

AGENDA

Municipal Pensions Oversight Board

Meeting of the Board Members

March 15, 2018 – 1:00 P.M.

301 Eagle Mountain Road

Second Floor, Suite 251

Charleston, WV 25311

- I. Call to Order and Roll Call
- II. Approval of Minutes of Meeting on December 14, 2017
- III. Old Business
 - a. Donald Scurlock/Nitro Policemen's Pension Case – Motions for Summary Judgement/Responses
 - b. Morgantown Policemen's Pension Request/Attorney General's Opinion
 - c. Huntington Firemen's Pension – Report on the Independent Agreed Upon Procedures Engagement
 - d. Legislation
 - i. Deferred Retirement Option Plans – Removing sunset from current code - SB425
 - ii. Change non-duty disability income cap from \$7500 to \$18,200 etc - HB4289 and SB566
- IV. New Business
 - a. Request for Proposals for Actuarial Services
 - b. P-Card Expenditures (December 2017 and January 2018)
 - c. Executive Director's Report
- V. Next Board Meeting is 1:00 pm, June 21, 2018 Location 301 Eagle Mountain Road, Suite 251, Charleston, WV 25311
 - a. CY2018 dates
 - i. September 20th
 - ii. December 13th (2nd Thursday) - Needs changed
- VI. Public Comments
- VII. Adjournment



ORIGINAL

MUNICIPAL PENSIONS OVERSIGHT BOARD
Minutes of Meeting
March 15, 2018

The Municipal Pensions Oversight Board (MPOB) met on March 15, 2018 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia. The Chair, Mr. Neddo, called the meeting to order, noting that a quorum was present.

ATTENDEES

Board Members:

- Lisa Dooley, absent
- Jeffrey Fleck, present
- John Kee, present
- Emily Lambright, present – arrived 1:05 p.m.
- David Lanham, absent
- Jason Matthews, present – arrived 1:20 p.m.
- Stephen Neddo, present
- Michael Payne, present
- Craig Slaughter, present

General Counsel:

- Kelli Talbott, Chief Counsel – WV Attorney General’s Office, present

Staff:

- LeAnne Neccuzi, Administrative Assistant
- Les Smith, Accountant
- Blair Taylor, Executive Director

Guests:

- Scott Arthur – Budget Manager, City of Huntington
- Chad Lovejoy – Delegate -Cabell, 17th District -WV House of Delegates
- Kathy Moore – Finance Director, City of Huntington
- Angie Shockley – Revenue Audit Supervisor, City of Huntington
- Larry Diamond, J.S. Earl, Carl Eastham, A.L. Fowler, Tim Gibbs, Forrest Marshall, Scot Masters, Rick Montgomery, Dave Roberts - Retirees - City of Huntington Firemen’s Pension Fund

Minute Taker:

- LeAnne Neccuzi

Approval of Minutes

Minutes for the MPOB meeting on December 14, 2017 were presented for approval: *Moved by Mr. Slaughter; Seconded by Mr. Payne; Passed unanimously:*

RESOLVED, that the minutes of the December 14, 2017 Municipal Pensions Oversight Board meeting be approved as written.

OLD BUSINESS

Donald Scurlock/Nitro Policemen's Pension Case – Motions for Summary

Ms. Talbott reported that she has filed briefs in this case according to the court's schedule. The briefing is completed at this point. There will be some other upcoming deadlines in this case, including a requirement that the parties submit to mandatory mediation by a deadline to be determined. She has not yet conferred with Nitro counsel or the plaintiff but at some point, that will be coming up and she will contact Mr. Taylor to schedule a date to conduct the mediation. Written arguments required by the court have all been filed and the case is proceeding according to the court's schedule.

Request for Attorney General's Opinion – Morgantown Policemen's Pension Request

On December 20, 2017, the West Virginia Office of the Attorney General issued an Opinion of the Attorney Generalⁱ (Opinion). The Opinion provides the Morgantown Policemen's Pension and Relief Fund (Fund) direction on how it is to apply the current law in WV Code §8-22-16d, §8-22-25, and §8-22-27a when calculating retirement pensions for all current and future pensioners. The Opinion states the Fund must recalculate all existing pensions which had been calculated using incorrect methods to ensure pensioners receive the correct amount of retirement from the Fund from July 7, 2017 forward.

On January 11, 2018 the MPOB sent the official Opinion to the Board of Trustees of each of the 53 municipal pensions. In addition, the MPOB sent the Opinion to other municipal officials such as municipal treasurers, finance directors, attorneys, etc. The intent of providing the Opinion to all other plans was to make them aware of the questions posed by the Morgantown Policemen's Pension Board of Trustees and the response received from Attorney General Morrissey. The MPOB has encouraged local pension boards to compare their existing practices to those that are addressed in the Opinion to determine if any changes are needed based on the written Opinion of the enactment of §8-22-27a and §8-22-27b.

Ms. Talbott stated that, although she did not write the opinion, she would attempt to answer any questions presented to her. Mr. Slaughter asked when erroneous payments would be stopped and how far back in time a local board would have to go to make their practices conform to the State Code. Mr. Taylor indicated the Opinion clearly states any errors (underpayments as well as overpayments) are to be corrected from July 7, 2017 forward. Mr. Fleck asked if any corrections had been made. Mr. Taylor stated the City of

Morgantown's City Attorney had indicated the pension board was working on them, but no timelines had been established. Mr. Slaughter asked whether they had accepted the Attorney General's Opinion. Mr. Taylor stated they have not indicated they are not going to accept the Opinion. Mr. Fleck asked how many people the Opinion will impact, to which Mr. Taylor indicated all the pensioners in the pension plan. Mr. Neddo stated that in each pension, the potential exists for mistakes to have been made and therefore for some people to benefit and for some to not benefit based on this Opinion. Mr. Taylor also talked about pensioners who were hired prior to 1981 before the current WV Code was implemented. Pensioners hired prior to the enactment of the current law would not be affected by the current law pursuant to existing case law. Mr. Kee asked if this is the case for Morgantown too. Mr. Taylor indicated he believed there is a court decision to that effect. Mr. Taylor said generally the laws in effect at the time you are hired are the laws under which you retire. Changes to the Code after you were employed generally affect only those hired after the new sections of Code become effective.

Huntington Firemen's Pension and Policemen's Pension - Report on the Independent Agreed Upon Procedures Engagement

On January 12, 2018, Mr. Eric J. Ayersman, CPA, AC, submitted the Agreed Upon Procedures Report on the Huntington Firemen's Pension and Relief Fund and the Huntington Policemen's Pension and Relief Fund (the Funds) for the period of November 9, 2019 and July 8, 2016. These respective dates were selected because they represent the date the Municipal Pensions Oversight Board was created by the WV Legislature and the date the Huntington Firemen's Pension Board of Trustees passed a motion to start following WV Code §8-22-16(d). The report shows a mixture of both underpayments and overpayments to retirees in the police pension plan and overpayments for all retirees in the fire pension plan during the period in question.

Mr. Fleck asked if the Attorney General's opinion for Morgantown might also apply to the City of Huntington's situation. Ms. Talbott stated that some of the principles in the AG's opinion might apply to Huntington's situation. Mr. Taylor indicated fire pension trustees had verbally told him the pension plan did not follow WV Code §8-22-16(d) until it passed a motion at one of its pension board meetings on July 8, 2016.

Discussion by the Board members then centered around whether there was intent to violate the State Code when calculating retirements for pensioners. Further, the Board members asked Ms. Talbott whether the Opinion discussed intent. Ms. Talbott indicated the Opinion did not discuss intent and therefore it would not matter if the actions by the pension board was intentional or unintentional. Ms. Talbott went on to say

in the Morgantown case, since the fire pension board asked the MPOB for direction on the applicability of §8-22-16(d) on two specific occasions, one could construe that yes, there was intentionality. Mr. Taylor said that since the police pension board created an internal policy that limited pensions to less than the 20 percent limiter, then that too could be construed to show intentionality to meet the spirit of the law, just not use the limiter defined in the Code.

Mr. Payne then asked if the City of Morgantown and its pension plans have a copy of the Opinion so that they may take action to correct their pensions. Mr. Taylor indicated that is true, the Morgantown plans are in possession of the Opinion. Mr. Payne further asked if the Huntington plans had a copy of the Opinion and if the Oversight Board should ask for another Attorney General's Opinion for Huntington's specific situation. Mr. Neddo indicated that he and Mr. Taylor made the call to send the Opinion to all 53 pension secretaries, pension chairs and trustees of all plans. Ms. Talbott then said the legal principles in the Opinion would apply to any pension plan. Furthermore, a municipal pension plan's attorney should be reviewing the Opinion and advising its client on how the Opinion might be applied to that specific pension. Ms. Lambright then asked if the City of Huntington's pension plans had a copy of the report being discussed. Mr. Taylor indicated they did not. *Moved by Mr. Kee; Seconded by Ms. Lambright;*

RESOLVED, that Municipal Pensions Oversight Board (MPOB) provide a copy of the January 12, 2018 Independent Accountant's report on applying the Agreed Upon Procedures to certain records of the Huntington Policemen's and Firemen's Pension Plans, to each Plan's trustees and the City of Huntington. The MPOB will also allow each pension plan trustees a period of ninety days to prepare an action plan to bring their pension plans into compliance with the provisions in West Virginia State Code applicable to the plans as noted in the Agreed Upon Procedures report.

Discussion followed on the motion. During the discussion, Mr. Kee suggested the pension plans should want to have the calculations rechecked to determine if the report is accurate and to bring the plan(s) into compliance with the Code if a plan is found to be noncompliant. Mr. Matthews discussed that the Fire Pension agreed to start following the Code back in July 2016. Mr. Taylor indicated yes, he was correct, but that the MPOB has not checked to see if the calculations for pensions are being done as specified in the Code. Mr. Slaughter then stated the Opinion and the new statute the Opinion is crafted from, provides direction as to how to correct any pensions that are currently being overpaid or underpaid. Mr. Neddo stated that the elephant in the room now, is the Opinion. Having been on other boards like this for a long time and being a retired police officer, when the AG issues an Opinion it becomes the law of the land unless someone contests it. Just like the Supreme Court, whether they do it in Kanawha, Putnam or Cabell County, it's the law of the land until somebody changes it. Mr. Neddo opined that the AG's Opinion was harsh. Not

that a pension plan can claw back money, it's clear that it doesn't do that. If you overpaid a policeman or a fireman, you don't go back and get the money back that was overpaid to them. If you were underpaid, the pension boards cannot go back and give the member additional money (from that date). The part that is going to hurt is if the pension board originally calculated a retirees' pension wrong and he's overpaid, as of this date forward, the pension board will have to go back and recalculate the pension. So, this is reality. There are some retired people who are going to get pay cuts, according to this Opinion. It could go anywhere from, as Mr. Taylor reported, \$1 all the way up to \$1,250. So that means that somebody is going to take a pay cut of up to a \$1,000 per month. Until somebody fights the AG's opinion, it's the law that the MPOB is required to operate under. I don't think we have an option. It was important to get this opinion out to the local boards, so they can make their own decisions about what they are going to do. The MPOB can't do it. It's the law and until somebody appeals it, it's the law of the land. The only way to stop it is through Circuit Court. Mr. Payne pointed out that the numbers in the report cannot be verified. Mr. Ayersman's numbers could be wrong because they are based on information that he may or may not have received. The longer they wait to act, the more it hurts the retirees. After further discussion, Mr. Kee pulled his original motion off the floor. *Moved by Mr. Kee; Seconded by Ms. Lambright; The motion passed with 5 yea's (Mr. Fleck, Mr. Kee, Ms. Lambright, Mr. Payne, and Mr. Slaughter) and one nay (Mr. Matthews):*

RESOLVED, that Municipal Pensions Oversight Board (MPOB) provide a copy of the January 12, 2018 Independent Accountant's report on applying the Agreed Upon Procedures to certain records of the Huntington Policemen's and Firemen's Pension Plans, to each Plan's trustees and the City of Huntington. The MPOB will also allow each pension plan trustees a period of ninety days to prepare an action plan to bring their pension plans into compliance with the provisions in West Virginia State Code applicable to the plans as noted in the Agreed Upon Procedures report. Additionally, the MPOB will provide a letter stating it is their belief the Attorney General's opinion for the City of Morgantown most likely applies to the City of Huntington's situation as well.

Legislation

Deferred Retirement Option Plans - Removing sunset from current code SB425

Mr. Taylor reported that Senate Bill 425 passed in the Legislature but has not been recorded in the Governor's Office yet. Inquiries have already been made about the Deferred Retirement Option Plan (DROP) process. Assuming the Governor signs the bill and it becomes law, it will be effective 90 days from passage. Any request must come from the city/municipality, not the city pension plan. The cost of the actuarial study to determine whether it is actuarially sound, is paid for by the MPOB. The MPOB is then

reimbursed by the city. As soon as the bill is signed, the MPOB will make the DROP instructions available on the MPOB website so that cities can be prepared to proceed once it becomes law.

Change non-duty disability income gap from \$7,500 to \$18,200, etc. – HB4289

House Bill 4289 allows a disability retiree receiving retirement due to a non-duty related illness or injury to earn up to \$18,200 (up from \$7,500) in wages before the member's disability pension is reduced for earned income. If signed by the Governor, the Code will state that for every three (\$3) dollars of earned income over \$18,200 the member must give back to the pension one (\$1). The bill also allows for an increase to the \$18,200 floor if the state or federal minimum wage increases in the future.

SB566 was included in the agenda in error.

Senate Bill 152 – the budget bill

Mr. Taylor stated that he contacted Mr. Neddo earlier in the week to make him aware that Senate Bill 152, that was passed by the Legislature, will also apply to the Municipal Pensions Oversight Board staff unless board action is taken to stop it. He asked Mr. Neddo to provide an explanation of this bill. Mr. Neddo reminded the board that in December, they voted to give the MPOB staff a 5% pay raise that went into effect on January 6, 2018. Senate bill 152 will give an additional 5% pay raise, effective July 1, 2018, to all state employees. Taking into consideration how raises required board action in the past, Mr. Neddo asked the board for their decision on whether to allow the additional raise to go through. Ms. Talbott reminded the board that the raise is 5% of the average state employee salary, not 5% of each state employee's salary. Mr. Fleck commented that the amount, \$2,160, is an average of all public employee salaries. Mr. Neddo reiterated that the board does not have to take any action and by not doing so, the raise that SB 152 allows, will go through. Mr. Taylor stated that his intention in contacting Mr. Neddo about Senate Bill 152 was to make him aware that if no action is taken by the board, the MPOB staff will be granted the raise. No action was taken by the board.

NEW BUSINESS

Request for Proposals for Actuarial Services

Mr. Taylor reported on the actuarial contract with Gabriel, Roeder, Smith & Company (GRS). GRS will have one more year which will take us through the actuarial studies that will be done this fall. His goal is to have a new contract in place by January 1, 2019 and no later than January 31, 2019. Due to the way the

MPOB's funding source works, the actuarial studies can't be done until more is known about how much is going to be allocated for each plan. That information is not available until the July through August timeframe. GRS may or may not bid on it and it is possible they may receive the new contract. If they don't however, receive the new contract, the MPOB will have two different actuaries working for a short period of time with a slight overlap because of how the COLA letters are issued by the existing actuary. GRS's contract expires in July of 2019. In preparation to put the actuarial contract out for bid, Mr. Taylor will have a document ready for the board's input at the June 2018 meeting.

P-Card Expenditures (December 2017 and January 2018)

Mr. Smith presented the P-Card expenditures for December 2017 and January 2018ⁱⁱ. *Moved by Mr. Kee; Seconded by Mr. Matthews; Passed unanimously:*

RESOLVED, that the Municipal Pensions Oversight Board approve P-Card expenditures for December 2017 and January 2018ⁱⁱⁱ.

Executive Director's Report

Mr. Taylor provided the quarterly investment fee schedule that investment advisors provide the MPOB and the individual pension funds. It was noted those plans in bold have not had each quarter's investment fees (basis points charged) reported to the MPOB as required by §8-22-22a(c). The rolling five-year report of funds drawn down by each plan monthly was presented which showed the plans are ahead of where they were last year in drawing down allocated pension funds. For the September 2016 allocation, \$17.50 million was drawn down out of \$17.74 million. The remaining funds will be added to the September 2018 allocation period and reallocated to all pension funds that drew down all their September 2016 allocation.

Mr. Taylor reported the MPOB will be performing or having performed an average of 11 AUP engagements per year. He reported the State Auditor's Office will be conducting FY 2017 Agreed Upon Procedures for Logan Police and Fire and for Weston Police and Fire. MPOB staff will conduct 5 additional reviews between March 2018 and June 30, 2018 on the following pension plans:

- Dunbar Firemen's Pension
- Dunbar Policemen's Pension
- Martinsburg Firemen's Pension
- Martinsburg Policemen's Pension
- Point Pleasant Policemen's Pension

Finally, each plan within the City of Huntington also underwent an agreed upon procedures engagement during FY2018.

Next Board Meeting

The next regular meeting of the MPOB will be held on June 21, 2018 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia 25311. Additional meeting dates for 2018 are as follows:

- September 20, 2018 - (3rd Thursday) - 1:00 p.m.
- December 13, 2018 - (2nd Thursday) - 1:00 p.m.

Public Comments

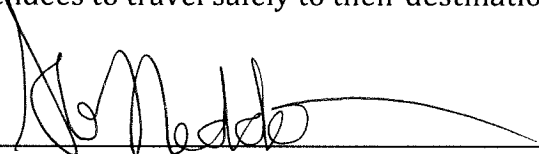
Mr. Tim Gibbs, Retiree of the City of Huntington and retired Fire Chief, Carl Eastham both made remarks.

ADJOURNMENT

Mr. Neddo called for a motion to adjourn: *MOTION: Moved by Mr. Matthews; Seconded by Mr. Slaughter; Passed unanimously:*

RESOLVED, that the March 15, 2018 meeting of the MPOB is adjourned.

Ms. Neccuzi cautioned meeting attendees to travel safely to their destinations.



Stephen Neddo, Chairman

Minutes approved 6/21/2018
(date)

ⁱ Opinion of the Attorney General

ⁱⁱ P-Card expenditures for December 2017 and January 2018

MPOB Purchasing Card Review/Audit Record

Cardholder: Karen L. Nocuzzi

Billing Cycle: Nov-17

Transaction Limit: _____ Monthly Limit: _____

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/Del Ticket Y/N	Tran Document Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	11/16/2017	ATT	L. Smith Cell Phone Usage 10/03/17 to 11/02/17	\$54.14	Y	Tran 2139736	Y	R	Y	cellphone 13A	
2	11/16/2017	ATT	B. Taylor Cell Phone Usage 10/03/17 to 11/02/17	\$57.21	Y	Tran 2139737	Y	R	Y	cellphone 13A	
3	11/17/2017	Suddenlink	10 meg circuit 11/16/17 to 12/15/17 acc: 724743101	\$775.00	Y	Tran 2142801	Y	R	N		
4	11/17/2017	Hampton Inn	B. Taylor Lodging for MPOB Trustee Training in Martinsburg, WV	\$186.00	Y	Tran 2142802	Y	R	Y		
5	11/20/2017	Komax	Copier Lease Oct 2017 MPOB 1270 Invoice AR24195	\$214.67	Y	Tran 2145381	Y	R	Y	DigCop12	
6	11/20/2017	Komax	Copies bw-\$7.31, color-\$35.72 MPOB 1270	\$43.03	Y	Tran 2145382	Y	R	Y	DigCop12	
7	11/20/2017	Komax	Copier Lease Nov 2017 MPOB 1270 Invoice AR29465	\$214.67	Y	Tran 2145383	Y	R	Y	DigCop12	
8	11/23/2017	Fedex	Documents shipped - 10/30/2017 to 11/02/17	\$44.81	Y	Tran 2149008	Y	R	Y		
				\$44.81							
				\$1,589.53							

** If "N", Review must provide discrepancy Listing form

Reviewer: [Signature] 1/19/18

Cardholder Certification/Date: Karen L. Nocuzzi 1/19/18

Reviewer-Auditor Certification/Date: _____

Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

MPOB Purchasing Card Review/Audit Record

Cardholder: Karen L. Neccuzzi

Billing Cycle: Dec-17

Transaction Limit: _____ Monthly Limit: _____

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/Del Ticket Y/N	Tran Document Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	12/14/2017	Fedex	Documents laminated - (34) MPOB Plan Statistics 070116	\$67.66	Y	Tran 2160389	Y	R	N		
2	12/13/2017	Kroger	Hospitality refreshments for MPOB Mtg 12/13/2017	\$67.66	Y	Tran 2178501	Y	R	N		
3	12/13/2017	Office Max	Office Supplies - See Attached	\$33.36	Y	Tran 2180324	Y	R	N	SWC Office 15	
4	12/18/2017	Komax	Copies - BW-\$6.96, Color - \$24.04 MPOB 1270 Invoice AR33558	\$31.00	Y	Tran 2186675	Y	R	Y	DigCop12	
5	12/18/2017	Komax	Copier Lease 2017	\$31.00	Y	Tran 2185874	Y	R	Y	DigCop12	
6	12/21/2017	ATT	MPOB 1270 Invoice AR33341 B Taylor Cell Phone	\$214.67	Y	Tran 2181674	Y	R	Y	cellphone 13A	
7	12/21/2017	ATT	Usage 110317 to 120217 L Smith Cell Phone	\$57.21	Y	Tran 2181673	Y	R	Y	cellphone 13A	
8	12/22/2017	Suddenlink	Usage 110317 to 120217 10 meg circuit 121617 to 011517	\$54.14	Y	Tran 2193508	Y	R	Y	cellphone 13A	
				\$775.00	Y		Y	R	Y		
				\$775.00							
				\$1,375.13							

*R - Reconciled/D - Disputed/C - Carryover from prev. month

Cardholder Certification/Date: Karen L. Neccuzzi 1/9/2018

Reviewer-Auditor Certification/Date: Dale M. De... 1/9/18

I hereby certify that the items hereon were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures.

Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

MPOB Purchasing Card Review/Audit Record

Cardholder: Karen L. Neccuzzi

Billing Cycle: Jan-18

Monthly Limit: _____

Transaction Limit: _____

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/Del Ticket Y/N	Tran Document Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	1/8/2018	Komax	Copies bw-\$6.73, color-\$38.40 MPOB 1270 <i>Sept 2017</i>	\$45.13	Y	Tran 2208219	Y	R	Y	DigCop12	
2	1/12/2018	IVS Conferencing	Conference Call - 12/14/17 MPOB Quarterly Meeting	39.15 38.15	Y	Tran 2218125	Y	R	Y		
3	1/12/2018	ATT	B. Taylor Cell Phone 12/03/2017 to 01/02/2018	\$57.31 \$57.31	Y	Tran 2218126	Y	R	Y	cellphone 13A	
4	1/12/2018	ATT	L. Smith Cell Phone Usage 12/03/2017 to 01/02/18	\$54.21 \$54.21	Y	Tran 2218127	Y	R	Y	cellphone 13A	
5	1/16/2018	Komax	Copies bw-\$7.15, color-\$24.36 MPOB 1270 IN AR 37808 <i>Dec 2017</i>	\$31.51 \$31.51	Y	Tran 2221713	Y	R	Y	DigCop12	
6	1/16/2018	Komax	Copier Lease Jan 2018 MPOB 1270 Invoice AR37421	\$214.07 \$214.07	Y	Tran 2221714	Y	R	Y	DigCop12	
7	1/19/2018	Suddenlink	10 meg circuit 01/16/18 to 02/15/18 acct 724743101	\$775.00 \$775.00	Y	Tran 2228986	Y	R	N		
8	1/22/2018	NFFPA	(30) NFFPA 1582 Fire Occupational Med Prog books for disability cases (plus shipping)	\$1,943.10 \$1,943.10	Y	Tran 2231618	Y	R	Y		
9	1/26/2018	Office Depot	Pilot Precise v7 rollerball pens Pack of 12 #4054132	\$19.49 \$19.49	Y	Tran 2241620	Y	R	Y	Office15	
10	1/29/2018	Office Depot	Scotch Sure Start Shipping Tape in disp 1 1/2" core #605004 (6) pack	\$11.98 \$11.98	Y	Tran 2246134	Y	R	Y	Office15	
11	1/30/2018	NFFPA	Credit for NFFPA 1582 books (30) Returned and buying electronic copies	-1,905.00 -1,905.00	Y	Tran 2246135	Y	R	N	N	
				\$1,286.55	Y						

Cardholder Certification/Date: Karen L. Neccuzzi 2/15/18
 Reviewer-Auditor Certification/Date: [Signature] 2/15/18
 ** If "N", Reviewer must provide discrepancy Listing form

I hereby certify that the items hereon were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.



State of West Virginia
Office of the Attorney General

Patrick Morrissey
Attorney General

December 20, 2017

(304) 558-2021
Fax (304) 558-0140

Blair M. Taylor
Executive Director
Municipal Pensions Oversight Board
301 Eagle Mountain Road
Suite 251
Charleston, WV 25311

Dear Mr. Taylor:

You have asked for an Opinion of the Attorney General regarding what steps the Morgantown Policemen's Pension and Relief Fund ("Fund") must take to comply with West Virginia Code § 8-22-27a, which requires municipal pension funds to correct errors in the administration of municipal pensions, in light of the Fund's longstanding errors in calculating pension amounts. This Opinion is being issued pursuant to West Virginia Code § 5-3-1, which provides that the Attorney General "shall give written opinions and advice upon questions of law . . . whenever required to do so, in writing, by . . . any . . . state officer, board or commission." To the extent this Opinion relies on facts, it is based solely on the factual assertions set forth in your correspondence with the Office of the Attorney General.

In your letter, you explain that for almost three decades the Fund has used internal procedures to calculate the retirement pensions for police officers and firefighters that violate West Virginia law. In particular, for retirees hired prior to January 1, 2010, the Fund does not calculate pension retirements using the definition of "salary or compensation" contained in West Virginia Code § 8-22-16(d). In relevant part, Section 8-22-16(d) provides that the amount of "salary or compensation" for purposes of calculating a fund member's pension is the amount of "remuneration received by the member during any twelve-consecutive-month period," except that "any amount which is in excess of an amount which is twenty percent greater than the 'average adjusted salary' received by the member in the two consecutive twelve-consecutive-month periods" immediately prior to the calculation period "shall be disregarded." *Id.* In other words, for purposes of calculating a pension, the statute caps "salary or compensation" at 120% of the member's average adjusted salary for the two years prior to retirement—even if the member's total remuneration in their *final year* was greater (such as, for example, where a member "cashes in" unused leave in their final year of active employment).

This statutory provision—the “twenty-percent rule”—became effective on July 11, 1981. The Fund admittedly did not comply with the twenty-percent rule for almost thirty years. Instead, the Fund has represented to you that it learned of the twenty-percent rule sometime during 2008. At that time, the City of Morgantown (“City”) retained outside counsel to review the Fund’s existing practices and advise the Fund concerning its responsibilities with respect to Section 8-22-16. The City received written advice from outside counsel in 2009. Although this advice specifically advised the City and the Fund to seek a formal Attorney General’s opinion regarding its statutory duties, neither the City nor the Fund sought an Attorney General’s opinion at that time.

