for the period beginning
July 1, 2017 through June 30, 2018

[redacted]
CHRISTOPHER S LAMBERT
SUTTLE & STALNAKER PLLC
1411 VIRGINIA ST E STE 100
CHARLESTON WV 25301-3086

Board President Executive Director



State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

The person indicated below is licensed as a
Certified Public Accountant
for the period beginning
July 1, 2017 through June 30, 2018

[redacted]
CHRISTOPHER S LAMBERT
SUTTLE & STALNAKER PLLC
1411 VIRGINIA ST E STE 100
CHARLESTON WV 25301-3086

Board President Executive Director

Kelly Shafer

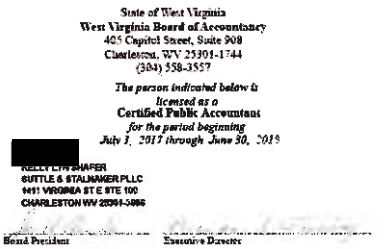


State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

The person indicated below is licensed as a
Certified Public Accountant
for the period beginning
July 1, 2017 through June 30, 2018

[redacted]
KELLY LYN SHAFER
SUTTLE & STALNAKER PLLC
1411 VIRGINIA ST E STE 100
CHARLESTON WV 25301-3086

Board President Executive Director



State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

The person indicated below is licensed as a
Certified Public Accountant
for the period beginning
July 1, 2017 through June 30, 2018

[redacted]
KELLY LYN SHAFER
SUTTLE & STALNAKER PLLC
1411 VIRGINIA ST E STE 100
CHARLESTON WV 25301-3086

Board President Executive Director

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Mary (Marie) Long



State of West Virginia
West Virginia Board of Accountancy
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Charleston, WV 25301-1744
(304) 558-3557

The person indicated below is licensed as a
Certified Public Accountant
for the period beginning
July 1, 2017 through June 30, 2018

[redacted]
MARY MARIE LONG
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1411 VIRGINIA ST E STE 100
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Board President Executive Director

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West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

The person indicated below is licensed as a
Certified Public Accountant
for the period beginning
July 1, 2017 through June 30, 2018

[redacted]
MARY MARIE LONG
SUTTLE & STALNAKER PLLC
1411 VIRGINIA ST E STE 100
CHARLESTON WV 25301-3086

Board President Executive Director

Sarah Crouse



State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

The person indicated below is licensed as a
Certified Public Accountant
for the period beginning
October 13, 2017 through June 30, 2018

[redacted]
SARAH ELIZABETH CROUSE
SUTTLE & STALNAKER PLLC
1411 VIRGINIA ST E STE 100
CHARLESTON WV 25301-3086

Board President Executive Director

State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
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(304) 558-3557

The person indicated below is licensed as a
Certified Public Accountant
for the period beginning
October 13, 2017 through June 30, 2018

[redacted]
SARAH ELIZABETH CROUSE
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CHARLESTON WV 25301-3086

Board President Executive Director

Kristin Moody



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West Virginia Board of Accountancy
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Charleston, WV 25301-1744
(304) 558-3557

The person indicated below is licensed as a
Certified Public Accountant
for the period beginning
July 1, 2017 through June 30, 2018

[redacted]
KRISTIN CIPRIANI MOODY
SUTTLE & STALNAKER PLLC
1411 VIRGINIA ST E STE 100
CHARLESTON WV 25301-3086

Board President Executive Director

State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

The person indicated below is licensed as a
Certified Public Accountant
for the period beginning
July 1, 2017 through June 30, 2018

[redacted]
KRISTIN CIPRIANI MOODY
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CHARLESTON WV 25301-3086

Board President Executive Director

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Elizabeth (Beth) Farley



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West Virginia Board of Accountancy
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Charleston, WV 25301-1744
(304) 558-3557

The person indicated below is licensed as a
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for the period beginning
July 1, 2017 through June 30, 2018