Instead, in response to the advice of outside counsel, the City and the Fund entered into an oral agreement not to apply the twenty-percent rule to “anyone hired prior to January 1, 2010.” According to your letter, the Fund’s Trustees also adopted measures that appear intended “to potentially offset some of the impact of member pensions that exceed the 20% limiter.” First, the Trustees capped the amount of unused leave that members may apply toward their last year’s total “salary or compensation.” Second, in 2014, the Trustees passed a resolution to increase member contributions to the fund from 7% to 9.5% for all members hired before January 1, 2010.¹

Earlier this year, the Legislature passed HB2601, now codified at West Virginia Code Section 8-22-27a, which became effective on July 7, 2017. Section 8-22-27a generally provides that a municipal police or firefighter pension fund “shall” correct any over- or underpayment to or from a pension plan “in a timely manner” after the error is discovered. W. Va. Code § 8-22-27a(a). The statute is modeled on West Virginia Code § 5-10-44, which contains similar error-correction provisions for pension plans operated by the Consolidated Public Retirement Board.

On June 26, 2017, the Fund contacted the Municipal Pensions Oversight Board (“Oversight Board”) to ask how it should comply with Section 8-22-27a. Specifically, the Fund asked whether it must apply the twenty-percent rule to all future pensions and readjust all current pensions consistent with that rule, or whether its oral agreement with the City in 2009 could be construed as sufficient to comply with the law. Consistent with the Oversight Board’s responsibility to monitor and improve performance for municipal police and firefighter pension funds—as well its authority under Section 8-22-27a to order noncompliant pension funds to correct errors—the Oversight Board requested this Opinion.

You letter raises the following specific legal question:

Whether Section 8-22-27a requires the Fund to apply the twenty-percent rule to all pensions, including existing pensions and future pensions, and including pensions for members hired both before and after January 1, 2010?

We conclude that Section 8-22-27a requires the Fund to apply the twenty-percent rule to all current and future pensions, regardless of a member’s date of hire. The Fund is therefore required to calculate all new pensions consistent with the twenty-percent rule. The Fund must also

¹ The Fund’s assets are comprised of member contributions, municipal contributions, interest on assets, and a yearly allocation from the State.

recalculate all existing pensions that were calculated under the incorrect standard to ensure that future payments are correct. We also conclude that Section 8-22-27a was not intended to have retroactive effect, and thus the Fund is not required to correct historic over- or underpayments made before the statute was enacted.

Discussion

Section 8-22-27a's "[g]eneral rule" provides that, "[u]pon learning of errors, the municipal policemen's pension and relief fund board of trustees . . . shall correct errors in the plan in a timely manner." W. Va. Code § 8-22-27a(a). This rule applies "whether the individual, municipality or board of trustees was at fault for the error." *Id.* The "intent" of correcting errors is to "plac[e] the affected individual, municipality and pension board of trustees in the position each would have been in had the error not occurred." *Id.* If the Fund's board of trustees "fail[s] to correct discovered errors," the statute gives the Oversight Board "authority to order the pension fund board of trustees to correct such errors," and provides that "[a]ny order issued by the Municipal Pensions Oversight Board shall be enforceable by an action at law." *Id.*

The statute also details four types of errors—over- and underpayments to pension plans, and over- and underpayments from pension plans, W. Va. § 8-22-27a(b)-(e)—and instructs funds how to correct each type of error. For over- or underpayments to a member, the statute provides that the "board of trustees after learning of the error shall correct the error in a timely manner." *Id.* § 8-22-27a(d), (e). Where "correction of the error occurs after annuity payments to a retirant or beneficiary have commenced, the board of trustees shall prospectively adjust the payment of the benefit to the correct amount." *Id.* The statute also provides that, in the case of underpayments, "the board of trustees shall pay the amount of such underpayment to the member, retirant, beneficiary or other individual in a lump sum." *Id.* § 8-22-27a(e). In the case of overpayment, "the member, retirant, beneficiary, entity or other person who received the overpayment from the plan shall repay the amount of any overpayment to the municipal policemen's pension fund . . . in any manner permitted by the board of trustees of that fund. Interest shall not accumulate on any corrective payment made to the plan pursuant to this subsection." *Id.* § 8-22-27a(d).

Section 8-22-27a thus contains two distinct requirements: First, in subsection (a), it requires a fund's board of trustees to timely correct errors after they are discovered. Second, in subsections (b)-(e), it requires correction of over- or underpayments made to or from the plan as a result of any error described in subsection (a).

Correcting Erroneous Pension Amounts

With respect to the first requirement to correct errors in a plan, under the plain language of Section 8-22-27a, a fund's board of trustees is required to correct any and all errors after the Plan learns of the error or errors. As applied to the specific facts your letter raises, we conclude that this language requires the Fund to immediately recalculate any member's pension amount that does not comply with the twenty-percent rule, regardless of the member's date of hire.

As an initial matter, “[w]here the language of a statute is free from ambiguity, its plain meaning is to be accepted and applied without resort to interpretation.” Syl. pt. 2, *State ex rel. DeCourcy v. Dent*, No. 17-0572, 2017 WL 5559239 (W. Va. Nov. 17, 2017). Subsection (a) states that “[u]pon learning of errors” the Fund “shall correct errors in the plan in a timely manner.” W. Va. § 8-22-27a(a) (emphasis added). “Shall” is nondiscretionary: Where, as here, the Legislature uses the term “shall” without “language in the statute showing a contrary intent,” the term “should be afforded a mandatory construction.” Syl. pt. 2, *Peyton v. City of Lewisburg*, 182 W. Va. 297, 387 S.E.2d 532 (1989) (citation omitted). Subsection (a)’s emphasis that funds must correct errors “in a timely manner” and regardless “whether the individual, municipality or board of trustees was at fault” further underscores the Legislature’s intent that all errors be corrected in short order after they are discovered. Based on the Fund’s communications with the Oversight Board that you described, it is apparent that the Fund knows that “errors” exist in every pension where the twenty-percent rule was not applied when calculating the member’s final year “salary or compensation.” The Fund must timely correct those errors.

We further conclude that under Section 8-22-27a the Fund may not decline to correct errors in some pensions based on the date a particular member was hired. You explained that in 2009, based at least in part on the advice of outside counsel, the Fund made an oral agreement with the City not to apply the twenty-percent rule to members hired before January 1, 2010. Regardless of the merit of the legal advice the Fund received in 2009 under then-current law, Section 8-22-27a makes clear that the Fund may not continue to pay pensions it knows were calculated inconsistent with the twenty-percent rule.

We reach this conclusion even though the Fund has taken measures that may have mitigated, in part, the consequences of its failure to comply with the twenty-percent rule for members hired before 2010 (*i.e.*, for those members, capping the amount of unused leave that can be used in calculating a pension, and increasing member contributions to the Fund from 7% to 9.5%). Section 8-22-27a(a)’s mandatory language provides no exceptions to the error-correction requirement. Further, we are aware of no cases where a court approved failure to comply with a nondiscretionary statute on the basis that the regulated party took *other steps* than those the Legislature directed, even if those alternate measures could be viewed as achieving rough compliance with the statute’s goals.

Neither is a court likely to determine that potential equitable concerns, if any, alter the Fund’s duties under Section 8-22-27a. In at least two cases, the Supreme Court of Appeals has interpreted the statute on which Section 8-22-27a is modeled, W. Va. Code § 5-10-44, and determined that equitable considerations do not diminish the statutory error-correction mandate. First, in *Myers v. W. Va. Consol. Pub. Ret. Bd.*, 226 W. Va. 738, 754, 704 S.E.2d 738, 754 (2010), the Supreme Court of Appeals affirmed a decision of the Consolidated Public Retirement Board (“Board”) not to reinstate two months of service credit that had been awarded to an employee in error. *Id.* at 754, 704 S.E.2d at 754. The Court reached this result even though the employee “may have relied on the Board’s erroneous representation that he would receive service credit for those two months,” because the Board was “statutorily bound” by Section 5-10-44 to correct errors. *Id.* at 754 n.7, 704 S.E.2d at 754 n.7. Specifically, the Court held that “[t]he statute does not limit this [error-correction] requirement for equitable reasons.” *Id.* at 754 n.7, 704 S.E.2d at 754 n.7.

Similarly, in *Lanham v. W. Va. Consol. Pub. Ret. Bd.*, No. 11-0778, 2012 WL 2948558 (W. Va. Mar. 9, 2012), the Supreme Court of Appeals upheld the Board's decision to correct an earlier decision to grant service credit to an employee where the employee was not eligible for the credit. Because the employee "was not entitled to service credit . . . because he did not meet the statutory eligibility requirements," the Board was accordingly "required to correct its error" under Section 5-10-44. *Id.* at *2. Notably, the Court reached this conclusion even though the employee had a contract with the Board regarding the initial (erroneous) grant of service credit. *Id.*

Based on these decisions, we conclude that the Fund may not refuse to correct errors in pensions for members hired before 2010, despite the unique policies that the Fund has adopted with respect to these members. Just as in *Myers*, the fact that members may have relied on the Fund's erroneous pension calculations will likely not be availing because the Fund is "statutorily bound" to correct errors once they come to light. And just as in *Lanham*, the existence of any previous agreements or contracts with the Fund memorializing errors in pension calculation will not excuse a failure to correct those errors now.

Correction of Over- and Underpayments

The second requirement in Section 8-22-27a is to correct any over- or underpayments made to or from the Fund as a result of an error in how a pension is calculated. W. Va. Code § 8-22-27a(b)-(e). We conclude that this requirement is not retroactive, and accordingly the Fund is not required to "claw back" overpayments made in the years before the statute was enacted.²

Section 8-22-27a(b)-(e) set forth detailed instructions for correcting over- and underpayments. With respect to overpayments from the Fund, subsection (d) provides that the board of trustees "shall" correct, "in a timely manner," "any error" that "results in any member, retirant, beneficiary, entity or other individual receiving from the plan more than he would have been entitled to receive had the error not occurred." W. Va. Code § 8-22-27a(d). That subsection further directs that, where the error occurs "after annuity payments to a retirant or beneficiary have commenced, the board of trustees shall prospectively adjust the payment of the benefit to the correct amount." *Id.* The subsection also specifically directs that the retirant or beneficiary "shall repay the amount of any overpayment" to the Fund "in any manner permitted by the board of trustees of the fund," and that "[i]nterest shall not accumulate on any corrective payment made to the plan pursuant to this subsection." *Id.* Subsection (e), which addresses underpayments from the Fund, contains materially similar requirements, except that the board of trustees must correct underpayments "in a lump sum" to the retirant or beneficiary, with interest. *Id.* § 8-22-27a(e).

The plain meaning of this statutory text makes clear that, after an error is corrected, Section 8-22-27a requires adjusting prospective payments and correcting past overpayments. Nevertheless, the statutory text and precedent from the Supreme Court of Appeals regarding

² We note that a different analysis may apply for erroneous payments made after Section 8-22-27a's effective date. That separate question is beyond the scope of this opinion.

statutory retroactivity strongly indicate that the duty to correct past erroneous payments does not extend to payments made before Section 8-22-27a was enacted.

The West Virginia Code contains a strong presumption against statutory retroactivity: “A statute is presumed to be prospective in its operation unless expressly made retrospective.” W. Va. Code § 2-2-10(bb). This presumption is overcome only “by clear, strong and imperative words or by necessary implication” showing “that the Legislature intended to give the statute retroactive force and effect.” Syl. pt. 2, *Martinez v. Asplundh Tree Expert Co.*, 803 S.E.2d 582 (W. Va. 2017) (quoting Syl. pt. 4, *Taylor v. State Compensation Comm’r*, 140 W. Va. 572, 86 S.E.2d 114 (1955)); see also *Cassella v. Mylan Pharm., Inc.*, 234 W. Va. 485, 489, 766 S.E.2d 432, 436 (2014) (“Nowhere in the statute at issue are there clear, strong, and imperative words indicating that the statute applies retroactively, nor does such appear by necessary implication.”). Nothing in Section 8-22-27a’s direction about correcting over- or underpayments satisfies this standard. The statute contains no language whatsoever regarding retroactivity, much less “clear, strong and imperative words,” and nothing in Section 8-22-27a’s structure or language would necessarily imply that the Legislature intended it to apply retroactively.

To be sure, Section 8-22-27a requires correcting errors that result from *miscalculations* in a member’s pension amount that occurred prior to the statute’s enactment. A law, however, “is not retroactive merely because part of the factual situation to which it is applied occurred prior to its enactment,” but rather “when it operates upon transactions which have been completed or upon rights which have been acquired or upon obligations which have existed prior to its passage.” Syl. pt. 5, *Martinez*, 803 S.E.2d 582. An individual does not “acquire[]” “rights” in the mere calculation of benefits—particularly when conducted contrary to operative law. On the other hand, individual over- or underpayment are “transactions which have been completed,” and members gain a property right to the money obtained through these transactions. It is accordingly very likely that a court would find that the requirements in Section 8-22-27a(b)-(e) to correct specific payments made as a result of a miscalculation in a plan are the type of statutory requirements to which the presumption against retroactivity applies.

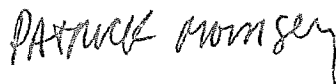
We note, however, that a court may disagree with this retroactivity analysis on the basis that it deems subsections (b)-(e) to be “procedural or remedial,” as “the general rule of prospective application may be relaxed” for such statutes. *Pub. Citizen v. First Nat’l Bank*, 198 W. Va. 329, 335 n.7, 480 S.E.2d 538, 544 n.7 (1996). Specifically, because subsections (b)-(e) sets forth the requirements to correct errors in existing pensions—and does not, for example, change the standards for calculating pensions in the first place—a court may view these provisions as “remedial,” or “purely procedural in nature.” Syl. pt. 3, *Martinez*, 803 S.E.2d 582. Nevertheless, we conclude it more likely a court would hold that these provisions affect “substantive rights,” and thus that the ordinary, strong presumption against retroactivity applies. *Id.* at syl. pt. 4.

Where the Supreme Court of Appeals has deemed statutes procedural, they typically alter the methods of litigating preexisting rights. For example, *Martinez* held that a statute changing the procedures for awarding back pay or front pay in employment disputes was remedial because it affected the calculation of damages, not the nature of the underlying cause of action. 803 S.E.2d at 587–88. Similarly, in *Joy v. Chessie Employees Fed. Credit Union*, 186 W. Va. 118, 411 S.E.2d

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261 (1991), the Court held that a statute changing the procedure by which a creditor could foreclose on a deed of trust was procedural. *Id.* at 121, 411 S.E.2d at 264. In contrast, subsections (b)-(e) create new rights for members and the Fund to receive money to correct erroneous payments, and imposes new obligations to return money received in error. Further, subsection (a) grants new power to the Oversight Board “to order the pension fund board of trustees to correct . . . errors,” and creates a new cause of action to enforce the Oversight Board’s orders under this provision. W. Va. Code § 8-22-27a(a) (“Any order issued by the Municipal Pensions Oversight Board shall be enforceable by an action at law.”). In our view, these characteristics set Section 8-22-27a outside the realm of a “purely procedural” statute. Thus, absent the clear statement from the Legislature that would be required to give it retroactive effect, we conclude that Section 8-22-27a does not require the Fund to correct over- or underpayments made before the statute was enacted.

Sincerely,

A handwritten signature in black ink that reads "Patrick Morrissey". The signature is written in a cursive, slightly slanted style.

Patrick Morrissey
Attorney General

AGENDA

Municipal Pensions Oversight Board

Meeting of the Board Members

June 21, 2018 – 1:00 P.M.

301 Eagle Mountain Road

Second Floor, Suite 251

Charleston, WV 25311

- I. Call to Order and Roll Call
- II. Approval of Minutes of Meeting on March 15, 2018
- III. Old Business
 - a. Donald Scurlock/Nitro Policemen's Pension Case – Consider Possible Resolutions to Case
 - b. Morgantown Policemen's Pension Response to MPOB Letter
 - c. Morgantown Firemen's Pension Response to MPOB Letter
 - d. Huntington Policemen's Pension Response to MPOB Letter
 - e. Huntington Firemen's Pension Response to MPOB Letter
 - f. Request for Proposal for Actuarial Services
 - g. Agreed Upon Procedures/Compliance Reviews of pension plans
- IV. New Business
 - a. Disability Procedure
 - b. P-Card Expenditures (February, March, April and May 2018)
 - c. Executive Director's Report
- V. Next Board Meeting is 1:00 pm, September 20, 2018 Location 301 Eagle Mountain Road, Suite 251, Charleston, WV 25311
 - a. CY2018 dates
 - i. December 13th (2nd Thursday) - Needs changed
- VI. Public Comments
- VII. Adjournment

MUNICIPAL PENSIONS OVERSIGHT BOARD
Minutes of Meeting
June 21, 2018

The Municipal Pensions Oversight Board (MPOB) met on June 21, 2018 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia. The Chair, Mr. Neddo, called the meeting to order, noting that a quorum was present.

ATTENDEES

Board Members:

- Lisa Dooley, absent
- Jeffrey Fleck, present
- John Kee, present
- Emily Lambright, absent
- David Lanham, absent
- Jason Matthews, present
- Stephen Neddo, present
- Michael Payne, present by teleconference
- Craig Slaughter, present

General Counsel:

- Kelli Talbott, Counsel – WV Attorney General’s Office, present

Staff:

- LeAnne Neccuzi, Administrative Assistant
- Les Smith, Accountant
- Blair Taylor, Executive Director

Guests:

- Scott Arthur – Budget Manager, City of Huntington
- Chad Lovejoy – Delegate -Cabell, 17th District -WV House of Delegates
- Rick Montgomery – Assistant Finance Director
- Robert Coleman, Larry Diamond, Steve Ellis, A.L. Fowler, Forrest Marshall, Scot Masters, Michael Matt, Dave Roberts - Retirees - City of Huntington Firemen’s Pension Fund

Minute Taker:

- LeAnne Neccuzi

Approval of Minutes

Minutes for the MPOB meeting on March 15, 2018 were presented for approval: *Moved by Mr. Fleck; Seconded by Mr. Matthews; Passed unanimously:*

RESOLVED, that the minutes of the March 15, 2018 Municipal Pensions Oversight Board meeting be approved as written.

OLD BUSINESS

Donald Scurlock/Nitro Policemen's Pension Case – Consider Possible Resolutions to Case

At 1:05 p.m., Chairman Neddo, recommended the board go into executive session to discuss a possible resolution to *Scurlock v. Board of Trustees of the Nitro Policemen Pension and Relief Trust Fund, Civil Action No. 16-C-609*. Counsel and staff were asked to remain for the executive session. All guests left the meeting at this time.

At 2:00 p.m. the MPOB came out of executive session, with Mr. Neddo stating that no decisions had been made during that time. Ms. Talbott recommended that she and the executive director be authorized to work with the parties in the case to try to bring a formal resolution back to a future meeting. *Moved by Mr. Slaughter; Seconded by Mr. Fleck; Passed unanimously:*

RESOLVED, that the Municipal Pensions Oversight Board authorize the Executive Director and Legal Counsel to work with the parties in this case to bring a formal resolution back to a future meeting.

Morgantown Policemen's Pension Response to MPOB Letter

On April 12, 2018, Mr. Taylor sent a letterⁱ to the Morgantown Policemen's Pension Board requesting a formal response to the West Virginia Office of the Attorney General's (WVAG) opinion issued on December 20, 2017. The MPOB asked for a plan of action to be provided to the Board within sixty (60) days. On June 11, 2018, the MPOB received a letterⁱⁱ from the policemen's pension secretary indicating that all pensions were being calculated in compliance with WV Code using the pension calculator provided by the MPOB. On June 12th, a second, more specific letterⁱⁱⁱ was received from the city manager of the City of Morgantown. This response provides specific steps the City of Morgantown and the Pension Trustees have taken to meet the statutory obligations required in the opinion and W.Va. State Code. The response also states what actions will be taken to correct overpayments and underpayments from July 7, 2017 forward as well as prospectively correcting any errors. *Moved by Mr. Slaughter; Seconded by Mr. Fleck; Passed unanimously:*

RESOLVED, that the Municipal Pensions Oversight Board authorize the Executive Director to notify the City of Morgantown Policemen's Pension Board and Morgantown Firemen's Pension Board of receipt of their responses.

Morgantown Firemen's Pension Response to MPOB Letter

Mr. Neddo stated that the motion for the Morgantown Policemen's Pension Response to MPOB's letterⁱ also applies to the Morgantown Firemen's Pensions response^v to the MPOB letter^{iv} as they are the same.

Huntington Policemen's Pension Response to MPOB Letter

On March 20, 2018, Mr. Taylor sent a letter^{vi} to the Huntington Policemen's Pension Board of Trustees which included the January 12, 2018, Independent Accountant's report on applying the Agreed-Upon Procedures to certain records of the Huntington Policemen's Pension and Relief Fund. The letter also granted the Pension Trustees ninety (90) days to prepare an action plan to bring their pension into compliance with provisions of the W.Va. Code applicable to municipal policemen's pension plans. The City of Huntington Police Pension response^{vii} was received on June 19, 2018. The letter outlines what steps the Policemen's Pension Board of Trustees and the City of Huntington will take to determine the proper pension amount for each pensioner. Once the Pension Board has data for each pension, it plans to contact the Oversight Board to discuss its findings and what further actions will need to take place to ensure each pension is calculated correctly and the proper funds are being paid to pensioners. Mr. Taylor noted although these steps address the period from November 2009 to July of 2016, it does not address and review members that were hired after July 8, 1981; but retired prior to November 19, 2009. Mr. Taylor stated he would follow up in a letter to the Police Pension Board of Trustees with a request for retirees outside the initial audit be included in the review. Further the review will need to take into consideration the code requirements in §8- 22- 27a and the Attorney General's opinion issued in response to the Morgantown situation. Mr. Neddo stated he did not believe any MPOB action is needed at this time. Mr. Fleck asked if there was any indication of when they will get back with the MPOB. Mr. Taylor stated that Mayor Williams' letter indicated they will be requesting a meeting with the MPOB to discuss the findings and further actions. No timeframe was established for this to happen.

Huntington Firemen's Pension Response to MPOB Letter

On March 20, 2018, Mr. Taylor sent a letter^{viii} to the Huntington Firemen's Pension Board of Trustees which included the January 12, 2018, Independent Accountant's report on applying the Agreed-Upon Procedures to certain records of the Huntington Firemen's Pension and Relief Fund. The letter also granted the Pension Trustees ninety (90) days to prepare an action plan to bring their pension into compliance with provisions of the W.Va. Code applicable to municipal policemen's pension plans. The City of Huntington Fire Pension response^{ix} dated June 14, 2018, was received on June 19, 2018. The letter outlines what steps the

Policemen's Pension Board of Trustees and the City of Huntington will take to determine the proper pension amount for each pensioner. The Fire Pension Board indicated all calculations and reconciliations will be completed on or before October 1, 2018. Mr. Taylor noted although these steps address the period from November 2009 to July of 2016, it does not address and review members that were hired after July 8, 1981; but retired prior to November 19, 2009. Mr. Taylor stated he would follow up in a letter to the Fire Pension Board of Trustees with a request for retirees outside the initial audit be included in the review.

Request for Proposals for Actuarial Services

Mr. Taylor stated the MPOB needs to appoint a committee to evaluate the Request for Proposal (RFP) for the new actuarial services contract. He asked that the committee be authorized to tweak the draft version of the RFP and prepare it for release with the goal of having a new contract in place by January 1, 2019. The MPOB will use its published Standard Operating Procedures to fulfill the procurement process for acquiring actuarial services. *Moved by Mr. Slaughter; Seconded by Mr. Matthews; Passed unanimously:*

RESOLVED, that the Municipal Pensions Oversight Board authorize the Evaluation Committee to make minor modifications in the Request for Proposal for Actuarial Services^x and to issue said proposal.

Evaluation Committee Members

Jeff Fleck – Chairman
Les Smith – Staff

Blair Taylor – Staff
LeAnne Neccuzi – Staff Procurement Officer

Agreed-Upon Procedures/Compliance Reviews of pension plans

In May 2017, the MPOB issued an Agreed-Upon Procedures (AUP). Mr. Taylor reported that since that time, the first AUP engagement was conducted on behalf of the MPOB for, the Weston Policemen's and Weston Firemen's pension plans by the West Virginia State Auditor's Office (WVSAO). Their report was for FY2016. However due to several issues and findings, a second AUP will be completed for FY2017. Mr. Taylor will send letters to both the Weston Police Pension Trustees and the Weston Fire Pension Trustees regarding the final AUP report for each plan. Mr. Taylor and Mr. Smith have been to the City of Dunbar and started a compliance review with the Dunbar Police Pension Plan. The State Auditor's Office will perform an AUP of the Dunbar Firemen's Pension Fund as part of its municipal audit for the City of Dunbar. For FY2017. Mr. Taylor and Mr. Smith recently visited Martinsburg to review Martinsburg Policemen's and Martinsburg Firemen's Pension Plans.

On a side note, the WVSAO with its regular audit program is now looking at pension plans. Already, through a regular audit for the City of Bluefield, they found where the Bluefield Firemen's Pension was taking a

members' time and their time was, for example, twenty years and seven months, and they were adjusting that to twenty-one years. The retirements were rounding the months up to the next highest year. This is not a permissible action. State Code bases these retirements on years of service, not years and months. Bluefield Firemen's Pension has corrected the error. The WVSAO's addition of the pension plan review component to their audits, will ultimately help the MPOB and help the plans make sure that they are following what the code requires. This is positive for all involved parties.

NEW BUSINESS

Disability Procedure

Mr. Taylor explained the need for changes to the Disability Procedure. Through the course of trustee training last year, pension secretaries expressed they often are submitting the members information to the MPOB without knowing if it is correct or not. They asked that the member applying for disability complete the Disability Request Forms. Subsequently, the need to make these changes became more pressing with the recent changes in W.Va. §8- 22-27b, which basically states that if a member tries to defraud a pension system, they will be required to reimburse any funds received and could be found guilty of a misdemeanor.

Moved by Mr. Kee; Seconded by Mr. Matthews; Passed unanimously:

RESOLVED, that the Municipal Pensions Oversight Board approve the updated Disability Claim Procedure^{xi} as written.

P-Card Expenditures (February, March, April, May and June 2018)

Mr. Smith presented the P-Card expenditures for February, March, April, May and June 2018. *Moved by Mr. Kee; Seconded by Mr. Matthews; Passed unanimously:*

RESOLVED, that the Municipal Pensions Oversight Board approve P-Card expenditures for February, March, April, May and June 2018^{xii}.

Executive Director's Report

Mr. Taylor presented his report for the period of March 1, 2018 through June 4, 2018.

Next Board Meeting

The next regular meeting of the MPOB will be held on September 20, 2018 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia 25311. The last meeting for 2018 will be on December 13, 2018 – (2nd Thursday) – 1:00 p.m.

Public Comments

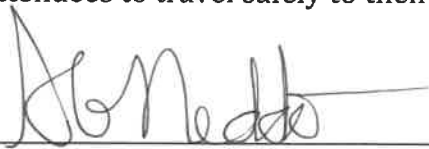
Chad Lovejoy - Delegate -Cabell, 17th District -WV House of Delegates and City of Huntington Fire Retiree, Forrest Marshall, both made remarks. Transcripts of those remarks are available upon request.

ADJOURNMENT

Mr. Neddo called for a motion to adjourn: *MOTION: Moved by Mr. Matthews; Seconded by Mr. Slaughter; Passed unanimously:*

RESOLVED, that the March 15, 2018 meeting of the MPOB is adjourned.

Ms. Neccuzi cautioned meeting attendees to travel safely to their headquarters.



Stephen Neddo, Chairman

Minutes approved 9/20/2018
(date)

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- i Blair M. Taylor, Executive Director, MPOB, to Lt. Matthew Solomon, Secretary Morgantown Policemen’s Pension and Relief Fund, April 12, 2018, MPOB File
 - ii Lt. Matthew D. Solomon, Pension Secretary, City of Morgantown Policemen’s Pension and Relief Fund, to Blair M. Taylor, Exec. Director, MPOB, June 11, 2018, MPOB File
 - iii Paul J. Brake, City Manager, City of Morgantown, to Blair M. Taylor, Exec. Director, MPOB, June 12, 2018, MPOB File
 - iv Blair M. Taylor, Exec. Director, MPOB, to Captain Gary Freshour, Pension Secretary, Morgantown Firemen’s Pension and Relief Fund, April 12, 2018, MPOB File
 - v Paul J. Brake, City Manager, City of Morgantown, to Blair M. Taylor, Exec. Director, MPOB, June 12, 2018, MPOB File
 - vi Blair M. Taylor, Exec. Director, MPOB, to Sgt. Michael L. Chornobay, Secretary, Huntington Policemen’s Pension and Relief Fund, March 20, 2018, MPOB File
 - vii Honorable Mayor Steve Williams, City of Huntington, to Blair M. Taylor, Exec. Director, MPOB, June 13, 2018, MPOB File
 - viii Blair M. Taylor, Exec. Director, MPOB, to Mr. Fredrick Scot Mellert, Secretary, Huntington Firemen’s Pension and Relief Fund, March 20, 2018, MPOB File
 - ix Honorable Mayor Steve Williams, City of Huntington, to Blair M. Taylor, Exec. Director, MPOB, June 14, 2018, MPOB File
 - x Request for Proposal for Actuarial Services
 - xi Updated Disability Procedure
 - xii P-Card expenditures for February, March, April, May and June 2018

Stephen Neddo
Chairman

Blair M. Taylor
Executive Director



Municipal Pensions Oversight Board

Board Members
John Kee,
Vice Chairman
Lisa Dooley,
Secretary/Treasurer
Jeffrey E. Fleck
Emily R. Lambright
David W. Lanham
Jason Matthews
Michael Payne
Craig Slaughter

April 12, 2018

Lt. Matthew Solomon
Pension Secretary
Morgantown Policemen's Pension and Relief Fund
300 Spruce Street
Morgantown, WV 26505

Dear Lt. Solomon:

On March 15, 2018 at the regularly scheduled Municipal Pensions Oversight Board (MPOB) meeting, the Board directed me to find out what steps the Morgantown Policemen's Pension and Relief Fund Board of Trustees are taking to comply with the WV Code **8-22-27a. Corrections of errors; underpayments; overpayments** for the pensions that have been calculated without using the language in WV Code 8-22-16d. On January 11, 2018 the MPOB released to you and all other policemen's pension and relief funds and firemen's pension and relief funds the Attorney General's Opinion on how the Morgantown Policemen's Pension and Relief Fund must comply with the law pertaining to the calculation of pensions of your retirees and members who have yet to retire.

Within the next 60 days, please provide a written response to the MPOB on the action plan the Morgantown Policemen's Pension and Relief Fund Board of Trustees has developed to bring the plan into compliance with the provisions of the WV Code, specifically sections §8-22-16d, §8-22-25, and §8-22-27a.

Sincerely,

Blair M. Taylor
Executive Director

C: Paul Brake, Pension Chair
file

Mr. Blair M. Taylor
Executive Director
Municipal Pensions Oversight Board
301 Eagle Mountain Road, Suite 251
Charleston, WV 25311

June 11, 2018

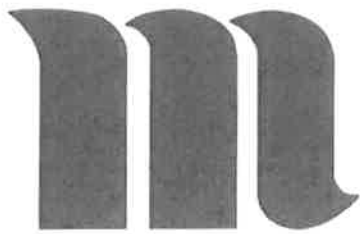
Dear Mr. Taylor,

This is the written response you requested from the Morgantown Policemen's Pension and Relief Fund in your letter dated April 12, 2018. As of June 2017, all pensions are being calculated in compliance with West Virginia Code using the West Virginia Benefit Calculator provided by the MPOB.

Thank you,



Lt. Matthew D. Solomon
Pension Secretary



OFFICE OF CITY MANAGER

The City of Morgantown

389 SPRUCE STREET
MORGANTOWN, WEST VIRGINIA 26505
(304) 284-7405

June 12, 2018

Mr. Blair M. Taylor
Executive Director
Municipal Pensions Oversight Board
301 Eagle Mountain Road, Suite 251
Charleston, WV 25311

**RE: Correspondence Regarding Compliance to the WV Code 8-22-27a. Corrections of Errors;
Underpayments and Overpayments**

Mr. Taylor:

I am responding to the April 12, 2018 correspondence regarding the inquiry made by the Municipal Pension Oversight Board (MPOB) in reference to the Morgantown Policemen's Pension and Relief Fund Board of Trustees. Specifically, you are asking what steps are being taken to comply with WV Code 8-22-27a. Corrections of Errors; underpayments; overpayments for the pensions that been calculated without using the language in WV Code 8-22-16d.

You have received a letter from Mott Solomon, the Pension Board's Secretary dated June 11, 2018. In addition to his letter, please allow this correspondence to serve as the official position on behalf of the City of Morgantown.

The City's Finance Department has validated the numbers for the correct payment as per WV Code 8-22-27a. They have recalculated the payments of the members who have retired after July 8, 1981. The City will be contacting those members who have received overpayments and underpayments. The City will start applying the overpayments on or after September 1, 2018. Letters of the notification will be mailed out, via Certified Mail, within one-month of this letter.

The previous fourteen (14) months of overpayments (since July 1, 2017 as delineated through the Attorney General letter dated December 20, 2017) will be applied through actuarial recalculation. Based on the mortality rate table provided by our actuarial, Gabriel Roeder and Smith, the previous amount overpaid will be applied on the remaining payments over the lifetime of the member. This reduction will be applied in addition to the adjustment made to the monthly payment.

All underpayments have been applied immediately to the member.

Letter to Blair M. Taylor

June 12, 2018

Page Two

I believe the steps taken will satisfy the concerns of the MPOB, particularly sections §8-22-16d, §8-22-25, and §8-22-27a. Should you have any questions or need any additional information, please feel free to contact me at (304) 284-7405.

Best regards,

A handwritten signature in black ink, appearing to read "P. Brake". The signature is stylized and cursive.

Paul J. Brake, ICMA-CM, CEcD
City Manager

Stephen Neddo
Chairman

Blair M. Taylor
Executive Director



Municipal Pensions Oversight Board

Board Members
John Kee,
Vice Chairman
Lisa Dooley,
Secretary/Treasurer
Jeffrey E. Fleck
Emily R. Lambright
David W. Lanham
Jason Matthews
Michael Payne
Craig Slaughter

April 12, 2018

Captain Gary W. Freshour
Pension Secretary
Morgantown Firemen's Pension and Relief Fund
228 S. High Street
Morgantown, WV 26505

Dear Captain Freshour:

On March 15, 2018 at the regularly scheduled Municipal Pensions Oversight Board (MPOB) meeting, the Board directed me to find out what steps the Morgantown Firemen's Pension and Relief Fund Board of Trustees are taking to comply with the WV Code **8-22-27a. Corrections of errors; underpayments; overpayments** for the pensions that have been calculated without using the language in WV Code 8-22-16d. On January 11, 2018 the MPOB released to all policemen's pension and relief funds and firemen's pension and relief funds the Attorney General's Opinion on how the Morgantown Policemen's Pension and Relief Fund must comply with the law pertaining to the calculation of pensions of your retirees and members who have yet to retire. Previous discussions between you and the attorneys for the Municipal Pensions Oversight Board regarding the use of §8-22-16d to define salary for the purpose of calculating pensions is well documented.

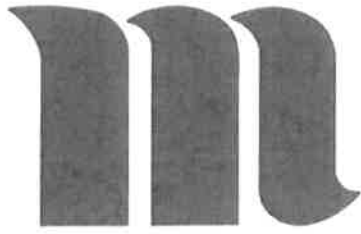
Within the next 60 days, please provide a written response to the MPOB on the action plan the Morgantown Firemen's Pension and Relief Fund Board of Trustees has developed to bring the plan into compliance with the provisions of the WV Code, specifically sections §8-22-16d, §8-22-25, and §8-22-27a.

Sincerely,

A handwritten signature in black ink, appearing to read "Blair M. Taylor", is written over a faint, larger version of the signature.

Blair M. Taylor
Executive Director

C: Paul Brake, Pension Chair
file



OFFICE OF CITY MANAGER

The City of Morgantown

389 SPRUCE STREET
MORGANTOWN, WEST VIRGINIA 26505
(304) 284-7405

June 12, 2018

Mr. Blair M. Taylor
Executive Director
Municipal Pensions Oversight Board
301 Eagle Mountain Road, Suite 251
Charleston, WV 25311

RE: Correspondence Regarding Compliance to the WV Code 8-22-27a. Corrections of Errors;
Underpayments and Overpayments

Mr. Taylor:

I am responding to the April 12, 2018 correspondence regarding the inquiry made by the Municipal Pension Oversight Board (MPOB) in reference to the Firemen's Pension and Relief Fund Board of Trustees. Specifically, you are asking what steps are being taken to comply with WV Code 8-22-27a. Corrections of Errors; underpayments; overpayments for the pensions that been calculated without using the language in WV Code 8-22-16d.

Please allow this correspondence to serve as the official position on behalf of the Board of Trustees.

The City's Finance Department has validated the numbers for the correct payment as per WV Code 8-22-27a. They have recalculated the payments of the members who have retired after July 8, 1981. The City will be contacting those members who have received overpayments and underpayments. The City will start applying the overpayments on or after September 1, 2018. Letters of the notification will be mailed out, via Certified Mail, within one-month of this letter.

The previous fourteen (14) months of overpayments (since July 1, 2017 as delineated through the Attorney General letter dated December 20, 2017) will be applied through actuarial recalculation. Based on the mortality rate table provided by our actuarial, Gabriel Roeder and Smith, the previous amount overpaid will be applied on the remaining payments over the lifetime of the member. This reduction will be applied in addition to the adjustment made to the monthly payment.

All underpayments have been applied immediately to the member.

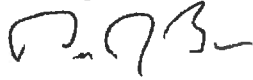
Letter to Blair M. Taylor

June 12, 2018

Page Two

I believe the steps taken will satisfy the concerns of the MPOB, particularly sections §8-22-16d, §8-22-25, and §8-22-27a. Should you have any questions or need any additional information, please feel free to contact me at (304) 284-7405.

Best regards,

A handwritten signature in black ink, appearing to read "P. Brake". The signature is stylized and written in a cursive-like font.

Paul J. Brake, ICMA-CM, CEcD
City Manager

Stephen Neddo
Chairman

Blair M. Taylor
Executive Director



Municipal Pensions Oversight Board

Board Members
John Kee,
Vice Chairman
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Secretary/Treasurer
Jeffrey E. Fleck
Emily R. Lambright
David W. Lanham
Jason Matthews
Michael Payne
Craig Slaughter

March 20, 2018

Sgt. Michael L. Chornobay
Secretary
Huntington Policemen's Pension and Relief Fund
675 10th Street
Huntington, WV 25701

Dear Secretary Sgt. Chornobay:

On June 15, 2017, the Municipal Pensions Oversight Board (Oversight Board) passed a motion directing staff to hire an independent audit firm to gather additional information through an Agreed Upon Procedures engagement regarding the City of Huntington's Policemen's Pension and Relief Fund and the City of Huntington's Firemen's Pension and Relief Fund retirement pensions, disability retirement pensions, supplemental benefit calculations (COLAs), and retirement death benefits issued between November 19, 2009 and July 8, 2016. The Oversight Board issued a Request for Quotations (RFQ) and the winning bidder was Eric J. Ayersman, CPA, AC. Mr. Ayersman conducted the Agreed Upon Procedures engagement which was completed on January 12, 2018.

Mr. Ayersman worked with employees in the Huntington Finance and Payroll Departments to gather the information he needed for each police officer, firefighter and survivor that retired during this timeframe or whose benefits started during this timeframe. Mr. Ayersman also worked with the Secretary of the Huntington Firemen's Pension Fund gathering data from the minutes of the Huntington Firemen's Pension and Relief Fund Board of Trustees meetings. Multiple attempts were made to contact and work with you, to gather minutes from the Huntington Policemen's Pension and Relief Fund. However, no contact was ever established with you and therefore, Mr. Ayersman did not have access to any Police Pension meeting minutes or board provided pension calculations.

At the direction of the Oversight Board, attached is a copy of the Agreed Upon Procedures full report submitted by Eric J. Ayersman, CPA, AC. The Oversight Board passed the following motion at its March 15, 2018 meeting:

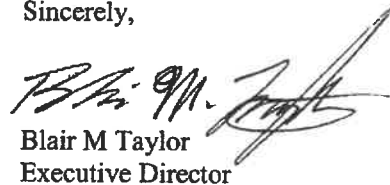
RESOLVED, that Municipal Pensions Oversight Board (MPOB) provide a copy of the January 12, 2018 Independent Accountant's report on applying the Agreed Upon Procedures to certain records of the Huntington Policemen's and Firemen's Pension Plans, to each Plan's trustees and the City of Huntington. The MPOB will also allow each pension plan trustees a period of ninety days to prepare an action plan to bring their pension plans into compliance with the provisions in West Virginia State Code applicable to the plans as noted in the Agreed Upon Procedures report. Additionally, the MPOB will provide a letter stating it is their belief the Attorney General's opinion for the City of Morgantown more likely applies to the City of Huntington's situation also.

Sgt. Michael L. Chornobay
March 20, 2018
Page 2

The Attorney General's Opinion referenced in the above motion was provided to all policemen's pension and relief fund trustees and the firemen's pension and relief fund trustees on January 11, 2018. For your convenience it is enclosed in this package. Discussion by the Oversight Board at its March 2018 meeting included the similarities between the Morgantown Policemen's Pension not following the 20% limiter in §8-22-16d which is addressed in the Attorney General's Opinion and what may be occurring in the Huntington Policemen's Pension with underpayments and overpayments occurring for retirees, disability retirees, and survivors.

Similar letters are being sent to the Secretary of the Huntington Firemen's Pension Secretary, Scot Mellert and Mayor Williams for the City of Huntington. The MPOB expects a written response from the Huntington Policemen's Pension and Relief Fund Board of Trustees on the action plan it develops to bring the plan into compliance with the provisions of the WV Code, specifically sections §8-22-16d, §8-22-25, §8-22-27a and §8-22-27b within 90 days of March 15, 2018.

Sincerely,



Blair M Taylor
Executive Director

- C: Scot Mellert, Secretary, Huntington Firemen's Pension and Relief Fund
- Kelli Talbott, Senior Deputy Attorney General, WV Attorney General's Office
- Mayor Stephen Williams, City of Huntington
- Municipal Pensions Oversight Board Members
- ✓File



Mayor Steve Williams
City of Huntington

June 13, 2018

Blair Taylor
Executive Director
West Virginia Municipal Pensions Oversight Board
301 Eagle Mountain Road, Suite 251
Charleston, West Virginia 25311

2018 JUN 19 AM 10:10
WVMPOB
RECEIVED

Dear Mr. Taylor,

In response to your letter dated March 20, 2018, requesting a written plan of action for each of the municipal pension boards to bring the individual plans into compliance with the provisions of the WV Code, specifically sections §8-22-16d, §8-22-25, §8-22-27a and §8-22-27b within 90 days of March 15, 2018, below is the Plan of Action for the Huntington Police Pension.

The Huntington Police Pension and Relief Fund's Plan of Action for the Municipal Pensions Oversight Board:

- 1) After review of the pension calculations of the members of the Huntington Police Pension and Relief Fund performed by the accountant by the Municipal Pensions Oversight Board, our board was unable to determine how or what data he used to make his calculations. At that time we contacted the City of Huntington's Senior Accountant (Tawania Farmer) to both provided the Pension Board with all of the payroll data for each one of the listed pensioner's calculations and for Ms. Farmer to perform her own separate calculations with that data.
- 2) The Pension Board's plan is the review the data and preform calculations for each of the 20 listed pensions.
- 3) The Pension Board will then compare these calculations with those done by the City.
- 4) The Pension Board will then request a meeting with Mr. Taylor of the Municipal Pensions Oversight Board to discuss our findings and further actions to make sure each pension is calculated correctly and the proper funds are being paid.

Thank you for your consideration.

Sincerely,

Steve Williams
Mayor, City of Huntington

cityofhuntington.com

Mayor Steve Williams @huntingtonmayor

Stephen Neddo
Chairman

Blair M. Taylor
Executive Director



Municipal Pensions Oversight Board

Board Members
John Kee,
Vice Chairman
Lisa Dooley,
Secretary/Treasurer
Jeffrey E. Fleck
Emily R. Lambright
David W. Lanham
Jason Matthews
Michael Payne
Craig Slaughter

March 20, 2018

Mr. Fredrick Scot Mellert
Secretary
Huntington Firemen's Pension and Relief Fund
612 South Terrace
Huntington, WV 25705

Dear Secretary Mellert:

On June 15, 2017, the Municipal Pensions Oversight Board (Oversight Board) passed a motion directing staff to hire an independent audit firm to gather additional information through an Agreed Upon Procedures engagement regarding the City of Huntington's Policemen's Pension and Relief Fund and the City of Huntington's Firemen's Pension and Relief Fund retirement pensions, disability retirement pensions, supplemental benefit calculations (COLAs), and retirement death benefits issued between November 19, 2009 and July 8, 2016. The Oversight Board issued a Request for Quotations (RFQ) and the winning bidder was Eric J. Ayersman, CPA, AC. Mr. Ayersman conducted the Agreed Upon Procedures engagement which was completed on January 12, 2018.

Mr. Ayersman worked with employees in the Huntington Finance and Payroll Departments to gather the information he needed for each police officer, firefighter and survivor that retired during this timeframe or whose benefits started during this timeframe. Mr. Ayersman also worked with you gathering data from the minutes of the Huntington Firemen's Pension and Relief Fund Board of Trustees meetings. Multiple attempts were made to contact and work with the Policemen's Pension Secretary, however no contact was ever established and therefore, Mr. Ayersman did not have access to any Police Pension meeting minutes or board provided pension calculations.

At the direction of the Oversight Board, attached is a copy of the Agreed Upon Procedures full report submitted by Eric J. Ayersman, CPA, AC. The Oversight Board passed the following motion at its March 15, 2018 meeting:

RESOLVED, that Municipal Pensions Oversight Board (MPOB) provide a copy of the January 12, 2018 Independent Accountant's report on applying the Agreed Upon Procedures to certain records of the Huntington Policemen's and Firemen's Pension Plans, to each Plan's trustees and the City of Huntington. The MPOB will also allow each pension plan trustees a period of ninety days to prepare an action plan to bring their pension plans into compliance with the provisions in West Virginia State Code applicable to the plans as noted in the Agreed Upon Procedures report. Additionally, the MPOB will provide a letter stating it is their belief the Attorney General's opinion for the City of Morgantown more likely applies to the City of Huntington's situation also.

Mr. Fredrick Scot Mellert

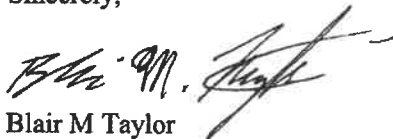
March 20, 2018

Page 2

The Attorney General's Opinion referenced in the above motion was provided to all policemen's pension and relief fund trustees and the firemen's pension and relief fund trustees on January 11, 2018. For your convenience it is enclosed in this package. Discussion by the Oversight Board at its March 2018 meeting included the similarities between the Morgantown Policemen's Pension not following the 20% limiter in §8-22-16d which is addressed in the Attorney General's Opinion and the Huntington Firemen's Pension not following §8-22-16d in calculating pensions for its retirees until after July 1, 2016.

Similar letters are being sent to the Secretary of the Huntington Policemen's Pension Secretary, Sgt. Michael Chornobay and Mayor Williams for the City of Huntington. The MPOB expects a written response from the Huntington Firemen's Pension and Relief Fund Board of Trustees on the action plan it develops to bring the plan into compliance with the provisions of the WV Code, specifically sections §8-22-16d, §8-22-25, §8-22-27a and §8-22-27b within 90 days of March 15, 2018.

Sincerely,



Blair M Taylor
Executive Director

C: Sgt. Michael Chornobay, Secretary, Huntington Policemen's Pension and Relief Fund
Kelli Talbott, Senior Deputy Attorney General, WV Attorney General's Office
Mayor Stephen Williams, City of Huntington
Municipal Pensions Oversight Board Members
File



Mayor Steve Williams
City of Huntington

June 14, 2018

VIA EMAIL: blair.m.taylor@wv.gov
W.Va. Municipal Pension Oversight Board
Attn: Blair Taylor, Executive Director
301 Eagle Mountain Road, Suite 251
Charleston, WV 25311

2018 JUN 19 A 10:00

RECEIVED
MAYOR'S OFFICE

Re: Huntington Fireman's Pension And Relief Fund

Dear Blair:

Thank you for the opportunity to provide an action plan in response to the report of the certified public accountant retained by the Board. We have reviewed the report carefully, and we have reviewed the opinion of the Attorney General that was issued in a similar case. It is our intention as the members of the Pension Board to comply with the directives of W.Va. Code Sec. 8-22-27a in a timely manner. Therefore, we propose the following action plan with respect to the Huntington Fireman's Pension And Relief Fund:

1. The Pension Fund will forthwith calculate each of the retiree's pensions utilizing the WVPOB calculator and compare the results with the conclusions of the retained CPA report of January 12, 2018 for all retirement pensions, disability retirement pensions, supplemental benefit calculations and retirement death benefits issued between November 19, 2009 and July 8, 2016 (per the report) as well as all such benefits calculated from July 8, 2016 to the present.
2. If there is a discrepancy between the Pension Fund's calculation of the benefits payable and the report's conclusions, we will immediately seek to reconcile the differences by communicating with the CPA who prepared the report in order to ascertain the differences in the calculations.
3. Once all calculations have been completed and discrepancies reconciled, we will submit the results to the WVPOB for review and approval.
4. All calculations and reconciliations will be completed in a timely manner so as to provide the results to the Board for consideration on or before October 1, 2018.

cityofhuntington.com

Mayor Steve Williams @huntingtonmayor



Mayor Steve Williams
City of Huntington

5. Upon approval from the Board, the Pension Fund will then institute benefit payments under the approved plan at the time of the next monthly benefit payment if notification is provided from the Board with at least 15 days remaining before the payment is due. If notification is received with less than 15 days before the next payment is due, the new plan will be instituted with the next payment due thereafter.
6. If the Board does not approve the action plan in its entirety, the Pension Fund shall immediately seek to reconcile any apparent deficiencies asserted by the Board.
7. All future benefit payments will be calculated utilizing the calculator provided by the WVPOB, and the Pension Fund will maintain a record of all calculations and data used in performing the calculations for each benefit granted.

Again, thank you for the opportunity to address the Board, and we look forward to your response.

Sincerely,

Steve Williams, Mayor
City of Huntington

cc: Scot Mellert

2018 JUN 19 A 10:08
WVMP08
RECEIVED

cityofhuntington.com

Mayor Steve Williams @huntingtonmayor

SECTION TWO: PROJECT SPECIFICATIONS

- 2.1 **Location:** MPOB is located at 301 Eagle Mountain Road, Suite 251, Charleston, WV 25311.
- 2.2 **Background and Current Operating Environment:** Since 1983, the State of West Virginia has provided municipal policemen's and municipal firemen's pension and relief funds with a portion of a premium tax surcharge on fire and casualty insurance policies issued in WV. The tax collections are remitted to the MPOB from the WV Insurance Commissioner, who has the responsibility of collecting the taxes from insurance providers in WV. The MPOB has the responsibility to allocate and disburse those funds to the 53 municipal policemen's (31) and firemen's (22) pension and relief funds across WV. The allocation occurs on September 1st of each year for the monies collected from the previous calendar year less any administrative expenditures that have occurred during that calendar year. The MPOB has the statutory responsibility of providing actuarial studies to each of the 53 plans annually (W.Va. Code §8-22-20 & §8-22-20a).

Since 2012, the current provider, GRS Consulting, has provided valuation reports, supplemental valuation reports, COLA letters and other requested reports on a valuation timeline as follows:

January – February:	Data request sent to municipalities for preceding Fiscal Year End (June 30 th)
April:	Data request due from municipalities
May – July:	Data review and scrub.
April – May:	COLA letters prepared and sent to pension secretaries
July 1 st :	Pensions issue COLA to certain retirees §8-22-26a
August 1 st :	Consultant requests asset information from pension plans for GASB supplemental valuation report. Reports are issued within six weeks of Consultant receiving usable data from municipal plan.
August 1 st :	MPOB provides Consultant with state premium tax allocation for pension plans
August 15 – Sept. 30:	Consultant issues actuarial valuations
November 1 st :	Consultant provides Consolidated Actuarial Study Report to MPOB.
December 31:	Consultant to have issued all supplemental valuations GASB 67 and GASB 68 reports for municipalities providing usable data. Smaller municipalities occasionally miss data deadlines and have their supplemental reports provided later in the FY cycle.

The 53 plans in WV are of various sizes. As of June 30, 2017, the largest plan has 159 active members and 221 retirees and survivors. The smallest plan has zero (0) active members and six (6) retirees and survivors. Collectively, there are 1,712 active firefighters and police officers in these 53 plans and 2,166 retirees and survivors in these plans. The only time the collective numbers matter is when the individual plans are being allocated state funds from the MPOB. See the September 1, 2017 Allocation on the MPOB's website <https://mpob.wv.gov/allocations/Pages/default.aspx>.

Project and Goals: The project goals and objectives are:

2.4.1 Goal/Objective 1:

To find a consultant with qualified actuaries to prepare actuarial valuation reports for each of the 53 municipal policemen's and firemen's pension and relief funds in West Virginia. These studies are to be provided each year of the contract. The actuarial valuations from the qualified actuary are used by each municipality to determine a municipal policemen's or firemen's pension and relief fund's eligibility to receive state money and to provide supplemental benefits to its pensioners. W.Va. Code §8-22-20 and §8-22-20a define the four funding policies available for plan sponsors. Each plan sponsor should receive one actuarial valuation report which reflects the corresponding funding policy it currently uses. In addition, *and where it is permissible by W. Va. Code*, the report should contain a section that explains how a plan would be affected if it was changed to one of the other applicable funding policies allowed by WV statutes. The consultant is responsible for the collection of all member census data and fund asset information for each plan by working with each plan sponsor's city treasurer/finance director/city clerk and each of the 53 pension secretaries. The consultant is responsible for defining the data formatting as well as the collection process. Data collection for the actuarial studies begins in the first quarter of each calendar year for the preceding fiscal year ending on June 30th. All 53 actuarial studies are required to be completed by September 30th of each year.