[redacted]
ELIZABETH ANNE FARLEY
SUTTLE & STALNAKER PLLC
1411 VIRGINIA ST E STE 100
CHARLESTON WV 25301-3086

Board President Executive Director

State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

The person indicated below is licensed as a
Certified Public Accountant
for the period beginning
July 1, 2017 through June 30, 2018

[redacted]
ELIZABETH ANNE FARLEY
SUTTLE & STALNAKER PLLC
1411 VIRGINIA ST E STE 100
CHARLESTON WV 25301-3086

Board President Executive Director

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Dearien & Company CPA licenses

Steven (Steve) Dearien

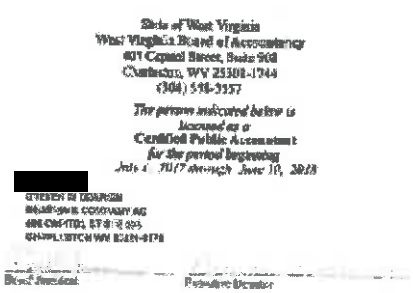


State of West Virginia
West Virginia Board of Accountancy
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Charleston, WV 25301-1744
(304) 558-3557

The person indicated below is licensed as a
Certified Public Accountant
for the period beginning
July 1, 2017 through June 30, 2018

[redacted]
STEVEN W DEARIEN
DEARIEN & COMPANY AC
405 CAPITOL ST STE 608
CHARLESTON WV 25301-1778

Board President — Executive Director



State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

The person indicated below is licensed as a
Certified Public Accountant
for the period beginning
July 1, 2017 through June 30, 2018

[redacted]

Board President — Executive Director

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Appendix 6:

Our summary of services

Our summary of services

As required by the CRFP, the services must include reporting on all the following:

1. Whether the basic financial statements in the State's Comprehensive Annual Financial Report (CAFR) present fairly the State's financial position and results of financial operations in conformity with generally accepted accounting principles.
2. Whether the SEFA is fairly presented in relation to the basic financial statements.
3. Internal control related to the financial statements and major programs.
4. Compliance with laws, regulations and the provisions of contracts or grant agreements, noncompliance with which could have a material effect upon the State's financial statements.
5. Compliance with laws, regulations and the provisions of contracts or grant agreements that could have a direct and material effect on each major program.
6. Findings and questioned costs.
7. The summary of the auditor's results, which includes:
   - Type of report issued on the financial statements
   - Type of report issued on compliance for major programs
   - Where applicable, a statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses
   - Where applicable, a statement of reportable conditions in internal control over major programs disclosed by the audit and whether any such conditions were material weaknesses
   - A statement as to whether the audit disclosed any audit findings that the auditor is required to report
   - An identification of major programs
   - The dollar threshold used to distinguish between Type A and Type B programs
   - A statement as to whether the auditee qualified as a low-risk auditee.
8. Any irregularities, fraud or illegal acts. The firm shall be required to give to the Director of Finance under the authority of Section 5A-2-33 of the State Code an immediate, written report of all irregularities and illegal acts of which the firm becomes aware.
9. Any additional requirements under Uniform Guidance or future federal OMB circulars that may become effective during this audit contract.

Our work plan is responsive to your needs. As required by GAAS, GAS and Uniform Guidance, AICPA, and our understanding of your requirements outlined above, we will design our audit to:

1. Express an opinion, based on our audit and the reports of other auditors, on the financial statements of the State.
2. Review other financial information included with the audited financial statements for consistency with the financial statements.
3. Review the State's Comprehensive Annual Financial Report submitted to the GFOA.
4. Issue a report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with GAS.
5. Issue a report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with Uniform Guidance based on our audit.
6. Issue a written communication to management and Secretary Myers describing significant deficiencies and material weaknesses identified during our audit.

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7. Issue a management letter including recommendations for improvements in controls and procedures, if necessary.
8. Issue Type 2 service auditor's examination for the ERP Board in accordance with Statement on Standards for Attestations Engagements No. 16, *Reporting on Controls at a Service Organization*, of the AICPA.