2.4.2 Goal/Objective 2:

The consultant should prepare an annual consolidated actuarial report to present to the West Virginia Legislature's Joint Committee on Pensions and Retirement. Through mutual discussions with the MPOB, the report's design and data compilation is to be determined. The annual consolidated actuarial report for the Joint Committee on Pensions and Retirement is due by November 1st of each year. Presentation of the report may require an onsite visit to Charleston, WV to provide the report to the MPOB members and/or a meeting of the WV Legislature's Joint Committee on Pensions and Retirement. Preparing such a report should be included in the "cost of the annual valuation of 53 plans" however time for the presentation would be billed on an hourly basis.

2.4.3 Goal/Objective 3:

To find a consultant who understands the unique nature of very small municipal pension plans governed by statutes, some of which are actuarially sound and some of which are not actuarially sound. The consultant should be prepared to provide advice to the MPOB on what changes might be made to provide the groundwork for quality pension funds.

2.4.4. Goal/Objective 4:

In the spring/summer of 2019, the consultant should assist the MPOB in determining what the actuarial assumptions should be for the annual actuarial valuations. The consultant would use the MPOB's Standard Operating Procedures, Procedure Title: Experience

Study Timing adopted June 15, 2017 to conduct the study. This Procedure is listed on the MPOB website <https://mpob.wv.gov/forms/Pages/Procedures.aspx>.

2.4.5. Goal/Objective 5:

To find a consultant to assist the MPOB by providing written recommendations which include methods for monitoring pension and relief funds and methods for assuring prudent administration of the funds.

2.4.6. Goal/Objective 6:

To find a consultant to assist the Board by providing written recommendations to the MPOB so that it could give the WV Legislature and local municipal plans direction on strengthening and protecting plan assets in the interest of plan members.

2.4.7. Goal/Objective 7:

To find a consultant to assist the Board by reviewing any municipality's DROP (Deferred Retirement Option Plan) proposal received by the Board, as authorized in WV Code Chapter 8, Article 22, Section 25(a), and to provide a report on said plan to the Board. The consultant's review includes the elements of the DROP and the actuarial projections of the impact of the DROP on the affected pension and relief fund. If such a DROP is adopted by a municipality, future actuarial studies should include comments on whether the plan continues to maintain this revenue neutrality required by the W.Va. Code. Pursuant to W.Va. Code §8-22-25a(e), the MPOB "shall annually report to the Legislature's Joint Committee on Pensions and Retirement on...the status of any DROP that has been approved, including any experienced impact on an affected pension and relief fund."

2.4.8. Goal/Objective 8:

To find a consultant to provide individual sessions to each municipal policemen's and firemen's pension and relief fund through conference calls or on-site regional meetings where individual pension boards of trustees could speak to/meet with consultants to receive information specific to their own actuarial valuation. The MPOB holds regional training for boards of trustees on a rotating basis every third year. The consultant may be asked to attend these regional events in person or via Skype or other electronic venues. Should the consultant be asked to attend any of these events or participate electronically, the time is to be billed on an hourly basis using the hourly rates quoted on the cost sheet.

2.4.9. Goal/Objective 9:

To find a consultant to complete special projects as required of the MPOB by the Joint Standing Committee on Pensions and Retirement of the West Virginia Legislature regarding the Plans being valued (such as costs of benefit formula changes, changes in actuarial assumptions, cash flow and funding projections.) For example, designing a new retirement formula that does not diminish current benefits but that is much easier to calculate than what is required currently in W.Va. Code §8-22-16d which defines the terms "salary or compensation". The frequency and nature of requests from the Legislature are unknown at this writing, however within the past 7 years, there have been such requests

and those requests generally are presented within a 60 day window and generally are expected to be answered within that same 60 day window when the WV Legislature is in session.

2.4.10. Goal/Objective 10:

The consultant should provide a supplemental valuation report, in addition to the annual actuarial valuation report, containing Governmental Accounting Standards Board (GASB) statement number 67 and statement number 68 information for each of the 53 municipal pension plans for each of the fiscal years of the contract. The consultant should provide the schedule timeline for the work to be completed each year within the RFP response.

2.4.11. Goal/Objective 11:

The consultant should be available to provide any additional GASB required reports which may or may not be contemplated at the time of this RFP. Future GASB requirements would be additional work implemented through amendments to any contract issued as a result of this RFP.

**MUNICIPAL PENSIONS OVERSIGHT BOARD
REQUEST FOR PROPOSAL
REQUISITION NO:
Attachment C
Cost Sheet**

	Life of Contract					Total
	Year 1	Year 2	Year 3	Year 4	Year 5	
A Cost of Annual Valuation of 53 Plans and Consolidated Report						\$0.00
B GASB 67/68 Reports						\$0.00
C Experience Study						\$0.00
D Cost Escalator Rate						
E Total Hourly Cost	\$0.00					\$0.00

Total Cost of Proposal \$0.00

F Special Projects/In person meetings:

Classification	Total Hours *	Hourly Rate	Total
			Hourly Cost
Senior Actuary	100		\$0.00
Actuary	100		\$0.00
Actuary Assistant	100		\$0.00
Clerical	100		\$0.00
Total Hourly Cost			\$0.00

Instructions: The gray shaded cells have been locked by the MPOB as they contain formulas. The blue shaded cells are are unlocked and available for the vendor to provide cost information.

- A - List the cost of the Annual Valuation of all plans /Consolidated Report
- B - Total annual cost of individual GASB reports
- C - Experience Study to be completed every 3rd year
- D - List the rate of increase of any price adjustments
- E - First year is equal to total cost for item E. Previous year multiplied by item D (cost escalator rate) for remaining years 2-5.
- F - Enter individual hourly rates to establish total hourly cost and base year.

* - Estimated hours for proposal purposes only.

Note 1:

Rates shall be inclusive of all expenses and costs associated with providing the services, including travel expenses. No travel will be reimbursed by the MPOB and will be the sole responsibility of the vendor.

**MUNICIPAL PENSIONS OVERSIGHT BOARD
REQUEST FOR PROPOSAL
REQUISITION NO:
Attachment C
Cost Sheet**

		Life of Contract					
		Year 1	Year 2	Year 3	Year 4	Year 5	Total
A	Cost of Annual Valuation of 53 Plans, Consolidated Report, GASB 67/68 Reports Experience Study						\$0.00
B	Cost Escalator Rate						\$0.00
C	Total Hourly Cost	\$0.00					\$0.00

Total Cost of Proposal

\$0.00

E Special Project/In person meetings:

Classification	Total Hours *	Hourly Rate	Total	
			Hourly	Cost
Senior Actuary	100			\$0.00
Actuary	100			\$0.00
Actuary Assistant	100			\$0.00
Clerical	100			\$0.00
Total Hourly Cost				\$0.00

Instructions: The gray shaded cells have been locked by the MPOB as they contain formulas. The blue shaded cells are unlocked and available for the vendor to provide cost information.

- A - List the cost of the Annual Valuation of all plans for each year
- B - Experience Study to be completed every 3rd year
- C - List the rate of increase of any price adjustments
- D - First year is equal to total cost for item D. Previous year multiplied by item C (cost escalator rate) for remaining years 2-5.
- E - Enter individual hourly rates to establish total hourly cost and base year.

* - Estimated hours for proposal purposes only.

Note 1:

Rates shall be inclusive of all expenses and costs associated with providing the services, including travel expenses. No travel will be reimbursed by the MPOB and will be the sole responsibility of the vendor.

**Municipal Pensions Oversight Board
Standard Operating Procedures**

Procedure Title:	Disability Claim
Authored by:	Blair Taylor and Les Smith
Date Issued:	August 21, 2012
Updated:	March 16, 2017
<u>Updated :</u>	_____
Approved by:	Municipal Pensions Oversight Board August 20, 2012
Updated:	Approved March 16, 2017
<u>Updated :</u>	_____
Purpose:	West Virginia Code §8-22-23a (Exhibit V-A) Eligibility for total and temporary disability pensions and total and permanent disability pensions; reporting; light duty. This procedure outlines the process for starting a disability claim on behalf of a municipal police officer or firefighter with the Municipal Pensions Oversight Board (MPOB) and outlines the process for starting a re-examination for a disability claim every 26 weeks up to 104 weeks for members already receiving a total and temporary disability from a Board of Trustees of the Policemen's Pension and Relief Fund or from a Board of Trustees of the Firemen's Pension and Relief Fund.
<u>Responsibility:</u>	<u>Action:</u>
Pension Secretary	Obtains the Disability Request Checklist (Exhibit V-B) <u>Disability Claim Packet Instructions (Exhibit V-B1)</u> from the MPOB's website at http://www.mpob.wv.gov/forms/Pages/default.aspx Gives the Disability Claim Packet including the Authorization to Obtain and Release Information to the Pension Member to complete. Prepares a letter and provides all of the require information as per the Disability Request Checklist instructions. <u>Gives the Disability Claim Packet including the Authorization to Obtain and Release Information to the Pension Member to complete.</u>
<u>Claimant Member</u>	<u>Completes and signs both pages 1 and 2 of the Disability Claim Packet.</u> <u>Returns the completed Disability Claim Packet to his/her Pension Secretary.</u>

**Municipal Pensions Oversight Board
Standard Operating Procedures**

Responsibility:

Action:

Pension Secretary

Submits the Disability Claim Packet to the MPOB via fax (304)558-1016, US Mail, hand delivery or a password encrypted email. The address is as follows:

Municipal Pensions Oversight Board
301 Eagle Mountain Road, Suite 251
Charleston, WV 25311
www.mpob@wv.gov

MPOB Executive
Director or Accountant

Receives the Disability Claim Packet from the Pension Secretary, reviews the document for completeness and determines the type of injury or illness.

Create a disability file in the shared directory located at Gov MPOB Shared (\\executive\dfs) Municipal Pensions Board\MPOB Disability Operations\specific municipal pension case info\Active Applications\{Last Name (temporary/permanent)-City FD/PD}. Where information is inside { } is subjective to the case being recorded.

From the National Firefighters Professional Association's (NFPA) website (www.nfpa.org/login) obtain one of the remaining unused licensed copies of NFPA 1582, Standard on Comprehensive Occupational Medical Program for Fire Departments and download in a PDF format to the shared file as noted above.

Highlight all sections of Chapter 9 of the NFPA 1582 standards that are applicable to the member's type of injury and using the Adobe software tool, white out all non-applicable sections of Chapter 9. (Exhibit V-C)
The following sections of the NFPA 1582 standards are included with every disability request:

Chapter 9, Section 1 - Essential Job Tasks
Chapter 9, Section 2 – Special Terms
Chapter 9, Section 16 - Medication

**Municipal Pensions Oversight Board
Standard Operating Procedures**

Responsibility:

Action:

MPOB Executive
Director or Accountant

Complete the policeman/firefighter's Physician Cover Letter for Temporary/Permanent Disability. (Exhibit V-D&E)

Prepares an email to the claimant member, copy the pension secretary and list whether it is a "Temporary or Permanent Disability" in the subject line. Provided some final instructions to the claimant in the body of the email and attach the following documentation: (Exhibit V-F)

Applicable sections of NFPA 1582 Chapter 9 standards
Physicians Cover Letter for Temporary/Permanent
Disability ~~and,~~
Disability Claim Employee Physician Report (Exhibit V-G)
Signed Authorization to Obtain and Release Information
form (Exhibit V-B1)

Send email with attachments to claimant member and wait for a completed Employee Temporary/Permanent Physicians Report and narrative from the specialist Physician.

Maintains both an electronic file and a hard copy of all pertinent documents related to each disability in a secure location.

Claimant Member

Receives email from the MPOB.

Schedules appointment and provides specialist Physician with the applicable NFPA standards, Physicians Cover Letter for a Temporary/Permanent Disability, ~~and~~ Employee Temporary/Permanent Physicians Report to be completed by the Physician and the signed Authorization to Obtain and Release Information form.

Claimant
Member's
Physician

The physician completing the report can disable the member for any condition within the physician's field of specialty. Sends the completed Employee Temporary/Permanent Physician's Report with attached narrative report to the MPOB.

**Municipal Pensions Oversight Board
Standard Operating Procedures**

Responsibility:

MPOB
Executive Director
or Accountant

Action:

Immediately upon receipt of the Employee Temporary/Permanent Physician's Report", the MPOB staff member date-stamps, scans, password protects, and places the file in the shared electronic folder of the disability applicant. The shared file is located at Gov MPOB Shared (\\executive\dfs) Municipal Pensions Board\MPOB Disability Operations\specific municipal pension case info\Active Applications\{Last Name (temporary/permanent)-City FD/PD}. Where information is inside { } is subjective to the case being recorded.

Places under lock and key the physical report from the member's physician.

Within 5 business days of receipt of the Employee Temporary/Permanent Physician's Report from the claimant members Physician, select an independent medical exam company (IMEC) and prepare a memo requesting a medical exam. (Exhibit V-H)

Prepare an email to the IMEC and submit the following four attachments: (Exhibit V-I)

- Signed Memo to the IMEC
- Applicable NFPA 1582 standards
- Disability Request Letter (password protected)
- Board Physician Independent Medical Exam (IME) Disability Claim Report (Exhibit V-J)

Monitors the progress of the disability exam status, the IMEC's ability to fulfill its role as a facilitator for the IME, and fields calls from both the Pension Secretary and the Member as appropriate. Telephone calls and conversations are documented ~~by the Executive Director~~ in emails to the file. Emails are then saved as files in the shared electronic folder of the disability applicant. The shared file is located at Gov MPOB Shared (\\executive\dfs) Municipal Pensions Board\MPOB Disability Operations\specific municipal pension case info\Active Applications\{Last Name (temporary/permanent)-City FD/PD}. Where information is inside { } is subjective to the case being recorded.

**Municipal Pensions Oversight Board
Standard Operating Procedures**

Responsibility: Action:

IMEC

The IMEC selects and schedules an appointment with their physician on behalf of the Member and monitors whether the Member shows for the IME.

Provides a completed report, including narrative, from the state provided doctor to the MPOB for processing.

Submits an invoice for services rendered.

MPOB
Executive Director
or Accountant

Immediately upon receipt of the Board Physicians IME Report the MPOB date-stamps, scans, password protects, and places the file in the shared electronic folder of the disability applicant. The shared file is located at Gov MPOB Shared (\\executive\dfs) Municipal Pensions Board\MPOB Disability Operations\specific municipal pension case info\Active Applications\{Last Name (temporary/permanent)-City FD/PD}. Where information is inside { } is subjective to the case being recorded.

Receives invoice for services rendered, redacts the date of birth and processes for payment. Maintains a file copy of the invoice in the manner as described above.

Places under lock and key the physical report from the IMEC.

Compares the Member's completed Employee's Physician Report (provided directly by the Member's physician to the MPOB) and the MPOB's Board Physicians IME Report (provided by the IMEC directly to the MPOB) to determine if both physicians agree there is/is not a disability.

Provided the two reports both indicate the same conclusion, the physical reports are sent via overnight delivery service to the member's Pension Secretary with a cover letter from the Executive Director (Exhibit V-K). If the reports DO NOT indicate the same conclusion, the following step is undertaken.

**Municipal Pensions Oversight Board
Standard Operating Procedures**

Responsibility:

Action:

If the two physician's reports have different conclusions, then the MPOB is responsible for finding a third physician to conduct another disability exam.

Tie-Breaking Exam

Within five (5) business days, the MPOB contacts an IMEC and requests their assistance with finding a physician specializing in the medical field the Member's physician also is specialist.

Provide the Pension Secretary's information presented to the MPOB and any medical records provided by the Pension Secretary and/or Member to the MPOB on the IMEC.

Monitors the progress of the disability exam status, the IMEC's ability to fulfill its role as a facilitator for the IME, and fields calls from both the Pension Secretary and the Member as appropriate. Telephone calls and conversations are documented in emails to the file. Emails are then saved as files in the shared electronic folder of the disability applicant. The shared file is located at Gov MPOB Shared (\\executive\dfs) Municipal Pensions Board\MPOB Disability Operations\specific municipal pension case info\Active Applications\{Last Name (temporary/permanent)-City FD/PD}. Where information is inside { } is subjective to the case being recorded.

IMEC

The IMEC selects and schedules an appointment with their physician on behalf of the Member and monitors whether the Members shows for the IME.

Provides a completed report, including narrative, from the state provided doctor to the MPOB for processing.

Submits an invoice for services rendered.

**Municipal Pensions Oversight Board
Standard Operating Procedures**

Responsibility:

MPOB
Executive Director
or Accountant

Action:

Immediately upon receipt of the Board Physician IME Report the MPOB date-stamps, scans, password protects, and places the file in the shared electronic folder of the disability applicant. The shared file is located at Gov MPOB Shared (\\executive\dfs) Municipal Pensions Board\MPOB Disability Operations\specific municipal pension case info\Active Applications\{Last Name (temporary/permanent)-City FD/PD}. Where information is inside { } is subjective to the case being recorded.

Receives invoice for services rendered, redacts the date of birth and processes for payment. Maintains a file copy of the invoice in the manner as described above.

Places under lock and key the physical report from the IMEC.

Compares the Member's completed Employee's Physician Report (provided directly by the Member's physician to the MPOB), the MPOB's first completed Board Physician IME Report (provided by the IMEC directly to the MPOB) and this second completed Board Physician IME Report (provided by the 2nd IMEC directly to the MPOB to determine which two of the three reports coincide with regard to the disability request.

Within five (5) business days, the MPOB creates a form letter to send the three reports to the Pension Secretary. Sends all hardcopies of each of the three reports to the Municipal Pension Secretary via overnight delivery service for processing by the local municipal pensions and relief fund.

Deletes and erases from the MPOB storage drives all Physician reports, including narratives, and all documents which reflect a claimant's diagnosis or treatment 30 days after reports are sent to the local Municipal Pension Secretary.

**Municipal Pensions Oversight Board
Standard Operating Procedures**

Responsibility:

Policemen's or
Firemen's Pension
& Relief Fund

Action:

Receives the reports from the MPOB, meets and votes on the disability request submitted by its police officer or firefighter.

Note: This procedure basically outlines the overall disability request framework. The responsibilities and actions listed in the procedure are not particularly in chronological order as many of the responsibilities and actions occur simultaneously. Not all disability requests are the same. While some requests are straight forward others require multiple phone conversations and emails between the MPOB, claimant member, pension secretary, IME and sometimes the physician' office. As a result, obtaining a disability can be a lengthy process.

Exhibit V-B1

Municipal Pensions Oversight Board

Disability Requests
 301 Eagle Mountain Road, Suite 251
 Charleston, WV 25311
 Phone: 304-356-2422
 Facsimile: 304-558-1016

**Disability Claim
 Packet Instructions**

This packet contains the form necessary to apply for total and permanent disability or total and temporary disability benefits through a municipal policemen's pension and relief fund or a firemen's pension and relief fund in West Virginia. **The form is to be completed by the police officer or firefighter claiming the benefit. If the claimant is unable to complete the form, the form may be completed by a legal representative (e.g. Attorney in Fact, Medical Power of Attorney, or Durable Power of Attorney), please attach documentation of legal status.** Disability benefits are governed by WV Code §8-22-23a and §8-22-24. Applicants must follow the procedures established by the Municipal Pensions Oversight Board. The Disability benefits application includes a claim form and an Authorization.

Full Name		Employer		Daytime Phone	
Address		City		State	Zip
Date of Birth	Sex <input type="checkbox"/> Male <input type="checkbox"/> Female	Email Address	Starting Date of Employment	Is the disability presumed to be <input type="checkbox"/> temporary or <input type="checkbox"/> permanent	
Last date at work before disability		Dates you have been absent from work.			Date you expect to return to work.
Is your disability work related? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, have you filed a Worker's Compensation claim? <input type="checkbox"/> Yes <input type="checkbox"/> No					
Cause of Disability <input type="checkbox"/> Accident <input type="checkbox"/> Illness <input type="checkbox"/> Pregnancy If accident or illness, please explain (include date and location, if applicable)					
Name, Address and Contact Information of your Primary Care Physician					
Name, Address and Contact Information of your Specialist Physician providing care to you for your disability					
Job Description you currently hold within your department.					
Any other information you deem pertinent to your disability claim.					
Acknowledgement – I certify that the answers I have made to the above questions are complete and true to the best of my knowledge and belief. I acknowledge that I have read WV Code §8-22-27b. Fraud; penalties; and repayment (page 3) and <u>will provide</u> a copy of WV Code §8-22-23a and the NFPA 1582 Standards to the specialist physician completing the Disability Claim Form Physicians Report on my behalf, all of which will be provided to me by the MPOB.					
SIGNATURE _____				DATE _____	

Exhibit V-B1

Municipal Pensions Oversight Board

Disability Requests

301 Eagle Mountain Road, Suite 251

Charleston, WV 25311

Phone: 304-356-2422

Facsimile: 304-558-1016

**Application Instructions and
Authorization to Obtain and Release Information**

Once the Disability Claimant completes and signs page 1 and page 2, he/she must provide the entire package to the Pension Secretary for his/her pension plan. Pension Secretary, you may either fax, send by US Mail, overnight delivery, or hand deliver the Disability Application to the Municipal Pensions Oversight Board (MPOB) at the address listed at the top of the page. Failure, by the Claimant, to complete all sections of the Application will result in documentation being returned and will further delay processing the application.

When the MPOB has received your complete Disability Application, staff will prepare an email to the claimant member and the pension secretary with attachments that will include the applicable portions of the NFPA 1582 standards, a copy of W.Va. Code §8-22-23a(a), Employee Physician Cover Letter and the Disability Claim Form Physicians Report. The claimant member will then schedule his/her appointment with a Specialist Physician and provide the above reference information to the specialist for their completion. Upon receipt of the Disability Claim Form Physicians Report, the MPOB will schedule an appointment on behalf of the claimant with an Independent Medical Examiner (IME). Once MPOB receives the report from the IME, staff will provide the results to the pension secretary along with all the documentation related to the claimant for the board of trustees to approve or disapprove the disability.

I AUTHORIZE THESE PERSONS having any records or knowledge of me or my health:

- Any physician, medical practitioner or health care provider.
- Any hospital, clinic, or other medical or medically related facility.
- Any employer or plan sponsor.
- Any government agency (for example municipal pension plan, municipality, etc.).

TO GIVE THIS INFORMATION:

- Charts, notes, x-rays, operative reports, lab and medication records and all other medical information about me, including medical history, diagnosis, testing and test results. Treatment of any physical or mental condition, including:
 - Any disorder of immune system, including HIV, Acquired Immune Deficiency Syndrome (AIDS) or other related syndromes or complexes.
 - Any communicable disease or disorder
 - Any psychiatric or psychological condition, including test results, but excluding psychotherapy notes. Psychotherapy notes do not include a summary of diagnosis, functional status, treatment plan, symptoms, prognosis and progress to date.
 - Any condition, treatment, or therapy related to substance abuse, including alcohol and drugs.
- Any non-medical information requested about me, including such things as education, earnings or income and eligibility for other benefits or leave periods including but not limited to claim status, benefit amount, payments, etc.

TO THE MUNICIPAL PENSIONS OVERSIGHT BOARD (MPOB) AND MY LOCAL MUNICIPAL PENSION BOARD OF TRUSTEES (TRUSTEES)

- I acknowledge that any agreements I have made to restrict my protected health information do not apply to this authorization and I instruct the persons and organizations identified above to release and disclose my entire medical record without restriction.
- I understand that both the MPOB and the Trustees will gather my information only to the extent to help determine my disability application or deciding my temporary disability or permanent disability and may be a basis for denying or closing my claim.
- I understand I have the right to revoke this authorization at any time by sending a written statement to the MPOB and Trustees, except to the extent the authorization has been relied upon to disclose requested records. A revocation of authorization will stop the disability application process.
- I understand information retained and disclosed by the MPOB and by the Trustees may not be protected under the Health Insurance Portability and Accountability Act (HIPAA).
- I understand and agree that this authorization as used to gather information shall remain in force from the date signed below:
 - For the MPOB, the duration of my claim or 36 months, whichever comes first.
 - For the Trustees, indefinitely.
- I understand and agree that the MPOB and Trustees may share information with each other regarding my disability claim. This authorization to share information shall remain valid for 36 months from the date signed below.
- I acknowledge that I have read this authorization and W.Va. Code §8-22-27b Fraud; penalties; and repayment. A photocopy or facsimile of this authorization is as valid as the original and will be provided to me upon request.

I DO NOT AUTHORIZE:

- The release of my disability examination report or disability recommendation of my specialist physician to the State's independent medical examination physician.
 - W.Va. Code §8-22-23a(a) specifically states "Each medical examination shall include the review of the member's medical history, but an examining physician may not have access to the disability examination report or disability recommendation of another physician."

Name (please print) _____

Signature of Claimant/Representative _____ Date _____

Exhibit V-B1

(If signature is provided by legal representative (e.g., Attorney in Fact, Medical Power of Attorney, Durable Power of Attorney), please attach documentation of legal status.
W.Va. Code §8-22-27b. Fraud; penalties; and repayment.

Any person who knowingly makes any false statement or who falsifies or permits to be falsified any record of a municipal policemen's or municipal firemen's pension and relief fund in any attempt to defraud that system is guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than \$1,000 or confined in jail not more than one year, or both fined and confined. Any increased benefit received by any person as a result of the falsification or fraud shall be returned to the fund on demand by the board of trustees or by demand of the Municipal Pensions Oversight Board.

Copies of other sections of the W.Va. Code that pertain to disability claims filed by police officers and firefighters covered in municipal pension plans governed by the W.Va. Code can be found on the MPOB's website under the [About Tab](#). Also, the W.Va. Code is online through the [WV Legislature's website](#). The sections of Chapter 8, Article 22, that contain the statutes pertaining to municipal policemen's and municipal firemen's pension and relief funds are sections 16 through 28 inclusive. Sections 1 thru 15 specifically are for civilian municipal pension plans.

MPOB Purchasing Card Review/Audit Record

Cardholder: Karen L. Neccuzzi Billing Cycl: Mar-18 Monthly Limit: _____

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/Del Ticket Y/N	Tran Document Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	2/2/2018	NFPA	NFPA 1582 Code books credit shipping for hard copy	-\$38.10 -\$38.10	Y	Tran 2272928	Y	C	N		
2	2/6/2018	NFPA	NFPA 1582 (electronic copies of book) (30) copies	\$1,905.00 \$1,905.00	Y	Tran 2257941	Y	R	N		
3	2/14/2018	ATT	ATT Service - #287245128684 L. Smith	\$54.21 \$54.21	Y	Tran 2272929	Y	R	Y	ophone13A	
4	2/14/2018	ATT	ATT Service - #287267230256 B Taylor	\$57.31 \$57.31	Y	Tran 2272930	Y	R	Y	ophone13A	
4	2/14/2018	Suddenlink	10 meg circuit 091617 to 101517 ACT MPO1800000001	\$775.00 \$775.00	Y	Tran 2272928	Y	R	N		
5	2/19/2018	Komax	Copies MPOB 1270 Invoice	\$37.21 \$37.21	Y	Tran 2280516	Y	R	Y	DigiCop	
6	2/18/2018	Komax	Copier Lesse - MPOB 1270 Invoice	\$214.67 \$214.67	Y	Tran 2280517	Y	R	Y	DigiCop	
				\$3,065.30							

*R - Reconciled/D - Disputed/C - Carryover from prev. month

** If "N", Reviewer must provide discrepancy Listing form

Cardholder Certification/Date: Karen L. Neccuzzi 3/16/18 Reviewer-Auditor Certification/Date: John M. [Signature] 3/25/18

I hereby certify that the items hereon were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

MPOB Purchasing Card Review/Audit Record

Cardholder Karen L. Neccuzzi

Billing Cycle Apr-18

Transaction Limit _____ Monthly Limit _____

Reviewer: _____

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/Ticket Y/N	Tran Document Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	3/15/2018	ATT	ATT Service - 020318 to 030218 #287245126564 L. Smith	\$54.21 \$54.21	Y	TRAN 2324734	Y	C	N	cphone13A	
2	3/15/2018	ATT	ATT Services 020318 to 030218 #287287230256 B. Taylor	\$57.31 \$57.31	Y	TRAN 2324733	Y	R	N	cphone13A	
3	3/19/2018	Suddenlink	10 meg circuit 724743101 ACT MPO1600000001 031618 to 041518	\$775.00 \$775.00	Y	TRAN 2329603	Y	R	Y		
4	3/20/2018	Komax	Copies BW-\$5.79, Copy -\$15.20 MPOB 1270 Invoice AR46741	\$20.99 \$20.99	Y	TRAN 2331658	Y	R	N	DipCop	
5	3/20/2018	Komax	Copy Lease - MPOB 1270 Invoice AR46740 March 2018	\$214.67 \$214.67	Y	TRAN 2331658	Y	R	Y	DipCop	
				\$1,122.18							

*R - Reconciled/D - Disputed/C - Carryover from prev. month

** If 'N', Reviewer must provide discrepancy listing form

Cardholder Certification/Date: Karen L. Neccuzzi 4/10/18

Reviewer-Auditor Certification/Date: _____

[Handwritten Signature]

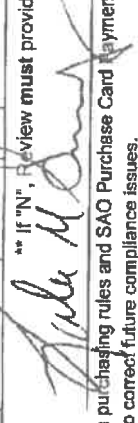
I hereby certify that the items herein were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAQ Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

MPOB Purchasing Card Review/Audit Record

Cardholder: Blair M. Taylor Billing Cycle: Apr-18 Page 1 of 1
 Transaction Limit: \$5,000.00 Monthly Limit

Card Holder: 

Item	Trans Date	Vendor	Brief Item Description	Unit Cost	Transaction Amount	Itemized Receipt/Del Ticket Y/N	OASIS Transaction Number	Receiving Report Y/N	R* D* C* R	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	3/27/2018	Courtyard by Marriott Moriantown, WV	Lodging	\$ 97.00	\$97.00	Y	2348651	Y		N		N

*R - Reconciled/D - Disputed/C - Carryover from prev. month
 Reviewer/Auditor Certification:  Signature/Date
 I hereby certify that the items hereon were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.
 ** If "N", Reviewer must provide discrepancy Listing form

MPOB Purchasing Card Review/Audit Record

Cardholder Karen L. Neccuzzi

Billing Cycle May-18

Transaction Limit _____ Monthly Limit _____

Reviewer: _____

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/Del Ticket Y/N	Tran Document Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	4/5/2018	Fedex	Fedex Shipments 02/20/2018 to 04/03/18	\$106.32	Y	TRAN 2353779	Y	C	N	PK69157	
				\$106.32							
				\$106.32							

*R - Reconciled/D - Disputed/C - Carryover from prev. month

** If "N". Reviewer must provide discrepancy Listing form

Cardholder Certification/Date: Karen L. Neccuzzi 5/10/18

Reviewer-Auditor Certification/Date: _____



I hereby certify that the items hereon were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAC Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

MPOB Purchasing Card Review/Audit Record

Cardholder: Karen L. Neccuzzi Billing Cycle: May-18 US BANK

Transaction Limit: _____ Monthly Limit: _____ Reviewer: _____

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/D el Ticket Y / N	Tran Document Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y / N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y / N
1	4/23/2018	Fedex	Fedex Shipments 041218 to Paul Brake Morgantown PD	\$12.05	Y	TRAN 2375607	Y	R	N	PKGS517	
2	4/24/2018	ATT	ATT Service - 030318 to 040218 #287245126564 L. Smith	\$54.13	Y	TRAN 2378275	Y	R	Y	ophone13A	
3	4/24/2018	ATT	ATT Service - 030318 to 040218 #287267230256 B. Taylor	\$57.21	Y	TRAN 2378274	Y	R	Y	ophone13A	
4	4/26/2018	Komax	Copies March 2018 MPOB 1270 Invoice AR51651	\$74.10	Y	TRAN 2381400	Y	R	Y	DigiCop	
5	4/26/2018	Komax	Copier Lease - April 2018 MPOB 1270 Invoice AR51418	\$214.67	Y	TRAN 2381399	Y	R	Y	DigiCop	
				\$412.16							

*R - Reconciled/D - Disputed/C - Carryover from prev. month

** If "N", Reviewer must provide discrepancy Listing form

Cardholder Certification/Date: Karen L. Neccuzzi 5/10/18

Reviewer-Auditor Certification/Date: _____

I hereby certify that the items hereon were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures.

Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

[Handwritten Signature] 6/5/18

MPOB Purchasing Card Review/Audit Record

Cardholder Karen L. Neccuzzi

Billing Cycle Jun-18

Transaction Limit _____ Monthly Limit _____

Reviewer: _____

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/Del Ticket Y/N	Transaction Document Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	5/7/2018	Suddenlink	10 Mg Circuit ACT 1600000001 041618 to 051518	\$775.00 \$775.00	Y	TRAN 2394929	Y	C	N		
				\$775.00							

*R - Reconciled/D - Disputed/C - Carryover from prev. month

Cardholder Certification/Date: Karen L. Neccuzzi 5/16/18

** If "N", Reviewer must provide discrepancy Listing form

Reviewer-Auditor Certification/Date: _____

I hereby certify that the items herein were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

[Signature]

June 2010

AP

MPOB Purchasing Card Review/Audit Record

Cardholder Karen L. Neccuzzi

Billing Cycle Jun-18

Transaction Limit _____ Monthly Limit _____

Reviewer: _____

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/Del Ticket Y/N	Trans Document Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	5/18/2018	Suddenlink	10 meg circuit 05/16/18 to 06/15/18 ACT MPO1600000001	\$775.00 \$775.00	Y	TRAN 2410918	Y	C	Y		Y RFG
2	5/17/2018	Komax	Copier Lease - May 2018 MPOB 1270 Invoice AR55855	\$214.67 \$214.67	Y	TRAN 2408882	Y	R	Y	djicop	
3	5/17/2018	Komax	Copies April 2018 MPOB 1270 Invoice AR51651	\$40.12 \$40.12	Y	TRAN 2408883	Y	R	Y	djicop	
4	5/17/2018	ATT	ATT Service -040318 to 050218 #287267230266 B. Taylor	\$57.21 \$57.21	Y	TRAN 2408884	Y	R	Y	cell/home 13A	
5	5/17/2018	ATT	ATT Service -040318 to 050218 #287245128564 L. Smith	\$54.13 \$54.13	Y	TRAN 2408885	Y	R	Y	cell/home 13A	
				\$1,141.13	Y						

*R - Reconciled/D - Disputed/C - Carryover from prev. month

** If "N", Reviewer must provide discrepancy Listing form

Cardholder Certification/Date: Karen L. Neccuzzi 5/30/18

Reviewer-Auditor Certification/Date: [Signature] 6/6/18

I hereby certify that the items herein were received, properly accounted for and reviewed in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

AGENDA

Municipal Pensions Oversight Board

Meeting of the Board Members

September 20, 2018 – 1:00 P.M.

301 Eagle Mountain Road

Second Floor, Suite 251

Charleston, WV 25311

- I. Call to Order and Roll Call
- II. Approval of Minutes of Meeting on June 21, 2018
- III. Old Business
 - a. Donald Scurlock/Nitro Policemen's Pension Case – Formal Resolution
 - b. Morgantown Policemen's Pension and Firemen's Pension Update
 - c. Huntington Policemen's Pension and Firemen's Pension Update
 - d. RFP for Actuarial Services Update
 - e. Compliance Review Updates
- IV. New Business
 - a. FY2018 Draft Audit Report – Suttle and Stalnaker
 - b. Potential Legislation
 - c. P-Card Expenditures (July and August 2018)
 - d. Executive Director's Report
- V. Next Board Meeting is 1:00 pm, December 13, 2018 Location 301 Eagle Mountain Road, Suite 251, Charleston, WV 25311
- VI. Public Comments
- VII. Adjournment

MUNICIPAL PENSIONS OVERSIGHT BOARD



ORIGINAL

Minutes of Meeting

September 20, 2018

The Municipal Pensions Oversight Board (MPOB) met on September 20, 2018 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia. The Chair, Mr. Neddo, called the meeting to order, noting that a quorum was present.

ATTENDEES

Board Members:

- Lisa Dooley, absent
- Jeffrey Fleck, present
- John Kee, present
- Emily Lambright, absent
- David Lanham, present
- Jason Matthews, present
- Stephen Neddo, present
- Michael Payne, present
- Craig Slaughter, present

General Counsel:

- Kelli Talbott, Counsel – WV Attorney General's Office, present

Staff:

- LeAnne Neccuzi, Administrative Assistant
- Les Smith, Accountant
- Blair Taylor, Executive Director

Guests:

- Travis Blosser, Deputy Director - WV Municipal League
- Sean Hornbuckle – Delegate-Cabell, 16th District – WV House of Delegates
- Chris Lambert, CPA -Suttle & Stalnaker, PLLC
- Chad Lovejoy – Delegate -Cabell, 17th District -WV House of Delegates
- Rick Montgomery – Assistant Finance Director
- Kristin Moody, CPA – Suttle & Stalnaker, PLLC
- Angela Shockley, Revenue Audit Supervisor, City of Huntington
- Bob Coleman, Larry Diamond, A.L. Fowler, Forrest Marshall, Dave Roberts - Retirees - City of Huntington Firemen's Pension Fund

Minute Taker:

- LeAnne Neccuzi

Approval of Minutes

Minutes for the MPOB meeting on June 21, 2018 were presented for approval: *Moved by Mr. Fleck; Seconded by Mr. Matthews; Passed unanimously:*

RESOLVED, that the minutes of the June 21, 2018 Municipal Pensions Oversight Board meeting be approved as written.

The Chairman, Mr. Neddo, asked to reorder the agenda by going to the section under **IV. New Business, a. FY 2018 Draft Audit Report – Suttle and Stalnaker**, so that meeting guests, Chris Lambert and Kristin Moody of Suttle and Stalnaker, PLLC, are free to leave the meeting after presenting their report.

FY 2018 Draft Audit Report – Suttle and Stalnaker

Mr. Kee, Chairman of the Audit Committee, asked the representatives of Suttle and Stalnaker to present their report. Ms. Moody distributed draft copies of the **Report to the Boardⁱ** and the **Audited Financial Statements with Other Financial Information for Years Ended June 30, 2018 and 2017ⁱⁱ**. Mr. Smith pointed out that in keeping with the schedule required by the Financial and Accounting Reporting Section (FARS) the final audit report will be submitted to them before the October 15th deadline. Ms. Moody reported that the MPOB received an unmodified opinion which is the best possible outcome. *Moved by Mr. Kee; Seconded by Mr. Lanham; Passed unanimously:*

RESOLVED, that the Municipal Pensions Oversight Board accept Suttle and Stalnaker’s Audited Financial Statements with Other Financial Information for Years Ended June 30, 2018 and 2017.

Having no further business, Mr. Lambert and Ms. Moody left the meeting at 1:14 p.m.

OLD BUSINESS

Donald Scurlock/Nitro Policemen’s Pension Case – Formal Resolution

At 1:15 p.m., Chairman Neddo, recommended the board go into to executive session to discuss **Scurlock v. Board of Trustees of the Nitro Policemen Pension and Relief Trust Fund, Civil Action No. 16-C-609**. Ms. Talbott stated that grounds for going into executive session at this time were

warranted to maintain attorney-client privileged communications related to pending litigation.

Moved by Mr. Slaughter; Seconded by Mr. Fleck; Passed unanimously:

RESOLVED, that the Municipal Pensions Oversight Board go into executive session as provided for in W.Va. §6-9A-4(b)(12) to maintain confidentiality of attorney-client privileged communication related to pending litigation.

Counsel and staff remained for the executive session. All other guests left the conference room at this time.

At 2:00 p.m. the MPOB returned to the regular order of business, with Mr. Neddo stating that no decisions had been made during the executive session.

Morgantown Policemen's and Firemen's Pension Update

On September 19, 2018, Mr. Taylor received an e-mail from Mr. Paul Brake, City Manager for the City of Morgantownⁱⁱⁱ. Mr. Brake's e-mail provided an outline of the steps the City of Morgantown has taken and will continue to take to comply with **W.Va. Code 8-22-27a. Correction of errors; underpayments; overpayments.** He also indicated that the City of Morgantown's Finance Department has validated the numbers for the correct pension payments for each of the plans. In addition, the City contracted with Tetrick and Bartlett, PLLC, to review the work of the Finance Department through using an agreed upon procedures engagement. Gabriel, Roeder, Smith & Company (GRS) was asked to assist the City with developing factors used to reduce member's monthly benefits for overpayments. Using appropriate mortality tables, GRS developed life expectancy factors based on ages of retirees and beneficiaries. With calculations that are complete and verified, the City is in the process of contacting those members who have received overpayments and underpayments. The City hopes to have this process completed by the end of October. The City intends to start applying the corrections for overpayments on or after January 1, 2019. Prior to the end of the year, the City plans to present the respective pension boards the corrected pension amounts and proposed method to recover overpaid amounts for official board action.

Mr. Taylor also received a telephone call from a police pension board member who indicated that the police pension board has not formally voted on those changes described in the outline. Mr. Taylor has not had any communications with fire pension board members regarding this issue.

Huntington Policemen's and Firemen's Pension Updates

On June 29th, Mr. Taylor sent letters to Mayor Steve Williams^{iv} and ^v, and copied the Huntington Firemen's and Policemen's Pension Secretaries, respectively. The letter to Huntington Firemen's Pension specifically requested additional information to clarify how the pension board would be complying with certain sections of §8-22-27a (a). The letter also specifically requested the firemen's pension to provide a final action plan which is to include the issues brought forth in the letter of June 29, 2018. Mayor Williams and the Firemen's Pension Board responded in a letter dated August 30, 2018^{vi}, explaining how the fire pension board plans to comply with the issues raised in the MPOB's letter of June 29, 2018. Mr. Taylor indicated the City of Huntington's Finance Department is recalculating existing pensions to determine if there are errors. The Huntington Policemen's Pension Plan is also re-calculating and comparing pensions to determine if errors exist. There are a couple of new trustees on the firemen's pension board. A new pension secretary has been elected. The previous secretary will train the new secretary during the next few months.

Request for Proposals for Actuarial Services

Mr. Taylor reported that Request for Proposal (RFP) MPO1900000001 for Actuarial Services in August 29, 2018. A mandatory pre-bid meeting was held on Thursday, September 12th, for which seven vendors were in attendance. They were Bolton Partners, Cheiron, Korn Ferry, Lauterbach and Amen, Nyhart, Segal Consulting and Gabriel, Roeder and Smith. The MPOB took questions at the pre-bid meeting and asked for any additional questions to be submitted by September 19th. The addendum to the RFP with answers to all questions received will be released by the MPOB on September 28, 2018. Mr. Taylor hopes to have a contract in place by January 1, 2019.

Compliance Review Updates

Mr. Taylor gave an update on the status of compliance reviews that are in process. Weston was finished by the West Virginia State Auditor's Office (WVSAO). They are also in the process of completing Vienna Policemen's Pension Fund, Dunbar Firemen's Pension Fund, and Princeton Policemen's and Firemen's Pension Funds. MPOB staff are currently working on Dunbar Policemen's Pension Board and it should be completed by the end of September. MPOB staff also did an exit interview with Martinsburg Policemen's and Martinsburg Firemen's Pension Funds this past week. The final report will be sent out to them by the end of September. Point Pleasant's compliance review will be underway in October. Mr. Taylor pointed out that the WVSAO Local Government Division has

taken the MPOB's compliance review information and are now auditing pension plans when they go in and do audits of cities.

NEW BUSINESS

Potential Legislation

Mr. Taylor referenced a proposed legislative change to W.Va. §8-22-19 **Levy to maintain fund**. Two sections that reference a state account that no longer exists have been struck through. This section referenced code from when the State Treasurer's Office used to allocate funds to pension plans, however, that has not happened since 2012. Mr. Taylor proposed an additional change to the code which currently states:

"One twelfth of each municipality's annual contributions shall be deposited with the municipality's pension trust funds as fund assets on at least a monthly basis and any revenues received from any source by a municipality which are specifically collected for the purposes of allocation for deposit into the policemen's pension and relief fund or firemen's pension and relief fund shall be so deposited within five days of receipt by the municipality."

Mr. Taylor suggested adding the following sentence that allows for prepayment of monthly required contributions in increments greater than one twelfth:

"A municipality may prepay its monthly required contributions in increments greater than one twelfth."

Moved by Mr. Payne; Seconded by Mr. Lanham; Passed unanimously:

RESOLVED, that the Municipal Pensions Oversight Board authorizes the executive director to propose legislation to change *W.Va. §8-22-19. Levy to maintain fund*. to allow for prepayment of monthly required contributions in increments greater than one twelfth.^{vii}

P-Card Expenditures (July and August 2018)

Mr. Smith presented the P-Card expenditures for July and August 2018. *Moved by Mr. Kee; Seconded by Mr. Fleck; Passed unanimously:*

RESOLVED, that the Municipal Pensions Oversight Board approve P-Card expenditures for July and August 2018^{viii}.

Executive Director's Report

Mr. Taylor presented his report for the period of June 5, 2018 through September 10, 2018.



ORIGINAL

ORIGINAL



Next Board Meeting

The next regular meeting of the MPOB will be held on December 13, 2018 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia 25311.

Public Comments

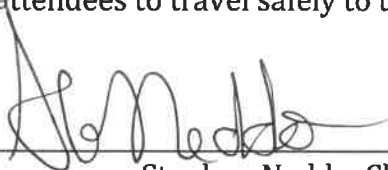
Mr. Neddo invited any guests that would like to make comments do so at this time. No guests chose to make comments.

ADJOURNMENT

Mr. Neddo called for a motion to adjourn: *MOTION: Moved by Mr. Fleck; Seconded by Mr. Matthews; Passed unanimously:*

RESOLVED, that the September 20, 2018 meeting of the MPOB is adjourned.

Ms. Neccuzi cautioned meeting attendees to travel safely to their headquarters.



Stephen Neddo, Chairman

Minutes approved 12/13/18
(date)

-
- ⁱ Suttle and Stalnaker, PLLC – Report to the Board
 - ⁱⁱ Audited Financial Statements with Other Financial Information for Years Ending June 30, 2018 and 2017
 - ⁱⁱⁱ Mr. Paul Brake, City Manager, City of Morgantown to Blair M. Taylor, Exec. Director, MPOB, September 19, 2018, MPOB File
 - ^{iv} Blair M. Taylor, Exec. Director, MPOB to Honorable Mayor Steve Williams, City of Huntington Firemen’s Pension and Relief Fund, June 29, 2018, MPOB File
 - ^v Blair M. Taylor, Exec. Director, MPOB to Honorable Mayor Steve Williams, City of Huntington Policemen’s Pension and Relief Fund, June 29, 2018, MPOB File
 - ^{vi} Honorable Mayor Steve Williams, City of Huntington, to Blair M. Taylor, Exec. Director, MPOB, August 30, 2018
 - ^{vii} Proposed Legislative changes to *W.Va. §8-22-19. Levy to maintain fund.*
 - ^{viii} P-card Expenditures for July and August 2018

West Virginia Municipal Pensions Oversight Board

REPORT TO THE BOARD MEMBERS

SEPTEMBER 20, 2018



September 20, 2018

Members of the
West Virginia Municipal Pensions Oversight Board
Charleston, West Virginia

We are pleased to present this report related to our audit of the financial statements of the West Virginia Municipal Pensions Oversight Board (the Board) for the year ended June 30, 2018. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Board's financial reporting processes.

This report is intended solely for the information and use of the Members of the Board and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Board.

A handwritten signature in cursive script that reads 'Suttle & Stalnaker, PLLC'.

Suttle & Stalnaker, PLLC
Charleston, West Virginia

The Virginia Center • 1411 Virginia Street, East • Suite 100 • Charleston, WV 25301
Phone (304) 343-4126 or 1(800) 788-3844 • Fax (304) 343-8008
Wharf District • 68 Clay Street • Suite C • Morgantown, WV 26501
Phone (304) 554-3371 • Fax (304) 554-3410
Towne Square • 201 Third Street • PO Box 149 • Parkersburg, WV 26102
Phone (304) 485-6584 • Fax (304) 485-0971
www.suttlecpas.com • E-mail: cpa@suttlecpas.com
A Professional Limited Liability Company

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Summary of Uncorrected Misstatements	10
Certain Written Communications Between Management and Our Firm	11
Engagement Letter	
Management Representation Letter	

Required Communications

Professional standards require the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

Area	Comments
Auditor's Responsibility Under Professional Standards	<p>We have audited the financial statements of the business-type activities of the West Virginia Municipal Pensions Oversight Board (the Board) for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and <i>Government Auditing Standards</i>, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 2, 2018.</p>
Qualitative Aspects of Accounting Practices	<p>Adoption of, or Change in, Accounting Policies</p> <p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Board are described in Note 2 to the financial statements. As described in Note 3 to the financial statements, the Board implemented GASB Statement No. 75, <i>Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans</i>, which resulted in more accurate reporting of the Net OPEB Liability and related deferred inflows and outflows, and GASB Statement No. 85, <i>Omnibus 2018</i>; the adoption of this statement had no impact on the June 30, 2018 financial statements. The application of existing policies was not changed during the year ended June 30, 2018.</p> <p>We noted no transactions entered into by the Board during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p> <p>Management's Judgments and Accounting Estimates</p> <p>Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements are summarized in the attached <i>Summary of Accounting Estimates</i>.</p>

Area	Comments
	<p>Financial Statement Disclosures</p>
	<p>The financial statement disclosures are neutral, consistent, and clear.</p>
<p>Difficulties Encountered in Performing the Audit</p>	<p>We encountered no significant difficulties in dealing with management in performing and completing our audit.</p>
<p>Corrected and Uncorrected Misstatements</p>	<p>Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. See the attached <i>Summary of Recorded Audit Adjustments</i> and <i>Summary of Uncorrected Misstatements</i>.</p>
<p>Disagreements with Management</p>	<p>For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.</p>
<p>Management Representations</p>	<p>We have requested certain representations from management that are included in the management representation letter dated September 20, 2018.</p>
<p>Management Consultations with Other Independent Accountants</p>	<p>In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Board's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.</p>
<p>Other Audit Findings or Issues</p>	<p>We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Board's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p>
<p>Certain Written Communications Between Management and Our Firm</p>	<p>Copies of certain written communications between our firm and the management of the Board are attached as exhibits.</p>

Area	Comments
Other Matters	<p data-bbox="557 310 1367 680">We applied certain limited procedures to the management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions to the PERS, schedule of proportionate share of the net OPEB liability, and schedule of OPEB contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.</p> <p data-bbox="557 701 1367 1037">We were engaged to report on the schedule of statutory commitments which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.</p>

**West Virginia Municipal Pensions Oversight Board
Summary of Accounting Estimates
Year Ended June 30, 2018**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Board's financial statements were:

Area	Accounting Policy	Estimation Process	Comments
Compensated absences	Estimated	Based upon management's calculation of the ultimate liability to be paid.	We concur with this process.
Depreciation of capital assets	Straight-line method	Based upon cost, depreciation is calculated using the straight-line method over the estimated useful life. Annually, management reviews capital assets for impairment.	We concur with this process.
Net pension obligation	Estimated	Based upon third-party report of the proportionate share of the actuarially determined net pension liability of the PERS plan.	We concur with this process
Net other post employment benefit liability	Estimated	Based upon the third-party trust funds report of the proportionate share of actuarially determined Net OPEB Liability.	We concur with this process.

West Virginia Municipal Pensions Oversight Board
Summary of Recorded Audit Adjustments
Year Ended June 30, 2018

During the course of an audit, we accumulate adjustments that are determined by management to be material to the financial statements and to the related financial statement disclosures, or management otherwise determines are appropriate to make. Following is a summary of the adjustments made to the original trial balance we received.

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 2			
To adjust the net pension liability and related deferred inflows/outflows to actual			
1600	Deferred Outflow of Resources	23,440.00	-
1600	Deferred Outflow of Resources	12,227.00	-
2100	Deferred Inflows of Resources	25,108.00	-
2300	Net Pension Liability	48,829.00	-
5060	Salaries & Benefits: Retirement	13,820.00	-
5060	Salaries & Benefits: Retirement	34.00	-
1600	Deferred Outflow of Resources	-	25,142.00
1600	Deferred Outflow of Resources	-	48,829.00
2100	Deferred Inflows of Resources	-	12,227.00
2300	Net Pension Liability	-	13,820.00
5060	Salaries & Benefits: Retirement	-	23,440.00
Total		<u><u>123,458.00</u></u>	<u><u>123,458.00</u></u>
Adjusting Journal Entries JE # 5			
To adjust for the GASB 75 Net OPEB Liability entries.			
1650	Deferred Outflows – OPEB	1,981.00	-
1650	Deferred Outflows – OPEB	2,124.00	-
2350	Net OPEB Liability	80.00	-
2350	Net OPEB Liability	379.00	-
2350	Net OPEB Liability	1,981.00	-
2350	Net OPEB Liability	3,454.00	-
2500	Other Post Employment Benefits	15,048.00	-
3475	Unrestricted Net Assets	28,395.00	-
5100	Salaries & Benefits: OPEB	1,275.00	-
1650	Deferred Outflows – OPEB	-	1,981.00
2150	Deferred Inflows – OPEB	-	80.00
2150	Deferred Inflows – OPEB	-	379.00
2150	Deferred Inflows – OPEB	-	3,454.00
2350	Net OPEB Liability	-	1,275.00
2350	Net OPEB Liability	-	28,395.00
3475	Unrestricted Net Assets	-	1,981.00
3475	Unrestricted Net Assets	-	15,048.00
5100	Salaries & Benefits: OPEB	-	2,124.00
Total		<u><u>54,717.00</u></u>	<u><u>54,717.00</u></u>

**West Virginia Municipal Pensions Oversight Board
 Summary of Recorded Audit Adjustments
 Year Ended June 30, 2018**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 6			
To record allocation of OPEB expense for unfunded liability related to the special funding situation.			
5100	Salaries & Benefits: OPEB	1,499.00	-
7520	Payment on Behalf (OPEB Special Funding)	-	1,499.00
Total		<u>1,499.00</u>	<u>1,499.00</u>

**West Virginia Municipal Pensions Oversight Board
 Summary of Uncorrected Misstatements
 Year Ended June 30, 2018**

During the course of an audit, we accumulate uncorrected misstatements that are determined by management to be immaterial, both individually and in the aggregate, to the financial statements and to the related financial statement disclosures. Following is a summary of those differences.