Those properly designed procedures will address all the reporting requirements outlined in the CRFP.

As outlined in the CRFP, we will inform the Cabinet Secretary of the DOA and the Director of Finance in writing of each of the following:

1. The auditor's responsibility under GAAS
2. Significant accounting policies
3. Management judgments and significant revisions of past and current estimates and projections
4. Significant audit adjustments and significant revisions of past and current estimates and projections
5. Other information in documents containing audited financial statements or estimates and projections
6. Disagreements with management
7. Consultation with other accountants and actuaries
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit
10. Any additional requirements under SAS 61 or any other related requirements that are currently in effect or may become effective during this audit contract.

As required by the professional standards, we will communicate to the Cabinet Secretary of the DOA and the Finance Director in writing each of the following to address all required communications outlined above in the CRFP:

1. Overview of the planned scope and timing of the audit
2. Auditor's responsibility under generally accepted auditing standards, including discussion of the type of auditor's report we are issuing and if there are any events or conditions that cause us to conclude that there is substantial doubt about the entity's ability to continue as a going concern
3. A summary of areas of emphasis including our views about the qualitative aspects of the State's significant accounting practices, including:
   - Accounting policies
   - Sensitive accounting estimates
   - Financial statement disclosures and related matters
   - Significant unusual transactions
4. Uncorrected misstatements
5. Material corrected misstatements
6. Significant deficiencies and material weaknesses in internal control
7. Our responsibility, any procedures performed and the results relating to other information in documents containing audited financial statements
8. Fraud and illegal acts involving senior management and fraud and illegal acts that cause a material misstatement of the financial statements
9. Independence matters

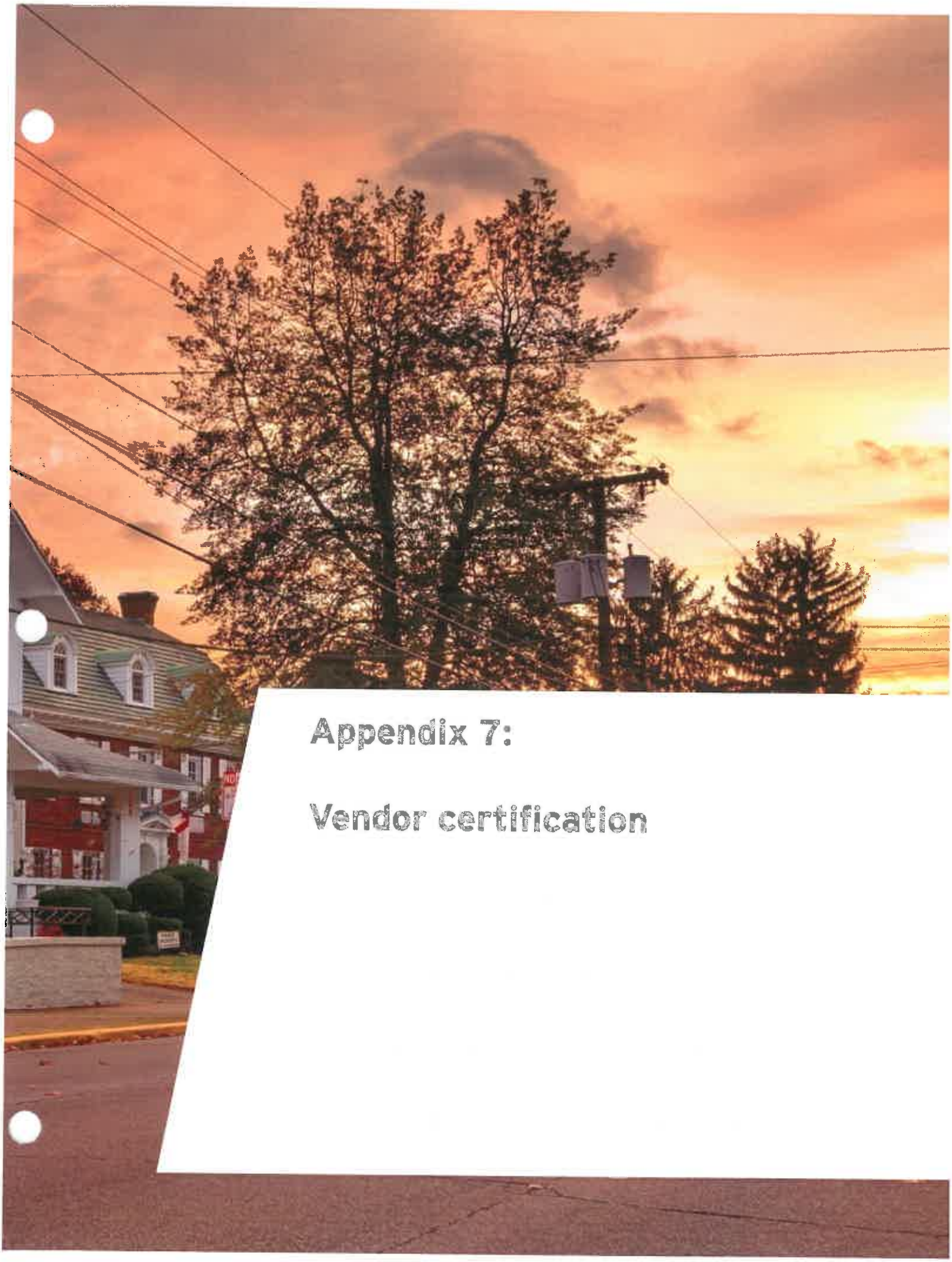
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10. Representations we are requesting from management
11. Changes to the terms of the audit with no reasonable justification for the change
12. Significant findings and issues arising during the audit relating to related parties
13. Significant findings or issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management
14. Significant difficulties encountered during the audit
15. Disagreements with management
16. Management's consultations with other accountants
17. Findings regarding external confirmations
18. AICPA ethics ruling regarding third-party service providers
19. Other findings or issues regarding the oversight of the financial reporting process