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
Proposed Journal Entries JE # 3			
To adjust investment balance to reflect a reinvestment at year end.			
S&S1	Accounts Receivable	47,208.00	-
4100	Interest on Investments	-	47,208.00
Total		<u>47,208.00</u>	<u>47,208.00</u>

Certain Written Communications Between Management and Our Firm

Engagement Letter

Management Representation Letter

ENGAGEMENT LETTER



CERTIFIED PUBLIC ACCOUNTANTS

July 2, 2018

To the Members
West Virginia Municipal Pensions Oversight Board
301 Eagle Mountain Road, Suite 251
Charleston, West Virginia 25311

We are pleased to confirm our understanding of the services we are to provide the West Virginia Municipal Pensions Oversight Board (the Board) for the year ended June 30, 2018. We will audit the financial statements of the business-type activities, including the related notes to the financial statements, which collectively comprises the basic financial statements of the Board as of and for the year ended June 30, 2018. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Board's 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. As part of our engagement, we will apply certain limited procedures to the Board's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of the Proportionate Share of the Net Pension Liability
- 3) Schedule of Contributions to the PERS
- 4) Schedule of the proportionate share of the Net Other Post-Employment Benefits (OPEB) Liability
- 5) Schedule of Contributions to the OPEB Plan

The Virginia Center • 1411 Virginia Street, East • Suite 100 • Charleston, WV 25301-3086
Phone (304) 343-4126 or 1(800) 788-3844 • Fax (304) 343-8008

Wharf District • 68 Clay Street • Suite C • Morgantown, WV 26501-5974
Phone (304) 554-3371 • Fax (304) 554-3410

Towne Square • 201 Third Street • PO Box 149 • Parkersburg, WV 26102-0149
Phone (304) 485-6584 • Fax (304) 485-0971

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We have also been engaged to report on supplementary information other than RSI that accompanies the Board's financial statements. We will subject the following supplementary information to the auditing procedures applied in our 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 of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

- 1) Schedule of Statutory Commitments
- 2) FARS Forms 7, 8, and 8a

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Board and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the Board's financial statements. Our report will be addressed to members of the Board. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Board is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors or fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors. We have advised you of the limitations of our audit regarding the detection of fraud and the possible effect on the financial statements (including misappropriation of cash or other assets). We have offered to perform, as a separate engagement, extended procedures specifically designed to detect fraud and you have declined to engage us to do so at this time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Board's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of the Board in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we may report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing. We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If for whatever reason your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

We will provide copies of our reports to the Board; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Suttle & Stalnaker, PLLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Suttle & Stalnaker, PLLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the U.S. Government Accountability Office. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the parties contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit in July 2018 and to issue our reports no later than October 15, 2018. Chris Lambert is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under Rules for Professional Accounting and Related Services Disputes before resorting to litigation. Costs of any mediation proceeding shall be shared equally by all parties.

We generally base our fees on the time required at our regular rates for the services and personnel assigned plus out of pocket costs and relevant computer charges. Our charges also include other appropriate factors, including the difficulty of the assignment, the degree of skill required, time limitations imposed on us by others, the experience and ability of the personnel assigned, and the value of the services to the client. Interim billing will be submitted as work progresses and as expenses are incurred. Billings are due upon submission. Our fee is also based upon the assumption that the West Virginia Municipal Pensions Oversight Board did not receive more than \$750,000 in Federal funds; therefore, a single audit in accordance with OMB Uniform Guidance will not be required. Our fee for the services described in this letter will be \$11,900.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We will attempt to minimize our fees consistent with quality work. The extent to which we can do this will depend on your personnel offering us clerical and other assistance to prepare schedules, perform analyses, and provide source documents. This fee estimate will be subject to adjustments based on unanticipated changes in the scope of our work and/or the incomplete or untimely receipt by us of the information on the client participation list. All other provisions of this letter will survive any fee adjustment.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules of Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

You have requested that we provide you with a copy of our most recent external peer review report and any subsequent reports received during the contract period. Accordingly, our 2017 peer review report accompanies this letter.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

We appreciate the opportunity to be of service to the West Virginia Municipal Pensions Oversight Board and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Suttle & Stalnaker, PLLC

Suttle & Stalnaker, PLLC

RESPONSE:

This letter correctly sets forth the understanding of the West Virginia Municipal Pensions Oversight Board.

By: *Brian M. [Signature]*

Title: Executive Director



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.ksgcpa.com Member of **Alltel**

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

MANAGEMENT REPRESENTATION LETTER

Stephen Neddo
Chairman

Blair M. Taylor
Executive Director



Municipal Pensions Oversight Board

Board Members
John Kee,
Vice Chairman
Lisa Dooley,
Secretary/Treasurer
Jeffrey E. Fleck
Emily R. Lambricht
David W. Lanham
Jason Matthews
Michael Payne
Craig Slaughter

September 20, 2018

Suttle & Stalnaker, PLLC
1411 Virginia Street East, Suite 100
Charleston, West Virginia 25301

This representation letter is provided in connection with your audit of the financial statements of the West Virginia Municipal Pensions Oversight Board (the Board), which comprise the statements of net position as of June 30, 2018 and 2017, and statements of revenues, expenses, and changes in fund net position and of cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 20, 2018, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 2, 2018, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the other financial information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified financial information required by generally accepted accounting principles to be included.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements, if any.
- 8) The effects of uncorrected misstatements are immaterial both individually and in the aggregate, to the financial statements as a whole. Additionally, we are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Board is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Board from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Board and involves—
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Board's financial statements communicated by employees, former employees, regulators, or others.

- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the Board's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The Board has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, if any.
- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, if any.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives, if any.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

- 28) The Board has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The Board has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) The financial statements properly classify all funds and activities in accordance with GASB Statement No.34.
- 32) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 34) Investments, derivative instruments, and land and other real estate held by endowments are properly valued, if any.
- 35) Provisions for uncollectible receivables have been properly identified and recorded, if any.
- 36) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported, if any.
- 37) Special and extraordinary items are appropriately classified and reported, if any.
- 38) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 39) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 40) We have appropriately disclosed the Board's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 41) We acknowledge our responsibility for the required other financial information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 42) With respect to the other financial information:
- a) We acknowledge our responsibility for presenting the other financial information in accordance with accounting principles generally accepted in the United States of America, and we believe the other financial information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the other financial information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the other financial information.

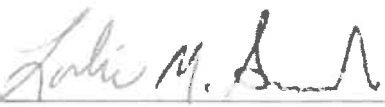
- b) If the other financial information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the other financial information no later than the date we issue the other financial information and the auditor's report thereon.



Signature

9-20-2018

Title



Signature

9/20/18

Title

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
(A Component Unit of the State of West Virginia)

AUDITED FINANCIAL STATEMENTS
WITH OTHER FINANCIAL INFORMATION

YEARS ENDED JUNE 30, 2018 AND 2017

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INDEPENDENT AUDITOR'S REPORT

To The Members of the
West Virginia Municipal Pensions Oversight Board
Charleston, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the West Virginia Municipal Pensions Oversight Board (the Board), a component unit of the State of West Virginia, as of and for the years ended June 30, 2018 and 2017, and the related notes to the 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.

The Virginia Center • 1411 Virginia Street, East • Suite 100 • Charleston, WV 25301
Phone (304) 343-4126 or 1(800) 788-3844 • Fax (304) 343-8008

Wharf District • 68 Clay Street • Suite C • Morgantown, WV 26501
Phone (304) 554-3371 • Fax (304) 554-3410

Towne Square • 201 Third Street • PO Box 149 • Parkersburg, WV 26102
Phone (304) 485-6584 • Fax (304) 485-0971

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board as of June 30, 2018 and 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change In Accounting Principle

As described in Note 3 to the financial statements, in 2018 the Board adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, our opinion is not modified with respect to this matter.

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 6 through 9, the schedule of the proportionate share of the net pension liability, schedule of contributions to the PERS, schedule of the proportionate share of the net OPEB liability, schedule of OPEB contributions, and related footnotes on pages 35 through 39 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Board's basic financial statements. The accompanying schedule as listed in the table of contents on page 41 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying information on page 41 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied 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 of America. In our opinion, the accompanying information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Emphasis of Matter

As discussed in Note 1, the financial statements of the West Virginia Municipal Pensions Oversight Board 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 that is attributable to the transactions of the Board. They do not purport to, and do not present fairly the financial position of the State of West Virginia, as of June 30, 2018, the changes in its financial position, or its cash flows for the year 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 September 20, 2018 on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 the Board's internal control over financial reporting and compliance.



Charleston, West Virginia
September 20, 2018

Our discussion and analysis of the Municipal Pensions Oversight Board's (the Board) financial performance provides an overview of the Board's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Board's financial statements, which follow.

Financial Highlights

- The Insurance Premium Tax increased by \$1,109,146 or about 6% during fiscal year 2018.
- Distributions to municipal pension plans increased \$1,155,353 or about 7% during the fiscal year.
- Interest income increased from \$219,049 to \$397,483 during fiscal year 2018.
- The Board's net position increased during fiscal year 2018 in the amount of \$634,803.

Using This Report

This report consists of a series of financial statements. The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Fund Net Position display and report the Board's net position and changes in their position. The Board's net position, which is the difference between assets and liabilities, is normally how one would measure the Board's financial health or financial position.

The Board as a Whole

The Municipal Pensions Oversight Board is accounted for as a proprietary fund engaged in business-type activities. The Board is considered a component unit of the State and its financial statements are presented in the comprehensive annual financial report of the State as a discretely presented component unit.

During the third month of each quarter the Board receives, from the West Virginia Insurance Commission, a portion of the Casualty & Fire insurance premiums to distribute, net of operating expenses, to the municipal police and fire pension plans. In order to receive the premium distribution there must be an actuarial study of the pension plan, the employer must make the required contributions and an annual report must be provided to the Board.

Duties of the Board include assisting municipal pension funds' boards of trustees in performing their duties, assuring the funds' compliance with applicable laws, providing for actuarial studies, distributing tax revenues to the funds, initiating or joining legal actions on behalf of active or retired pension fund members or municipal pension funds' boards of trustees to protect the interests of the members in the funds, and taking other actions as may be reasonably necessary to provide for the security and fiscal integrity of the pension funds.

Our analysis below shows the Board's net position as of June 30, 2018, 2017, and 2016 (Table 1) and changes in the Board's net position for the years then ended (Table 2), with emphasis on the most recent year.

WEST VIRGINIA MUNICIPAL PENSION OVERSIGHT BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2018 AND 2017

Table 1
Net Position

	2018	2017	2016
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 29,668,433	\$ 29,072,618	\$ 28,581,361
Capital assets, net	3,763	5,651	3,635
	<u>29,672,196</u>	<u>29,078,269</u>	<u>28,584,996</u>
Deferred outflows of resources related to pensions	30,381	80,912	47,424
Deferred outflows of resources related to OPEB	2,124	-	-
Total deferred outflows of resources	<u>32,505</u>	<u>80,912</u>	<u>47,424</u>
<u>Total assets and deferred outflows of resources</u>	<u>\$ 29,704,701</u>	<u>\$ 29,159,181</u>	<u>\$ 28,632,420</u>
<u>LIABILITIES</u>			
Current liabilities	\$ 29,351	\$ 62,456	\$ 42,454
Non-current liabilities:			
Net pension liability	65,444	137,788	85,568
Net OPEB liability	23,776	12,384	-
Total liabilities	<u>118,571</u>	<u>212,628</u>	<u>128,022</u>
Deferred inflows of resources related to pensions	20,522	8,295	29,052
Deferred inflows of resources related to OPEB	3,913	-	-
Total deferred inflows of resources	<u>24,435</u>	<u>8,295</u>	<u>29,052</u>
<u>Total liabilities and deferred inflows of resources</u>	<u>\$ 143,006</u>	<u>\$ 220,923</u>	<u>\$ 157,074</u>
<u>NET POSITION</u>			
Net investment in capital assets	\$ 3,763	\$ 5,651	\$ 3,635
Restricted by enabling legislation	29,557,932	28,932,607	28,471,711
Total net position	<u>\$ 29,561,695</u>	<u>\$ 28,938,258</u>	<u>\$ 28,475,346</u>

WEST VIRGINIA MUNICIPAL PENSION OVERSIGHT BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2018 AND 2017

Table 2
Changes in Net Position

	2018	2017	2016
Operating revenues:			
Insurance premium tax	\$ 19,440,332	\$ 18,331,186	\$ 18,012,139
Operating expenses:			
Distributions to municipal pension plans	18,507,540	17,352,187	17,105,596
Administrative expense	696,971	735,136	581,567
	<u>19,204,511</u>	<u>18,087,323</u>	<u>17,687,163</u>
Operating income	235,821	243,863	324,976
Non-operating revenues:			
Interest and other income	397,483	219,049	79,257
Payments on behalf	1,499	-	-
Change in net position	634,803	462,912	404,233
Net position, beginning of year, as previously stated	28,938,258	28,475,346	28,071,113
Net effect of change in accounting policy	(11,366)	-	-
Net position, beginning of year, restated	<u>28,926,892</u>	<u>28,475,346</u>	<u>28,071,113</u>
Net position, end of period	<u>\$ 29,561,695</u>	<u>\$ 28,938,258</u>	<u>\$ 28,475,346</u>

Changes in Net Position

As is noted in Table 2 the Board had a change in net position in the amount of \$634,803. Several factors contribute to both a negative and positive effect on net position. First, the Board experienced an increase in the insurance premium tax revenue in the amount of \$1,109,146 for fiscal year 2018. While the Board has no control over the premium tax revenue as it is subject to economic and market conditions, an increase in revenue to the Board directly benefits the local police and fire pension plans. Secondly, distributions to pension plans increased for fiscal year 2018 in the amount of \$1,155,353. One of the primary objectives of the MPOB is to get the premium tax into the accounts of the pension plans as soon as the plans meet the criteria for state aid. While it is the responsibility of the pension plans to draw down these funds, the increased distributions is reflective of our continued educational efforts to the pension plan trustees and finance directors especially with respect to drawing down the state aid as soon as the municipality has made its required contributions. 93% of the September 2017 allocation was distributed by June 30, 2018 which is an increase of 3% to the same time period of the previous year. Third, as a result of short term rate increases in the WV Money Market Pool the MPOB return on investments managed by the Board of Treasury Investments have risen from 1.11% as of June 2017 to 2.06 % as of June 2018. This rate hike caused our interest income to increase \$178,434.

WEST VIRGINIA MUNICIPAL PENSION OVERSIGHT BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2018 AND 2017

9

Currently Known Facts and Conditions

The Board's financial position remains stable and does not foresee or plan to engage in any activities that will have a negative impact on its financial stability.

Requests for Information

This financial report is designed to provide a general overview of the Board's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Blair Taylor, Executive Director, Municipal Pensions Oversight Board, 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia 25311.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
STATEMENTS OF NET POSITION
JUNE 30, 2018 AND 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and cash equivalents	\$ 29,668,433	\$ 29,072,618
Capital assets, net	<u>3,763</u>	<u>5,651</u>
Total assets	<u>29,672,196</u>	<u>29,078,269</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred outflows of resources related to pensions	30,381	80,912
Deferred outflows of resources related to OPEB	<u>2,124</u>	<u>-</u>
Total deferred outflows of resources	<u>32,505</u>	<u>80,912</u>
Total assets and deferred outflows of resources	<u>\$ 29,704,701</u>	<u>\$ 29,159,181</u>
 <u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 3,251	\$ 38,022
Accrued payroll liabilities	<u>26,100</u>	<u>24,434</u>
Total current liabilities	<u>29,351</u>	<u>62,456</u>
Noncurrent liabilities:		
Net pension liability	65,444	137,788
Net OPEB liability	<u>23,776</u>	<u>12,384</u>
Total noncurrent liabilities	<u>89,220</u>	<u>150,172</u>
Total liabilities	<u>118,571</u>	<u>212,628</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows of resources related to pensions	20,522	8,295
Deferred inflows of resources related to OPEB	<u>3,913</u>	<u>-</u>
Total deferred inflows of resources	<u>24,435</u>	<u>8,295</u>
Total liabilities and deferred inflows of resources	<u>\$ 143,006</u>	<u>\$ 220,923</u>
 <u>NET POSITION</u>		
Net position:		
Net investment in capital assets	\$ 3,763	\$ 5,651
Restricted by enabling legislation	<u>29,557,932</u>	<u>28,932,607</u>
Total net position	<u>\$ 29,561,695</u>	<u>\$ 28,938,258</u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEARS ENDED JUNE 30, 2018 AND 2017

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	<u>2018</u>	<u>2017</u>
Operating revenues:		
Insurance premium tax	\$ 19,440,332	\$ 18,331,186
Operating expenses:		
Distributions to municipal pension plans	18,507,540	17,352,187
Administrative:		
Salaries and wages	212,736	208,930
Employee benefits	47,944	54,114
Professional fees	370,461	377,694
Depreciation	1,888	2,678
Miscellaneous	63,942	91,720
	<u>19,204,511</u>	<u>18,087,323</u>
Operating income	<u>235,821</u>	<u>243,863</u>
Non-operating revenues:		
Interest and other income	<u>397,483</u>	<u>219,049</u>
Excess of revenues over expenditures	633,304	462,912
Payment on Behalf of State of West Virginia	<u>1,499</u>	<u>-</u>
Change in net position	<u>634,803</u>	<u>462,912</u>
Net position, beginning of year, as previously stated	28,938,258	28,475,346
Cumulative effect of change in accounting principle	<u>(11,366)</u>	<u>-</u>
Net position, beginning of year, restated	<u>28,926,892</u>	<u>28,475,346</u>
Net position, end of year	<u>\$ 29,561,695</u>	<u>\$ 28,938,258</u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

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	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Cash received from insurance premium taxes	\$ 19,440,332	\$ 18,331,186
Cash paid to municipal pension plans	(18,507,540)	(17,352,187)
Cash paid to employees	(265,286)	(262,125)
Cash paid to suppliers	(469,174)	(439,971)
Net cash provided by operating activities	<u>198,332</u>	<u>276,903</u>
Cash flows from capital and related financing activities:		
Purchase of property and equipment	-	(4,695)
Net cash (used) by financing activities	<u>-</u>	<u>(4,695)</u>
Cash flows from investing activities:		
Investment earnings	397,483	219,049
Net cash provided by investing activities	<u>397,483</u>	<u>219,049</u>
Net increase in cash and cash equivalents	595,815	491,257
Cash and cash equivalents, beginning of year	<u>29,072,618</u>	<u>28,581,361</u>
Cash and cash equivalents, end of year	<u>\$ 29,668,433</u>	<u>\$ 29,072,618</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 235,821	\$ 243,863
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,888	2,678
Net effect change in accounting policy	(11,366)	-
OPEB expense - special funding	1,499	-
Changes in operating accounts:		
Pension expense	(72,344)	23,118
OPEB expense	11,392	-
Increase (decrease) in accounts payable	(34,771)	29,485
Increase (decrease) in accrued payroll liabilities	1,666	2,901
(Increase) decrease in deferred outflows of resources	48,407	(25,142)
Increase in deferred inflows of resources	<u>16,140</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 198,332</u>	<u>\$ 276,903</u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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NOTE 1 - REPORTING ENTITY

The West Virginia Legislature passed Senate Bill 4007 on November 19, 2009, creating the West Virginia Municipal Pensions Oversight Board (the Board). The Board was created for the purpose of monitoring and improving the performance of municipal policemen's and firemen's pension and relief funds to assure prudent administration, investment, and management of their funds. Duties of the oversight board include assisting municipal boards of trustees in performing their duties, assuring the funds' compliance with applicable laws, providing for actuarial studies, distributing tax revenues to the funds, initiating or joining legal actions on behalf of active or retired pension fund members or municipal boards of trustees to protect the interests of the members in the funds, and taking other actions as may be reasonably necessary to provide for the security and fiscal integrity of the pension funds. The oversight board also monitors the performance required of the various funds to qualify to receive distributions of insurance premium tax revenues pursuant to the West Virginia Code. The Board is considered a component unit of the State and its financial statements are presented in the comprehensive annual financial report of the State as a discretely presented component unit.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Board is accounted for as a proprietary fund engaged in business-type activities. The financial statements are prepared on the economic resources measurement focus and the accrual basis of accounting which requires recognition of revenue when earned and expenses when incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make certain estimates and develop assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results could differ from management's estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of demand deposits with the West Virginia State Treasurer's Office (STO) and short-term interest-earning investments in a State internal investment pool maintained by the West Virginia Board of Treasury Investments (BTI). The BTI pool is a 2a-7-like pool carried at amortized cost which approximates the fair value of the underlying securities.

**WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

The Board has adopted a policy of capitalizing assets for individual items exceeding \$1,000 in cost and a useful life greater than one year. These assets include leasehold improvements, furnishings, and equipment. Depreciation is computed using the straight-line method over the estimated economic useful lives of the assets, which are as follows:

<u>Assets</u>	<u>Years</u>
Leasehold improvements	5
Furnishings & equipment	5

Accrued Employee Benefits

In accordance with State policy, the Board permits employees to accumulate earned but unused vacation and sick pay benefits. A liability for vacation pay is accrued when earned. To the extent that accumulated sick leave is expected to be converted to benefits on retirement, the benefits are funded by the Board's participation in the West Virginia Retiree Health Benefit Trust.

Deferred Outflows of Resources / Deferred Inflows of Resources

The statement of net position reports a separate financial statement element called *deferred outflows of resources*. This financial statement element represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense) until that time. The Board reports deferred outflows of resources related to pensions and other post employment benefits as deferred outflows of resources on the statement of net position.

The statement of net position reports a separate financial statement element called *deferred inflows of resources*. This financial statement element represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The Board reports deferred inflows of resources related to pensions and other post employment benefits as deferred inflows of resources on the statement of net position.

Pensions

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 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.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

15

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position is presented as restricted by enabling legislation, or as the net investment in capital assets, which represents the net book value of all capital assets of the Board. Net position restricted by enabling legislation is required to first be used for the administrative expenses of the Board, with all remaining net position available for disbursement to the municipal policemen's and firemen's pension and relief funds. All expenses are incurred for restricted purposes.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds such as the Board are revenues and expenses that result from providing services and producing goods and/or services. Operating revenues include premium tax revenues, recognized when earned. Operating expenses of the Board include administrative expenses and pension distributions, recognized when incurred. All revenues not meeting this definition are reported as nonoperating revenues.

Reclassifications

Certain reclassifications have been made to 2017 to conform with the 2018 presentation. These changes have no impact on net position or its components.

NOTE 3 - CHANGE IN ACCOUNTING POLICY AND RESTATEMENT OF BEGINNING NET POSITION

The Board changed its method of accounting for the following items in order to comply with accounting principles generally accepted in the United States of America:

GASB 75 – As of July 1, 2017, the West Virginia Municipal Pensions Oversight Board implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. These statements reclassified some items previously reported as expenses as deferred outflows and now requires the Board to record the net other postemployment benefits (OPEB) liability and a more comprehensive measure of OPEB expense.

Employer contributions to the West Virginia Retiree Health Benefit Trust Fund (RHBT) made subsequent to the measurement date, are now recorded as deferred outflows of resources. For the fiscal year ended June 30, 2018, the Board reported deferred outflows of resources relating to these payments of \$2,124. Additionally, investment earnings in excess of actuarial assumptions are required to be recorded as deferred inflows and are amortized over 5 years, the average remaining service life. The difference in assumptions and changes in the proportionate share of contributions are also required to be recorded as deferred inflows and are amortized over 4.71 years, the average remaining service life. For the fiscal year ended June 30, 2018, the Board reported deferred inflows of resources relating to these earnings of \$3,913.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 3 - CHANGE IN ACCOUNTING POLICY AND RESTATEMENT OF BEGINNING NET POSITION (Continued)

Net effect of the change in accounting policy on beginning net position:

Net position at June 30, 2017, as previously stated	\$ 28,938,258
Net effect of change in accounting policy	<u>(11,366)</u>
Net position at June 30, 2017, restated	<u>\$ 28,926,892</u>

NOTE 4 - CASH AND CASH EQUIVALENTS

At June 30, 2018 and 2017, the carrying amounts of deposits with the STO and the BTI are as follows:

	<u>2018</u>	<u>2017</u>
Cash on hand at STO	\$ 24,273	\$ 14,609
Investments with BTI reported as cash equivalents	<u>29,644,160</u>	<u>29,058,009</u>
	<u>\$ 29,668,433</u>	<u>\$ 29,072,618</u>

The State Treasurer has statutory responsibility for daily cash management activities of the State's agencies, departments, boards and commissions, and transfers funds to the West Virginia Board of Treasury Investments (BTI) for investment in accordance with West Virginia Code, policies set by the BTI and by provisions of bond indentures and trust agreements when applicable.

The Board's cash balances are invested by the BTI in the BTI's West Virginia Money Market Pool. Investment income is pro-rated to the Board at rates specified by the BTI based on the balance of the deposits maintained by the Board in relation to the total deposits of all participants in the pool. Such funds are available to the Board with overnight notice.

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.

**WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Two of the BTI's pools, the WV Money Market and WV Government Money Market Pools, have 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. Of the Consolidated Fund pools and accounts, six are subject to credit risk: WV Money Market Pool, WV Government Money Market Pool, WV Short Term Bond Pool, WV Bank Pool, Loan Pool, and School Fund Account.

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all long-term debt to be rated A+ or higher by Standard & Poor's (or its equivalent), and short-term corporate debt be rated A-1 or higher by Standard & Poor's (or its equivalent). 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 Money Market Pool's investments (in thousands):

Security Type	Credit Rating		Carrying Value	Percent of Pool Assets
	Moody's	S&P		
U.S. Treasury notes *	Aaa	AA+	\$ 90,330	2.77%
U.S. Treasury bills *	P-1	A-1+	252,084	7.72
Corporate bonds and notes	P-1	A-1	18,078	0.55
Commercial Paper	P-1	A-1+	473,172	14.50
	P-1	A-1	1,351,128	41.39
	P-2	A-1	44,600	1.37
Negotiable certificates of deposit	P-1	A-1+	205,501	6.30
	P-1	A-1	458,300	14.04
Money market funds	Aaa	AAAm	143,067	4.38
Repurchase agreements (underlying securities):				
U.S. agency bonds and notes	Aaa	AA+	227,800	6.98
			\$ 3,264,060	100.00%

* U.S. Treasury issues are explicitly guaranteed by the United States government and are not subject to credit risk.