In addition, we understand that you expect the following:

- Vendor relationship: EY agrees that our relationship to the State will continue to be that of an independent contractor and no principal-agent relationship or employer-employee relationship is contemplated or created by this contract. EY acknowledges that we are liable for the acts and omissions of its employees.
- After the successful vendor is selected, we understand a formal contract document/engagement letter will be executed between the State and the vendor, similar to prior years. Accordingly, neither our signing of nor submission of this proposal, nor your acceptance of it constitutes a binding agreement. Under professional audit standards, such an agreement shall exist only upon the execution of a mutually acceptable contract/engagement letter between the State and EY.
- Compliance with governing laws and regulations: EY and its proposed subcontractor firms abide with the laws, regulations and ordinances of the United States. The Charleston office of EY is governed by the laws of the State and licensed to do business in this State. We also comply with the Civil Rights Act of 1964 and all other applicable federal, state and local government regulations.
- Term of contract and renewals: We understand that the contract will be effective upon award and shall extend for the period of one year, at which time the contract may, upon mutual consent, be renewed. Renewal of this contract is limited to three successive one-year periods. At the sole direction of the Purchasing Division Director, and with approval from the Attorney General's Office, this contract may be extended for a reasonable time after the initial contract term or after any renewal term as may be necessary to obtain a new contract or renew this contract. We understand that the "reasonable time" period shall not exceed 12 months.
- Record retention: EY and our proposed subcontractor firms will comply with all applicable federal and state rules, regulations and requirements governing the maintenance of documentation to verify any cost of services or commodities rendered under this contract by us. We shall maintain such records a minimum of five years and make such records available to the DOA, Finance Division at the EY location during normal business hours upon written request by the DOA, Finance Division within ten days after receipt of the request.
- EY and our proposed subcontractor firms will have access to private and confidential data maintained by the DOA, Finance Division to the extent required for us to carry out the duties and responsibilities defined in this contract. We will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from this contract, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the State's policies, procedures and rules.
- We have appropriate insurance, as required by the CRFP, Section 1, Part 8. Relevant documents are available upon request.
- As your incumbent audit service providers, all returning on-site team members have already passed the background check as required by the CRFP section 3.42. Furthermore, any new on-site team members will comply with this requirement prior to working on your engagement.