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.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

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	\$ 227,800	3
U.S. Treasury notes	90,330	73
U.S. Treasury bills	252,084	69
Commercial paper	1,868,900	36
Negotiable certificates of deposit	663,801	29
Corporate bonds and notes	18,078	21
Money market funds	143,067	3
	\$ 3,264,060	34

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.

**WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

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. The WV Bank Pool contains nonnegotiable certificates of deposit valued at \$81,000,000. The Reserve Pool contains funds totaling approximately \$19,092,000 in a bank depository account. The BTI does not have a deposit policy for custodial credit risk.

NOTE 5 - CAPITAL ASSETS

A summary of capital asset activity is as follows:

	Historical Cost at June 30, 2016	Additions	Disposals	Historical Cost at June 30, 2017	Additions	Disposals	Historical Cost at June 30, 2018
Leasehold improvements	\$ 18,593	\$ 4,694	\$ (16,405)	\$ 6,882	\$ -	\$ -	\$ 6,882
Furnishings and equipment	13,544	-	-	13,544	-	-	13,544
	<u>\$ 32,137</u>	<u>\$ 4,694</u>	<u>\$ (16,405)</u>	<u>\$ 20,426</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,426</u>
	Accumulated Depreciation June 30, 2016	Additions	Disposals	Accumulated Depreciation June 30, 2017	Additions	Disposals	Accumulated Depreciation June 30, 2018
Leasehold improvements	\$ 18,593	\$ 752	\$ (16,405)	\$ 2,940	\$ 986	\$ -	\$ 3,926
Furnishings and equipment	9,909	1,926	-	11,835	902	-	12,737
	<u>\$ 28,502</u>	<u>\$ 2,678</u>	<u>\$ (16,405)</u>	<u>\$ 14,775</u>	<u>\$ 1,888</u>	<u>\$ -</u>	<u>\$ 16,663</u>
Total	<u>\$ 3,635</u>	<u>\$ 2,016</u>	<u>\$ -</u>	<u>\$ 5,651</u>	<u>\$ (1,888)</u>	<u>\$ -</u>	<u>\$ 3,763</u>

NOTE 6 - RETIREMENT PLAN

Plan Description

The Board contributes to the Public Employees Retirement System (PERS), a cost-sharing, multiple-employer, defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board (CPRB). PERS provides retirement benefits to plan members and beneficiaries. CPRB issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to CPRB, 4101 MacCorkle Avenue S.E., Charleston, West Virginia 25304-1636 or by calling (304) 558-3570.

NOTE 6 - 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 11%, 12%, and 13.5% for the years ended June 30, 2018, 2017, and 2016, respectively. Effective July 1, 2018, a decrease in the contribution rate of 1% will decrease the Board's contribution rate to 10%. The employee contribution rate is 4.5% and 6% for Tier I and Tier II employees, respectively. The Board's contribution to the Plan, excluding the employee's contribution paid by the Board, approximated \$23,440, \$25,142, and \$28,310 for the fiscal years ended June 30, 2018, 2017, and 2016, respectively.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 6 - RETIREMENT PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018 and 2017, the Board reported a liability of \$65,444 and \$137,788, respectively for its proportionate share of the net pension liability. The 2018 net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to the measurement date of June 30, 2017. The 2017 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 Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Board's proportionate share was 0.015161%, which was an increase of .000170% from its proportionate share measured as of June 30, 2016. At June 30, 2016, the Board's proportionate share was 0.014991%, which was an increase of 0.000330% from its proportionate share measured as of June 30, 2015.

For the years ended June 30, 2018 and 2017, the Board recognized pension expense of \$13,820 and \$22,847, respectively. At June 30, 2018 and 2017, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>June 30, 2018</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 15,910
Differences between expected and actual experience	5,824	145
Changes in assumptions	-	3,394
Changes in proportion and differences between Board's contributions and proportionate share of contributions	1,117	1,073
Board's contributions subsequent to the measurement date	23,440	-
Total	<u>\$ 30,381</u>	<u>\$ 20,522</u>

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 6 - RETIREMENT PLAN (Continued)

<u>June 30, 2017</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 43,298	\$ -
Differences between expected and actual experience	11,490	-
Changes in assumptions	-	6,713
Changes in proportion and differences between Board's contributions and proportionate share of contributions	982	1,582
Board's contributions subsequent to the measurement date	25,142	-
Total	<u>\$ 80,912</u>	<u>\$ 8,295</u>

The Board reported \$23,440 and \$25,142 as deferred outflows of resources related to pensions resulting from the Board's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the years ended June 30, 2019 and 2018, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2019	\$ (6,152)
2020	6,011
2021	106
2022	(13,546)

Actuarial assumptions and methods

The total pension liability in the June 30, 2017 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 Annuitant, Scale AA fully generational for healthy males, 101% of RP-2000 Annuitant, Scale AA fully generational for healthy females, 96% of RP-2000 Disabled Annuitant, Scale AA fully generational for disabled males, and 107% of RP-2000 Disabled Annuitant, Scale AA fully generational for disabled females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 - RETIREMENT PLAN (Continued)

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 future 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. Best estimates of long term geometric rates of return are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Fixed Income	7.5%	2.7%
High Yield Fixed Income	7.5%	5.5%
US Equity	27.5%	7.0%
International Equity	27.5%	7.7%
Real Estate	10.0%	7.0%
Private Equity	10.0%	9.4%
Hedge Funds	10.0%	4.7%
Total	100.0%	

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.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 6 - RETIREMENT PLAN (Continued)

Sensitivity of the Board's proportionate share of the net pension liability to changes in the discount rate

The following table presents the Board's proportionate share of the net pension liability calculated using the current discount rate of 7.5% as well as what the Board'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:

	1% Decrease <u>6.5%</u>	Discount Rate <u>7.5%</u>	1% Increase <u>8.5%</u>
Total net pension liability (asset)	<u>\$ 181,171</u>	<u>\$ 65,444</u>	<u>\$ (32,407)</u>

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 7 - OTHER POSTEMPLOYMENT BENEFITS

As related to the implementation of GASB 75, following are The Board's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and the OPEB expense and expenditures for the fiscal year ended June 30, 2018:

		<u>2018</u>
Net OPEB liability	\$	23,776
Deferred outflows of resources		2,124
Deferred inflows of resources		3,913
Revenues		1,499
OPEB expense		1,275
Contributions made by The Board		2,124

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Plan Description

The West Virginia Other Postemployment Benefit (OPEB) Plan (the Plan) is a cost-sharing, multiple employer, defined benefit other postemployment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code. Financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State established July 1, 2006 as an irrevocable trust. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with the approval of the PEIA Finance Board. The plan provides medical and prescription drug insurance, as well as life insurance, benefits to certain retirees of State agencies, colleges and universities, county boards of education, and other government entities who receive pension benefits under the PERS, STRS, TDCRS, TIAA-CREF, Plan G, Troopers Plan A, or Troopers Plan B pension systems, as administered by the West Virginia Consolidated Public Retirement Board (CPRB). The plan is closed to new entrants.

The Plan's fiduciary net position has been determined on the same basis used by the Plan. The RHBT is accounted for as a fiduciary fund, and its financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with GAAP for fiduciary funds as prescribed or permitted by the GASB. The primary sources of revenue are plan members and employer contributions. Members' contributions are recognized in the period in which the contributions are due. Employer contributions and related receivables to the trust are recognized pursuant to a formal commitment from the employer or statutory or contractual requirement, when there is a reasonable expectation of collection. Benefits and refunds are recognized when due and payable.

RHBT is considered a component unit of the State of West Virginia for financial reporting purposes, and, as such, its financial report is also included in the State of West Virginia's Comprehensive Annual Financial Report. RHBT issues publicly available financial statements and required supplementary information for the OPEB plan. Details regarding this plan and a copy of the RHBT financial report may be obtained by contacting PEIA at 601 57th Street SE, Suite 2, Charleston, West Virginia 25304-2345, or by calling (888) 680-7342.

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

The medical and prescription drug insurance is provided through two options:

- Self-Insured Preferred Provider Benefit Plan – primarily for non-Medicare-eligible retirees and spouses
- External Managed Care Organizations – primarily for Medicare-eligible retirees and spouses

**WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Contributions

Employer contributions from the RHBT billing system represent what the employer was billed during the respective year for its portion of the pay-as-you-go (paygo) premiums, retiree leave conversion billings, and other matters, including billing adjustments.

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The paygo rates related to the measurement date of June 30, 2017 were:

	July 2016-December 2016 2017	January 2017-June 2017 2017
Paygo premium	\$ 196	\$ 135

Members retired before July 1, 1997 pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired after July 1, 1997 or hired before June 30, 2010 pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010 pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below:

- Members hired before July 1, 1988 may convert accrued sick or annual leave days into 100% of the required retiree healthcare contribution.
- Members hired from July 1, 1988 to June 30, 2001 may convert accrued sick or annual leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and annual leave days per month for single healthcare coverage and three days of unused sick and annual leave days per month for family healthcare coverage.

The Board's contributions to the OPEB plan for the years ended June 30, 2018, 2017, and 2016, were \$2,124, \$1,981, and \$1,992, respectively.

Assumptions

The total OPEB liability for financial reporting purposes was determined by an actuarial valuation as of July 1, 2016 and rolled forward to June 30, 2017. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method: Entry age normal cost method.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method: Level percentage of payroll over a 21 year closed period
- Remaining amortization period: 21 years closed as of June 30, 2016.
- Investment rate of return: 7.15%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.50% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims cost beginning in 2020 to account for the Excise Tax.
- Projected salary increases: Dependent upon pension system ranging from 3.0-6.5%, including inflation.
- Inflation rate: 2.75%.
- Mortality rates based on RP-2000 Mortality Tables.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2010 to June 30, 2015. These assumptions will remain in effect for valuation purposes until such time as the RHBT adopts revised assumptions.

The projections of the net OPEB liability are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of the net OPEB liability does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial estimated liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. However, the preparation and any estimate of future postemployment costs requires consideration of a broad array of complex social and economic events. Future changes in the healthcare reform, changes in reimbursement methodology, the emergence of new and expensive medical procedures and prescription drugs options, changes in the investment rate of return, and other matters increase the level of uncertainty in such estimates. As such, the estimate of postemployment program costs contains considerable uncertainty and variability, and actual experience may vary significantly from the current estimated net OPEB liability.

The long-term expected rate of return of 7.15% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.50% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 3.00% for assets invested with the BTI.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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 percentage and by adding expected inflation. Best estimates of the long-term geometric rates of return for each major asset class included in RHBT's target asset allocation as of June 30, 2017, are summarized below.

Asset Class	Target Allocation
Domestic equity	27.5%
International equity	27.5%
Fixed income	15.0%
Real estate	10.0%
Private equity	10.0%
Hedge funds	10.0%

Asset Class	Long-term Expected Real Rate of Return
Large cap domestic	17.0%
Non-large cap domestic	22.0%
International qualified	24.6%
International non-qualified	24.3%
International equity	26.2%
Short-term fixed	0.5%
Total return fixed income	6.7%
Core fixed income	0.1%
Hedge fund	5.7%
Private equity	19.6%
Real estate	8.3%
Opportunistic income	4.8%
Cash	0.0%

Discount rate. The discount rate used to measure the total OPEB liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that RHBT contributions will continue to follow the current funding policies. Based on those assumptions and that the OPEB plan is expected to be fully funded by the fiscal year ended June 30, 2036, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents The Board's proportionate share of the net OPEB liability as of June 30, 2018 calculated using the discount rate of 7.15%, as well as what The Board's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate.

	1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
Net OPEB liability	<u>\$ 27,684</u>	<u>\$ 23,776</u>	<u>\$ 20,527</u>

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate. The following presents The Board's proportionate share of the net OPEB liability as of June 30, 2018 calculated using the healthcare cost trend rate, as well as what The Board's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB liability	<u>\$ 19,972</u>	<u>\$ 23,776</u>	<u>\$ 28,428</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The June 30, 2018 net OPEB liability was measured as of June 30, 2017, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to the measurement date of June 30, 2017.

At June 30, 2018, The Board's proportionate share of the net OPEB liability was \$28,660. Of this amount, The Board recognized \$23,776 as its proportionate share on the statement of net position. The remainder of \$4,884 denotes The Board's proportionate share of net OPEB liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for each of the fiscal years ended June 30, 2017 and 2016. Employer contributions are recognized when due. At the June 30, 2017 measurement date, The Board's proportion was 0.000966902%, a decrease of 0.00017653% from its proportion of 0.001143415% calculated as of June 30, 2016.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

For the year ended June 30, 2018, The Board recognized OPEB expense of \$2,774. Of this amount, \$1,275 was recognized as The Board's proportionate share of OPEB expense and \$1,499 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity. The Board also recognized revenue of \$1,499 for support provided by the State.

At June 30, 2018, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

<u>June 30, 2018</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 80
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	3,454
Net difference between projected and actual investment earnings	-	379
Contributions after the measurement date	<u>2,124</u>	<u>-</u>
Total	<u>\$ 2,124</u>	<u>\$ 3,913</u>

The Board will recognize the \$2,124 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Amortization</u>
2019	\$ (979)
2020	(979)
2021	(979)
2022	<u>(976)</u>
	<u>\$ (3,913)</u>

Payables to the OPEB Plan

The Board did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2018.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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NOTE 8 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to and illnesses of employees; and natural disasters.

The Board has obtained coverage for job-related injuries of employees (workers compensation) and health coverage for its employees through a commercial insurer and West Virginia Public Employees Insurance Agency (WVPEIA). In exchange for the payment of premiums, the Board has transferred its risks related to health coverage for employees and job-related injuries of employees.

The Board participates in the West Virginia State Board of Risk and Insurance Management (WVBRIM), a public entity risk pool, to obtain coverage for general liability, personal injury liability, professional liability, stop gap liability, wrongful act liability, and comprehensive auto liability. There have been no reductions in insurance coverage from the prior year and no settlements in the past three fiscal years.

NOTE 9 - TRANSACTIONS WITH THE STATE OF WEST VIRGINIA

Pursuant to West Virginia Code, the West Virginia Insurance Commission (the Commission) collects a 1% premium tax on fire and casualty insurance policies. The Commission distributes 65% of the premium tax receipts to the Board. The distributions from the Commission are reported as insurance premium tax revenues on the Board's Statements of Revenues, Expenses, and Changes in Fund Net Position. Other transactions with state agencies include expenses paid to the following:

Attorney General	\$ 14,322
Board of Risk and Insurance Management	2,722
Consolidated Public Retirement Board	23,440
Department of Administration	700
Enterprise Resource Planning Board	600
Office of Technology	5,691
West Virginia Public Employees Insurance Agency	11,405
West Virginia State Auditor's Office	760
Retiree Health Benefits Trust	4,788

Amounts due to other State Agencies, at June 30, 2018 include:

State Auditor's Office	\$ 760
Attorney General	700
Office of Technology	751

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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NOTE 10 - COMMITMENTS

The Board is required by its enabling legislation to allocate certain tax and other revenues, net of administrative expenses, to the municipal policemen's and firemen's pension and relief funds (the Funds) by September 1st of each year. The amount to be allocated to the Funds is calculated based upon the Board's prior calendar year insurance premium tax revenues, interest, and other income, less its administrative expenses for the same period. The amounts allocated to each Fund are paid after the allocation date as eligibility requirements to receive the payments are met by each of the Funds. Amounts allocated expire in 18 months if eligibility requirements are not met and the allocated amounts are not paid. Any expired allocation is re-allocated to all other eligible Funds at the next allocation date. The amount committed for payment to the Funds that remain on hand from the September 1, 2017 allocation, but have not been disbursed as of June 30, 2018 is \$1,260,473.

The amount available to the Board for allocation to the pension plans in September 2018 is \$18,517,193.

NOTE 11 - NEW ACCOUNTING PRONOUNCEMENTS

The Board implemented 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. See note 7 for a discussion of the effect and additional required disclosures.

The Board implemented Statement No. 85, *Omnibus 2018*, 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 adoption of this standard did not have a material impact on the financial statements.

Recent Statements issued by GASB

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 Board has not yet determined the effect that the adoption of GASB Statement No. 83 may have on its financial statements.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

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NOTE 11 - NEW ACCOUNTING PRONOUNCEMENTS (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 Board 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. 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 Board has not yet determined the effect that the adoption of GASB Statement No. 87 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for fiscal years beginning after June 15, 2018. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows. The Board has not yet determined the effect that the adoption of GASB Statement No. 88 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for fiscal years beginning after December 15, 2019. The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The Board has not yet determined the effect that the adoption of GASB Statement No. 89 may have on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM PLAN
JUNE 30, 2018

Last 10 Fiscal Years

	Years Ended June 30,		
	2018	2017	2016
Board's proportion (percentage) of the net pension liability (asset)	0.015161%	0.014991%	0.015321%
Board's proportionate share of the net pension liability (asset)	\$ 65,444	\$ 137,788	\$ 85,568
Board's covered payroll	\$ 208,930	\$ 209,706	\$ 207,776
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	31.323%	65.705%	41.183%
Plan fiduciary net position as a percentage of the total pension liability	93.67%	86.11%	91.29%
			27.561%
			\$ 56,062
			\$ 203,412
			0.015190%

Note: All amounts presented are as of the measurement date, which is one year prior to the fiscal year end date.

The schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10 year trend is compiled, the Board should present information for those years for which it is available.

**WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE PERS**

	Years Ended June 30,					
	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 23,440	\$ 25,142	\$ 28,310	\$ 29,089	\$ 29,495	\$ 28,127
Contributions in relation to the statutorily required contribution	(23,440)	(25,142)	(28,310)	(29,089)	(29,495)	(28,127)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The Board's covered payroll	\$ 212,736	\$ 208,930	\$ 209,706	\$ 207,776	\$ 203,412	\$ 200,906
Contributions as a percentage of covered payroll	11.0%	12.0%	13.5%	14.0%	14.5%	14.0%

The schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10 year trend is compiled, the Board should present information for those years for which it is available.

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
JUNE 30, 2018

Last 10 Fiscal Years*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Board's proportion of the net OPEB liability (asset) (percentage)	0.000966902%									
Board's proportionate share of the net OPEB liability (asset)	\$ 23,776									
State's proportionate share of the net OPEB liability (asset)	4,884									
Total proportionate share of the net OPEB liability (asset)	\$ 28,660									
Board's covered payroll	\$ 208,930									
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	11.38%									
Plan fiduciary net position as a percentage of the total OPEB liability	25.10%									

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date). This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Board should present information for those years for which information is available.

**WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF OPEB CONTRIBUTIONS
 JUNE 30, 2018**

Last 10 Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Statutorily required contribution	\$ 2,124	\$ 1,986								
Contributions in relation to the statutorily required contribution	<u>(2,124)</u>	<u>(1,986)</u>								
Contribution deficiency (excess)	\$ -	\$ -								
Board's covered payroll	\$ 212,736	\$ 208,930								
Contributions as a percentage of covered payroll	1.00%	0.95%								

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Board should present information for those years for which information is available.

WEST VIRGINIA MUNICIPAL PENSION OVERSIGHT BOARD

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Actuarial Changes Pension Plan

An experience study, which was based on the years 2009 through 2014, was approved by the Consolidated Public Retirement Board. As a result, valuation assumptions were changed as of June 30, 2017 to reflect the most recent experience study:

	Projected Salary Increases		Inflation rate	Mortality Rates	Withdrawal Rates		Disability Rates
	State	Nonstate			State	Nonstate	
2017	3.00% - 4.6%	3.35% - 6.0%	3.00%	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101% of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75-35.10%	2-35.88%	0.007-.675%
2016	3.00% - 4.6%	3.35% - 6.0%	3.00%	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101 % of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75-35.10%	2-35.88%	0.007-.675%
2015	3.00% - 4.6%	3.35% - 6.0%	1.90%	Healthy males - 110% of RP-2000 Non-Annuitant, Scale AA; Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA; Disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA; Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA	1.75-35.1%	2-35.8%	0-.675%
2014	4.25% - 6.0%	4.25% - 6.0%	2.20%	Healthy males - 1983 GAM; Healthy females-1971; disabled males - 1971 GAM; Disabled females - Revenue ruling 96-7	1-26%	2-31.2%	0-.8%

Actuarial Changes Other Postemployment Benefits Plan

There are no other factors that affect trends in the amounts reported, such as a change of benefit terms, size or composition of the population covered by the benefit terms, or other assumptions. Additional information, if necessary, can be obtained from the RHBT audited Financial Statements, Required Supplementary Information, and Other Financial Information for the year ended June 30, 2017.

OTHER FINANCIAL INFORMATION

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD
SCHEDULE OF STATUTORY COMMITMENTS
June 30, 2018

Department	Supplemental Allocation Detail		
	September 2017		
	Expires 2/28/2019		
	Allocation	Expended	Balance
Full-Time Police Departments			
Beckley	\$ 515,032	\$ 515,032	\$ -
Belle	28,884	28,884	-
Bluefield	263,027	263,027	-
Charleston	1,737,631	1,737,631	-
Charles Town	13,454	-	13,454
Chester	34,837	34,837	-
Clarksburg	437,291	431,869	5,422
Dunbar	131,879	124,639	7,240
Elkins	104,185	104,185	-
Fairmont	376,317	376,317	-
Grafton	61,773	61,773	-
Huntington	1,098,776	824,082	274,694
Logan	49,589	-	49,589
Martinsburg	427,263	427,263	-
Morgantown	691,798	691,798	-
Moundsville	144,576	144,576	-
Nitro	153,124	153,124	-
Oak Hill	113,824	-	113,824
Parkersburg	713,738	713,738	-
Princeton	201,554	201,554	-
Point Pleasant	81,955	-	81,955
Saint Albans	231,517	231,517	-
South Charleston	389,524	389,524	-
Star City	49,907	-	49,907
Vienna	187,488	187,488	-
Weirton	399,687	399,687	-
Welch	47,542	-	47,542
Weston	52,510	-	52,510
Westover	74,862	74,862	-
Wheeling	764,859	764,859	-
Williamson	76,084	-	76,084
Full-Time Fire Departments			
Beckley	443,192	443,192	-
Bluefield	214,635	214,635	-
Charleston	1,735,139	1,735,139	-
Clarksburg	442,818	436,840	5,978
Dunbar	165,524	150,345	15,179
Elkins	49,028	49,028	-
Fairmont	434,483	434,483	-
Grafton	39,167	39,167	-
Huntington	1,107,233	830,204	277,030
Logan	64,417	-	64,417
Martinsburg	359,039	359,039	-
Morgantown	507,846	507,846	-
Moundsville	73,146	73,146	-
Nitro	129,091	129,091	-
Parkersburg	659,778	659,778	-
Princeton	134,652	134,652	-
Saint Albans	219,396	219,396	-
South Charleston	419,174	419,174	-
Weirton	218,214	218,214	-
Weston	52,550	-	52,550
Wheeling	992,904	992,904	-
Williamson	73,098	-	73,098
Totals	\$ 18,189,012	\$ 16,928,538	\$ 1,260,473



**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**

Honorable Members of the Board
West Virginia Municipal Pensions Oversight Board
Charleston, 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 Municipal Pensions Oversight Board (the Board) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated September 20, 2018. Our report also includes an emphasis of a matter for the adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion was not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board'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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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.

The Virginia Center • 1411 Virginia Street, East • Suite 100 • Charleston, WV 25301
Phone (304) 343-4126 or 1(800) 788-3844 • Fax (304) 343-8008

Wharf District • 68 Clay Street • Suite C • Morgantown, WV 26501
Phone (304) 554-3371 • Fax (304) 554-3410

Towne Square • 201 Third Street • PO Box 149 • Parkersburg, WV 26102
Phone (304) 485-6584 • Fax (304) 485-0971

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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 Board'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.



Charleston, West Virginia
September 20, 2018

Taylor, Blair M

From: Paul Brake <pbrake@morgantownwv.gov>
Sent: Wednesday, September 19, 2018 4:36 PM
To: Taylor, Blair M
Cc: Ryan Simonton; Jim Goff
Subject: Morgantown Policemen's Pension and Relief Fund - Update on Compliance to the WV Code 8-22-27a.

I am following up on my letter dated June 12, 2018, regarding compliance to WV Code 8-22-27a. Correction of Errors, Underpayments and Overpayments. This correspondence was in response to your April 12, 2018 letter regarding the inquiry made by the Municipal Pension Oversight Board (MPOB) in reference to the Morgantown Policemen's Pension and Relief Fund Board of Trustees.

From my understanding from Jim Goff, City of Morgantown Finance Director, you were asking recently on the status of the steps being taken to comply with WV Code 8-22-27a. Corrections of Errors; underpayments; overpayments for the pensions that been calculated without using the language in WV Code 8-22-16(d).

As briefed previously, the City's Finance Department has validated the numbers for the correct payment as per WV Code 8-22-27a. All available records have been reviewed to determine necessary corrections to pensions awarded from July 8, 1981 forward. The City has contracted with Tetrick & Bartlett, PLLC (who incidentally is the City's auditing firm) to review the work of the Finance Department's accuracy of the Internally generated calculations. Tetrick performed agreed-upon procedures conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Tetrick completed the Municipal Policemen's and Firemen's Pension and Relief Funds of West Virginia Calculator by entering the Base Pay and Other Pay and Remuneration amounts for fund retirees. The pay information was entered from payroll reports and was determined based on the definition of Salary or Compensation described in Chapter 8, Article 22, Section 16(d) of the West Virginia Code.

Additionally, Gabriel Roeder Smith (GRS) Retirement Consulting was asked to assist the City with developing factors used to reduce member's monthly benefits for overpayments. Using an appropriate mortality table, GRS developed life expectancy factors based on retiree ages.

Now that the calculations are complete and verified, we are tentatively in the process of contacting those members who have received overpayments and underpayments by late September or early October. The City intends to start applying the corrections for overpayments on or after January 1, 2019. Prior to that date, it is our intention to present to the respective pension boards the corrected pension amounts and proposed method to recover overpaid amounts for official board action.

The previous eighteen (18) months of overpayments (since July 1, 2017 as delineated through the Attorney General letter dated December 20, 2017) will be applied through actuarial recalculation. Based on the mortality rate table provided by GRS the previous amount overpaid will be applied on the remaining payments over the lifetime of the member. This reduction will be applied in addition to the adjustment made to the monthly payment.

I believe the steps taken will satisfy the concerns of the MPOB, particularly sections §8-22-16(d), §8-22-25, and §8-22-27a, and that these steps are consistent with the opinion issued by the West Virginia Attorney

General. Should you have any questions or need any additional information, please feel free to contact me at (304) 284-7405.

Paul J. Brake, ICMA-CM, CEcD

City Manager

City of Morgantown

389 Spruce Street

Morgantown, WV 26505

Office 304-284-7405

pbrake@morgantownwv.gov



MORGANTOWN

Stephen Neddo
Chairman

Blair M. Taylor
Executive Director



Municipal Pensions Oversight Board

Board Members
John Kee,
Vice Chairman
Lisa Dooley,
Secretary/Treasurer
Jeffrey E. Fleck
Emily R. Lambright
David W. Lanham
Jason Matthews
Michael Payne
Craig Slaughter

June 29, 2018

The Honorable Steve Williams, Mayor
Pension Chair
Huntington Firemen's Pension and Relief Fund
P.O. Box 1659
Huntington, WV 25717

Dear Mayor Williams:

On June 21, 2018 at the regularly scheduled Municipal Pensions Oversight Board (MPOB) meeting, your correspondence dated June 14, 2018 was presented to Board members. The MPOB appreciates the work of both the City of Huntington and the Huntington Firemen's Pension Board of Trustees in developing a plan of action to address overpayments and underpayments made to pensioners.