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Appendix 7:

Vendor certification

In addition to the vendor certification included behind the title page, as required under section 3, paragraph 43, Vendor Certifications:

By signing this bid, I certify (1) that this bid was made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, person, or entity submitting a bid for the same material, supplies, equipment, or services; (2) that this bid is in all respects fair and without collusion or fraud; (3) that this contract is accepted or entered into without any prior understanding, agreement, or connection to any other entity that could be considered a violation of law; and (4) that I have reviewed this CRFP in its entirety, understand the requirement, terms and conditions, and other information contained herein. I also affirm that neither Ernst & Young LLP nor its representatives have any interest, nor shall acquire any interest, direct or indirect, which would compromise the performance of its services hereunder. Any such interest shall be promptly presented in detail to the Agency.

Ernst & Young LLP

(Company)

Susan Wrenker, Partner

(Representative Name, Title)

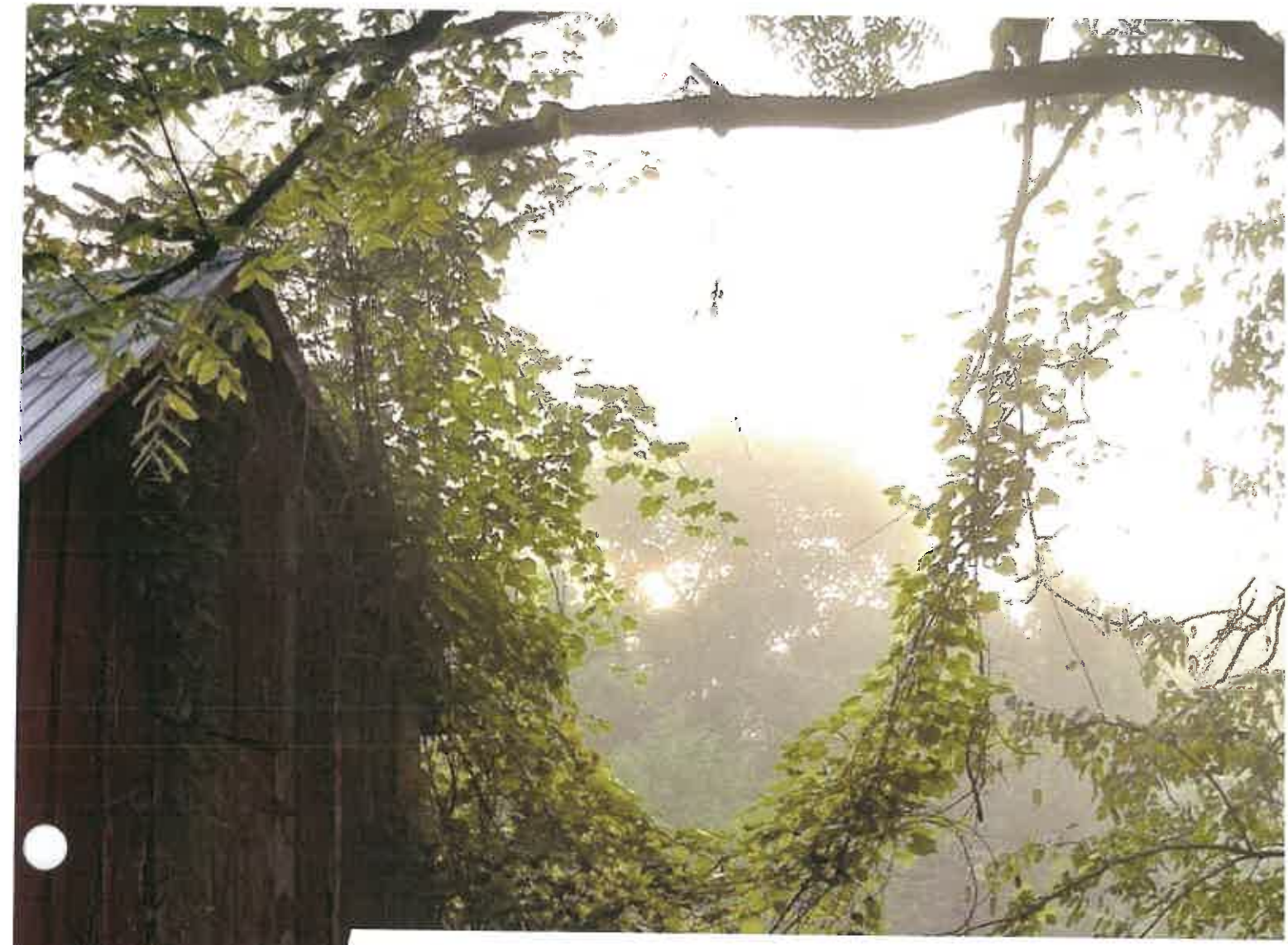
Phone: +1 304 357 5974 / Fax: +1 304 357 5993

(Contact Phone/Fax Number)

April 17, 2018

(Date)

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Appendix 8:

Signed solicitation and addendums

Purchasing Divison
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

State of West Virginia
Request for Proposal
14 — Financial

Proc Folder: 431307

Doc Description: Comprehensive Annual Financial Report (CAFR) Single Audit

Proc Type: Central Contract - Fixed Amt

Date Issued	Solicitation Closes	Solicitation No	Version
2018-03-16	2018-04-17 13:30:00	CRFP 0209 FAR1800000005	1

BID RECEIVING LOCATION

BID CLERK
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION
2019 WASHINGTON ST E
CHARLESTON WV 25305
US

VENDOR

Vendor Name, Address and Telephone Number:

Ernst & Young LLP
900 United Center
500 Virginia Street East
harleston, WV 25301
+1 304 343 8971

FOR INFORMATION CONTACT THE BUYER

Linda B Harper
(304) 558-0468
linda.b.harper@wv.gov

Signature X [signature] FEIN # 34-656-5596-001 DATE April 17, 2018

All offers subject to all terms and conditions contained in this solicitation

Purchasing Divison
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

State of West Virginia
Request for Proposal
14 — Financial

Proc Folder: 431307

Doc Description: Addendum 1 - CAFR Single Audit

Proc Type: Central Contract - Fixed Amt

Date Issued	Solicitation Closes	Solicitation No	Version
2018-04-05	2018-04-17 13:30:00	CRFP 0209 FAR1800000005	2

BID RECEIVING LOCATION

BID CLERK
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION
2019 WASHINGTON ST E
CHARLESTON WV 25305
US

VENDOR

Vendor Name, Address and Telephone Number:

Ernst & Young LLP
900 United Center
500 Virginia Street East
arleston, WV 25301
+1 304 343 8971

FOR INFORMATION CONTACT THE BUYER

Linda B Harper
(304) 558-0468
linda.b.harper@wv.gov

Signature X Susan Wheeler **FEIN #** 34-656-5596-001 **DATE** April 17, 2018

All offers subject to all terms and conditions contained in this solicitation

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.:

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

Addendum Numbers Received:
(Check the box next to each addendum received)

- [x] Addendum No. 1
- [ ] Addendum No. 2
- [ ] Addendum No. 3
- [ ] Addendum No. 4
- [ ] Addendum No. 5
- [ ] Addendum No. 6
- [ ] Addendum No. 7
- [ ] Addendum No. 8
- [ ] Addendum No. 9
- [ ] Addendum No. 10

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

Ernst & Young LLP
Company

Authorized Signature

4-17-18
Date

NOTE: This addendum acknowledgement should be submitted with the bid to expedite document processing.