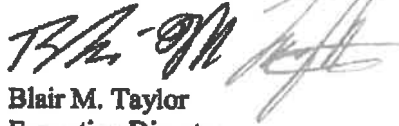
Some of the specifics of this plan need to be altered to meet the requirements of WV Code §8-22-27a (a) which states in part, "upon learning of errors,...the municipal firemen's pension and relief fund board of trustees shall correct errors..." It is the board of trustee's responsibility to correct any errors. While the MPOB will continue to work with the pension board of trustees with respect to this matter, it is not the responsibility of the MPOB to review and approve individual pensions. However, the MPOB does have the authority to hire auditors to review pensions being paid. The plan also lacks any mention of how pensions received from July 7, 2017 to present that contain overpayments or underpayments will be addressed (see Attorney General's Opinion, December 20, 2017).

Although the plan of action addresses those retirements during the period November 19, 2009 through July 8, 2016, the plan of action makes no mention of reviewing retirement calculations for members who were hired on or after July 8, 1981 and who retired prior to November 19, 2009. To the extent possible, those retiree calculations will need reviewed as well, to follow the Attorney General's Opinion (December 20, 2017) regarding the calculation of pensions for municipal policemen's and municipal firemen's pension and relief funds.

Huntington Firemen's Pension and Relief Fund
June 29, 2018
Page 2

A final action plan is to be provided to the MPOB to include the issues addressed within this letter by August 30, 2018. Further, please provide monthly progress updates to the MPOB until these issues are resolved.

Sincerely,



Blair M. Taylor
Executive Director

C: Scot Mellert, Pension Secretary
file

Stephen Neddo
Chairman

Blair M. Taylor
Executive Director



Municipal Pensions Oversight Board

Board Members
John Kee,
Vice Chairman
Lisa Dooley,
Secretary/Treasurer
Jeffrey E. Fleck
Emily R. Lambright
David W. Lanham
Jason Matthews
Michael Payne
Craig Slaughter

June 29, 2018

The Honorable Steve Williams, Mayor
Pension Chair
Huntington Policemen's Pension and Relief Fund
P.O. Box 1659
Huntington, WV 25717

Dear Mayor Williams:

On June 21, 2018 at the regularly scheduled Municipal Pensions Oversight Board (MPOB) meeting, your correspondence dated June 13, 2018 was presented to Board members. The MPOB appreciates the work of both the City of Huntington and the Huntington Policemen's Pension Board of Trustees in developing a plan of action to address overpayments and underpayments made to pensioners.

Although the plan of action addresses those retirements during the period November 19, 2009 through July 8, 2016, the plan of action makes no mention of reviewing retirement calculations for members who were hired on or after July 8, 1981 and who retired prior to November 19, 2009. To the extent possible, those retiree calculations will need reviewed as well, to follow the Attorney General's Opinion (December 20, 2017) regarding the calculation of pensions for municipal policemen's and municipal firemen's pension and relief funds.

As the Police Pension Board of Trustees and the City of Huntington continue to implement the plan, please provide monthly progress updates to the MPOB until these issues are resolved.

Sincerely,

Blair M. Taylor
Executive Director

C: Sgt. Michael Chornobay, Pension Secretary
file



Mayor Steve Williams
City of Huntington

August 30, 2018

VIA EMAIL: blair.m.taylor@wv.gov
W.Va. Municipal Pension Oversight Board
Attn: Blair Taylor, Executive Director
301 Eagle Mountain Road, Suite 251
Charleston, WV 25311

Re: Huntington Fireman's Pension And Relief Fund

Dear Blair:

The Board of Trustees of the Huntington Fireman's Pension And Relief Fund reviewed your letter to me dated June 29, 2018. Thank you again for the opportunity to provide additional clarification of our action plan. In clarification of the action plan set forth in my letter to you dated June 14, 2018, and in response to your letter, we submit the following:

1. The Pension Fund understands that the Municipal Pensions Oversight Board (MPOB) does not want to review and approve individual pensions. Our rationale for providing the MPOB the revised calculations for review was to make sure everyone agreed with the calculations prior to us acting on them. Thus, unless the MPOB requests otherwise, we will not provide the revised calculations to the MPOB prior to taking any necessary actions based on those calculations.
2. The next issue raised in your letter was that the action plan does not mention "how pensions received from July 7, 2017 to present that contain overpayments or underpayments will be addressed." Paragraph 1 of my letter did state that the recalculations would also include "all such benefits calculated from July 8, 2016 to present." To clarify, we did and do intend our action plan to include pensions received from July 7, 2017 to present.

Mayor Steve Williams @HuntingtonMayor

P.O. Box 1659 Huntington, WV 25711 p 304.696.5540 f 304.696.4493



Mayor Steve Williams
City of Huntington

3. It is true our action plan did not mention the review of retirement calculations for members who were hired on or after July 8, 1981 and who retired prior to November 19, 2009. We will recalculate benefits for such time period after we complete the first phase of our plan of action.

Again, thank you for the opportunity to address the MPOB, and we look forward to your response.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Williams".

Steve Williams
Mayor, City of Huntington

cc: Scot Mellert

cityofhuntington.com

Mayor Steve Williams @HuntingtonMayor

Box 1659 | Huntington, WV 25711 | p 304.696.5540 | f 304.696.4493

Proposed Legislation Changes**§8-22-19. Levy to maintain fund.**

(a)(1) In order for a municipal policemen's or firemen's pension and relief fund to receive the allocable portion of moneys ~~from the Municipal Pensions and Protection Fund established in section fourteen-d, article three, chapter thirty-three of this code and funds~~ from the Municipal Pensions Security Fund created in section eighteen-b of this article, the governing body of the municipality shall levy annually and in the manner provided by law for other municipal levies and include within the maximum levy or levies permitted by law and, if necessary, in excess of any charter provision, a tax at such rate as will, after crediting: (A) The amount of the contributions received during the year from the members of the respective paid police department or paid fire department; and (B) the allocable portion of the ~~Municipal Pensions and Protection Fund established in section fourteen-d, article three, chapter thirty-three of this code and funds~~ from the Municipal Pensions Security Fund created in section eighteen-b of this article, provide funds equal to the amount necessary to meet the minimum standards for actuarial soundness as provided in section twenty of this article. The amount shall be irrevocably contributed, accumulated and invested as fund assets as described in sections twenty-one and twenty-two of this article. One twelfth of each municipality's annual contributions shall be deposited with the municipality's pension trust funds as fund assets on at least a monthly basis and any revenues received from any source by a municipality which are specifically collected for the purpose of allocation for deposit into the policemen's pension and relief fund or firemen's pension and relief fund shall be so deposited within five days of receipt by the municipality. A municipality may prepay its monthly required contributions in increments greater than one-twelfth. Heretofore surplus reserves accumulated before the effective date of this section shall

be irrevocably contributed, aggregated and invested as fund assets described in sections twenty-one and twenty-two of this article. Any actuarial deficiency arising under this section and section twenty of this article shall not be the obligation of the State of West Virginia.

(2) The levies authorized under the provisions of this section, or any part of them, may by the governing body be laid in addition to all other municipal levies and, to that extent, beyond the limit of levy imposed by the charter of the municipality; and the levies shall supersede and if necessary exclude levies for other purposes, where other purposes have not already attained priority, and within the limitations on taxes or tax levies imposed by the constitution and laws.

(b) The public corporations are authorized to take by gift, grant, devise or bequest any money or real or personal property on such terms as to the investment and expenditures thereof as may be fixed by the grantor or determined by the trustees.

MPOB Purchasing Card Review/Audit Record

Cardholder: Karan L. Neocuzzi Billing Cycle: Jun-18 Reviewer: _____

Item	Trans Date	Vendor	Chief Item Description	Transaction Amount	Itemized Receipt/Duplicate of Ticket Y/N	TRAN Document Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bid Sought or Required Y/N
1	6/12/2018	Komax	Copier Lease - June 2018 credit paid in error MPOB 1270 Invoice AR60491	-\$214.67 -\$214.67	Y	TRAN 2463584	Y	R	N	digcopy12	
2	6/22/2018	ATT	L. Smith Cell Phone Usage 050318 to 060218	54.18 54.18	Y	TRAN 2468787	Y	R	Y	cellphone13a	
3	6/22/2018	ATT	B. Taylor Cell Phone Usage 050318 to 060218	57.21 57.21		TRAN 2468786		R	Y	cellphone13a	
4	6/22/2018	Komax	Copier Lease - June 2018 MPOB 1270 Invoice AR60481	\$214.67 \$214.67	Y	TRAN 2444249	Y	R	N	digcopy12	
5	6/22/2018	Komax	Copier - May 2018 MPOB 1270 Invoice AR60849	\$55.80 \$55.80	Y	TRAN 2444248	Y	R	N	digcopy12	
				\$167.14							

*R - Reconciled/D - Disputed/C - Carryover from prev. month
 Cardholder Certification/Date: Karan L. Neocuzzi 6/30/18 Reviewer-Auditor Certification/Date: [Signature]

I hereby certify that the items herein were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchases Card Payment Procedures.
 Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

MPOB Purchasing Card Review/Audit Record

Cardholder Blair M. Taylor

Billing Cycle Jul-18

Card Holder: *[Signature]*

Transaction Limit \$5,000.00 Monthly Limit

Item	Trans Date	Vendor	Brief Item Description	Unit Cost	Transaction Amount	Revised Receipt/Del Ticket Y/N	OASIS Transaction Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	6/11/2018	Fairfield Inn & Suites by Marriott, Martinsburg, WV	Lodging	\$ 93.00	\$93.00	Y	2451392	Y	R	N		N
1	6/12/2018	Fairfield Inn & Suites by Marriott, Martinsburg, WV	Lodging	\$ 93.00	\$93.00	Y	2451392	Y	R	N		N
1	6/13/2018	Fairfield Inn & Suites by Marriott, Martinsburg, WV	Lodging	\$ 93.00	\$93.00	Y	2451392	Y	R	N		N
				Total \$	279.00							

*R - Reconciled/D - Disputed/C - Carryover from prev. month
 Reviewer/Auditor Certification: *[Signature]* ** If "N", Review must provide discrepancy Listing form

I hereby certify that the items herein were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

MPOB Purchasing Card Review/Audit Record

Cardholder: Les Smith Billing Cycle: Jun-18 Transaction Limit: \$1,000.00 Monthly Limit: _____

Reviewer: _____

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt of Ticket Y/N	Transaction ID Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no S/WC used, Bids Sought or Required Y/N
1	6/14/2018	Fairfield Inn	Compliance Review - Martinsburg	\$279.00	Y	2451981	Y	R	N		N

** If 'N', Reviewer must provide discrepancy Listing form

Cardholder Certification/Date: Les Smith 6/11/18
 Reviewer-Auditor Certification/Date: Benjamin J. [Signature] 6/11/18

I hereby certify that the items herein were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

MPOB Purchasing Card Review/Audit Record

Cardholder Karen L. Neccuzzi Billing Cycle Jul-18

Transaction Limit _____ Monthly Limit _____ Reviewer: _____

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/Ticket Y/N	Transaction ID Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	Item no SW/C used, Bids Sought or Required Y/N
1	6/28/2018	Office Max	Office Supplies	\$189.08	Y	2466236	Y	R	Y		N
2	7/6/2018	Sublink	Internet Services Provider	\$775.00	Y	2472743	Y	R	Y		N
3	7/8/2018	WV Treasury	Training & Development - Purchasing	\$100.00	Y	2475911	Y	R	N		N
4	7/11/2018	FedEx	Overnight Delivery	\$73.46	Y	2475912	Y	R	Y		N
				\$1,137.52							

*R - Reconciled/D - Disputed/C - Carryover from prev. month

** If "N", Reviewer must provide discrepancy Listing form

Cardholder Certification/Date: *Karen L. Neccuzzi 9/11/18*

Reviewer-Auditor Certification/Date: *[Signature] 9/11/18*

I hereby certify that the items hereon were received, properly accounted for and reviewed in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure violation and response from cardholder to correct future compliance issues.



Cardholder Activity

Name: KAREN L NECCUZI Account Number: **4352 Cycle End Date: 08/15/2018

Trans Date Posting Date	Merchant Name City, State/Prov.	Transaction Total Allocation Amount	Source Currency Accounting Code	Currency Amount	
07/17/2018 07/18/2018	IVS CONF 877-524-1205, PA TRAN 2485542	\$28.86 \$28.86	USD NECCUZIKA10100/0946/	28.86	Conference Call June 21, 2018 MPOB Meeting Invoice 43130014
07/17/2018 07/18/2018	AT&T-BILL PAYMENT 111-222-3333, TX TRAN 2485543	\$54.07 \$54.07	USD NECCUZIKA10100/0946/	54.07	Cell Service L. Smith acct 287245126564 060318 to 070218
07/17/2018 07/18/2018	AT&T-BILL PAYMENT 111-222-3333, TX TRAN 2485544	\$57.16 \$57.16	USD NECCUZIKA10100/0946/	57.16	Cell Service B. Taylor acct 287267230256 060318 to 070218
07/17/2018 07/18/2018	WV TREASURY BASIC 888-2439010, WV TRAN 2487505	\$768.00 \$760.00	USD NECCUZIKA10100/0946/	760.00	Agreed Upon Procedures - 2016 City of Weston WV State Auditor's Office - Invoice 18257
07/18/2018 07/19/2018	SUDDENLINK-NAT'L SITE TRAN 2487504	\$776.00 \$775.00	USD NECCUZIKA10100/0946/	775.00	10 mg circuit 071618 to 081518 MPO1600000002
07/28/2018 07/27/2018	KOMAX BUSINESS SYSTEMS 304-7447440, WV TRAN 2498982	\$214.87 \$214.87	USD NECCUZIKA10100/0946/	214.87	Copier Lease - Final Payment June 2018 MPOB1270 INVOICE AR60491
07/28/2018 07/30/2018	OFFICEMAX/OFFICED EPT#6877 800-483-3768, OH TRAN 2501146	\$37.92 \$37.92	USD NECCUZIKA10100/0946/	37.92	(2) Linen Business Paper - ltm 582213 16.94/rm (2) Binder clips ltm 482161 2.02/pk

Trans Date Posting Date	Merchant Name City, State/Prov.	Transaction Total Allocation Amount	Source Currency Accounting Code	Currency Amount
07/27/2018	OFFICEMAX/OFFICED EPT#8977	(\$171.42)	USD	(171.42)
07/30/2018	COLUMBUS, OH	(\$171.42)	NECCUZIK1/01000946/	

Activity Totals
 Purchases \$1,788.28
 Payments \$0.00

Cardholder Name: Karen L. Neeuzzi
 Card Number: 6011 5201 1010 1010
 Expiration: 12/18/18
 Supervisor Name: K. Smith

Signature: [Handwritten Signature]
 Signature: [Handwritten Signature]

AGENDA

Municipal Pensions Oversight Board

Meeting of the Board Members

December 13, 2018 – 1:00 P.M.

301 Eagle Mountain Road

Second Floor, Suite 251

Charleston, WV 25311

- I. Call to Order and Roll Call
- II. Approval of Minutes of Meeting on September 20, 2018
- III. Old Business
 - a. Donald Scurlock/Nitro Policemen's Pension Case.
 - b. Morgantown Policemen's Pension and Firemen's Pension – No Update
 - c. Huntington Policemen's Pension and Firemen's Pension – No Update
 - d. RFP for Actuarial Services – Proposal for Board Approval
 - e. Compliance Reviews – No Update
 - f. Potential Legislation
- IV. New Business
 - a. Approval of Purchase Card SOP revisions and Non-PCard Purchasing SOP revisions
 - b. P-Card Expenditures (August, September and October 2018)
 - c. Executive Director's Report
 - d. Selection of 2019 Board Meeting Dates
 - i. March 21st
 - ii. June 13th or 27th (June 20th is a State Holiday)
 - iii. September 19th
 - iv. December 12th or 19th
- V. Next Board Meeting is 1:00 pm, _____ Location 301 Eagle Mountain Road, Suite 251, Charleston, WV 25311
- VI. Public Comments
- VII. Adjournment



ORIGINAL

MUNICIPAL PENSIONS OVERSIGHT BOARD
Minutes of Meeting
December 13, 2018

The Municipal Pensions Oversight Board (MPOB) met on December 13, 2018 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia. The Chair, Mr. Neddo, called the meeting to order, noting that a quorum was present.

ATTENDEES

Board Members:

- Lisa Dooley, absent
- Jeffrey Fleck, present (*Left meeting at 1:30 p.m.*)
- John Kee, present
- Emily Lambright, present by teleconference
- David Lanham, present (*arrived at 1:10 p.m.*)
- Jason Matthews, present by teleconference
- Stephen Neddo, present
- Michael Payne, present by teleconference
- Craig Slaughter, absent

General Counsel:

- Kelli Talbott, Counsel – WV Attorney General's Office, present

Staff:

- LeAnne Neccuzi, Administrative Assistant
- Les Smith, Accountant
- Blair Taylor, Executive Director

Guests:

- Daniel Linville, Delegate-Cabell, 16th District – WV House of Delegates
- Chad Lovejoy – Delegate -Cabell, 17th District -WV House of Delegates
- Bob Coleman, Larry Diamond, Jeffrey S. Earl, A.L. Fowler, Tim Gibbs, Forrest Marshall, Dave Roberts, Robert Schrader, Jimmy Vogt - Retirees - City of Huntington Firemen's Pension Fund
- Lt. Eric Corder, Pfc. Dakota Dishman – Police Officers - City of Huntington Policemen's Pension Fund

Minute Taker:

- LeAnne Neccuzi

Approval of Minutes

Minutes for the MPOB meeting on September 20, 2018, were presented for approval: *Moved by Mr. Fleck; Seconded by Mr. Matthews; Passed unanimously:*

RESOLVED, that the minutes of the September 20, 2018 Municipal Pensions Oversight Board meeting be approved as written.

At this time, the Chairman, Mr. Neddo recommended the board go into to executive session to discuss items on the agenda as provided for in the Open Meetings Act under **W.Va. §6-9A-4(b)(12)**. *Moved by Mr. Fleck; Seconded by Mr. Matthews; Passed unanimously:*

RESOLVED, that the Municipal Pensions Oversight Board go into executive session as provided for in W.Va. §6-9A-4(b)(12) to maintain confidentiality related to pending litigation, *Scurlock v. Board of Trustees of the Nitro Policemen Pension and Relief Trust Fund, Civil Action No. 16-C-609*; and to discuss matters related to contractual services for Agency Request for Proposal, ARFP MPO1900000001 for Actuarial Services.

Counsel and staff remained for the executive session. All other guests left the meeting at this time.

At 1:25 p.m. the MPOB returned to the regular order of business, with Mr. Neddo stating that no votes had been taken during executive session.

Mr. Neddo then asked to reorder the agenda by going to item **“III. Old Business, d. RFP for Actuarial Services – Proposal for Board Approval”**.

OLD BUSINESS

RFP for Actuarial Services – Proposal for Board Approval

Mr. Fleck, Chairman of the RFP evaluation committee updated the board on the status of Agency Request for Proposal (ARFP) MPO1900000001 for actuarial services. Bolton, Cheiron, Gabriel Roeder & Smith, Lauterbach & Amen, and Segal were the vendors who successfully submitted proposals. After hearing the oral presentations from all five vendors, Mr. Fleck and the other committee members; Mr. Taylor, Mr. Smith and Ms. Neccuzi, scored the technical and cost proposals and determined that Bolton was the apparent successful bidder. *Moved by Mr. Fleck; Seconded by Mr. Kee; Passed unanimously:*

RESOLVED, that the Municipal Pensions Oversight Board award the contract for Agency Request for Proposal (ARFP) MPO1900000001 for Actuarial Services to Bolton Partners, Inc.

Mr. Neddo asked that the MPOB go to agenda item “**III. Old Business, a. Donald Scurlock/Nitro Policemen’s Pension Case**”

Donald Scurlock/Nitro Policemen’s Pension Case

Moved by Mr. Kee; Seconded by Mr. Fleck; Passed unanimously:

RESOLVED, that the Municipal Pensions Oversight Board accept the settlement related to pending litigation; *Scurlock v. Board of Trustees of the Nitro Policemen Pension and Relief Trust Fund, Civil Action No. 16-C-609*, by authorizing the Chairman of the MPOB to sign the agreement; and per legal counsel’s advice, once the settlement has been finalized, will be made a part of the meeting minutes at a later MPOB meeting.

Morgantown Policemen’s and Firemen’s Pension Update

No update.

Huntington Policemen’s and Firemen’s Pension Updates

No update.

Compliance Review Updates

Mr. Taylor reported the West Virginia State Auditor’s Office (WVSAO) had been in contact with him about an audit they had completed on the City of Princeton. In completing their audit, they also completed an Agreed-Upon-Procedures (AUP) for both the Princeton Firemen’s Pension Fund and the Princeton Policemen’s Pension Fund. In their report, they noted some minor findings including that neither the firemen’s pension board, nor the policemen’s pension board had filed their investment or administrative policies with the State. Additionally, the Princeton Firemen’s Pension Fund had not approved their Cost of Living Adjustments (COLA’s). Once the Auditor’s report is released to the MPOB it will be released to the City of Princeton Firemen’s and Policemen’s Pension Fund secretaries, as well as to their City Treasurer and City Manager so they can take the necessary measures to become compliant with state code.

Potential Legislation

Mr. Taylor discussed proposed potential legislation for the 2019 WV Legislative Session.

§8-22-11a. Restrictions on Investments. This section of state code deals with the municipal civilian pensions. However, in 8-22-11a, there is an inadvertent reference to municipal policemen's and firemen's pensions. The language in 8-22-11a is more restrictive than what is in 8-22-22a, which is the section of code which deals with investments for Municipal Policemen's Pension Plans and Municipal Firemen's Pension Plans. My recommendation is for the Board to allow me to ask each Pension Chair to sponsor a bill removing "municipal policemen's and municipal firemen's pensions from this section of Code.

House Bill related to Retirement Benefits.

Mr. Neddo invited Delegate Lovejoy to discuss the bill that he will be introducing related to retirement benefits. Delegate Lovejoy stated that he would try to give a summary of the bill. He explained that it keeps the entire Corrections bill intact, it simply adds on a new Subsection F which is intended to restore the bill, now law, to the original intent of the legislation when the bill passed in 2017. Now, let me step back. Your job is a hard one. You are overseeing 53 plans throughout the state. Many of which do things differently than the other 52. And so, I think if we go back to when and why this board was created in 2009, it was to have that big picture view of all the municipal pension plans. And to your credit, as early as 2011, going through your meeting minutes, I think it was Chairman Neddo who said in those minutes on Page 6, it says that "Retirement Pensions possibly not being calculated correctly." And lack of action being taken to correct the situation. So very clearly, we've got a problem here and that ultimately resulted in HB2601 being passed in 2017. In 2012, looking back at the minutes from June, at that point, the board had been in operation 3 years or so; and yet, only two of the plans had sent in their internal procedures. So, it's kind of hard to be overseeing when folks aren't giving you the information even three years after the board is in existence. And, I don't know if it's the chairman or if it's Mr. Taylor. You may have 4 different methods being used over a course of many years. So we know that we have a problem and Chairman, you had mentioned at that same meeting that you wanted to throw in your two cents and then you went on later to say, because at some point more than just this one, I can see that we've had issues with pension boards that are looking for guidance and we are basically telling them, "Here is the code, go look on your own and figure it out." We started in that year, we began doing some trustee training in 2012 which, again, I commend you on. Some

of the feedback from that original training was, "We have information that's incomplete with regard to the calculator and response, and it says your words, "We're still working on it!" And then there is some positive comments that it was pretty good training for the first one. So, again, beginning in 2009, we get started and we see early on that we've got problems. We've got different plans doing different things. We say, "Let's centralize, let's focus, let's train." And we move in a positive direction. But unlike CPRB, you don't have corrections bill. And you operate from 2009 until 2017 without that kind of hammer and oversight that let's you make people do what they should be doing. So, we get there, and the bill comes up in 2017 and that's what later became the law. I went back and kind of looked at the history. When the bill left the House, there were 4 of us that voted against it because we were a little unclear. The language seemed to suggest that it might be interpreted to go backwards, so we voted against it when it leaves the House. At that point, it goes over to the Senate and the 4 of us, who were all from Cabell County, and it's two Republicans and two Democrats went to Senator Plymale who is on Pensions and say, "Can you clarify this?" And so, on March 8, 2017, we have the Senate Pensions Committee Meeting and there is a video link on the website. And Senator Plymale, after many questions from Senator Romano, about other things that were germane to this said, "Okay, thank you and first I'd like to thank the Chair of the Pension Committee for allowing this bill to lie over from the previous meeting and as a courtesy, I thank you. Some of the questions that I had related to this, I met with Mr. Taylor and I only had one question for him. "Blair, if we move forward with this, this bill is prospective in terms of what you are looking at going forward?" Mr. Taylor's response was that "It is intended to be, yes sir! So, Senator Plymale communicates back to us when the bill comes out of the Senate, that you for, in other words, it is perspective. We are not going backwards. And so, the bill is voted unanimously in the House. Once it becomes law, in 2017, we understand that what was meant when the question was answered, "No, this is prospective!" was "We're not going to claw back any overpayments we find, prior to 2017. What we intended in terms of the people that voted on this and every one of them, is that we are not going to affect, to go back and cut the pensions of retirees. So, to make sure that it wasn't just me, I go to the sponsor and I said, "Did you intend for these guys' pensions to be cut?" And they said, "No, absolutely not!" I said, we need to fix that then and we need to go back, and we need to take the bill, which it is a good bill, but we need to express our intention, that it is not to affect the previous retiree. So, some of the sponsors are gone now, some have resigned. Some lost elections. But the sponsors who are still there, I went to them and said, "Since you put this bill in, and it's being used in a way that you didn't intend, I hope you'll be a part of the fix." They said, "Absolutely!" So, this past week, took the sponsor, Delegate Linville, we had

the incoming Finance Chair, we had five other delegates and met with the speaker. And we said, "You also, Mr. Speaker, voted on this. If anybody says differently, did anybody intend that these guys' pensions would be cut? Or did you believe, as I did, that this was prospective only moving forward, in a good way? No one! No one intended for these guys pensions to be cut. So, we said ok, let's fix it. Let's not fix the language. Let's fix the problem. So, we engaged the speaker present copy with what you have before you and that's what we intend to introduce and see if it can be passed. Now, what will it accomplish besides the most important thing? It will protect these men and their families from numbers that they relied on to their detriment. But I think that for you, a great benefit will be that you are going to have 55 instances of litigation where these guys pensions were cut. Okay. When they have an injury in fact, and they have standing, and their pensions are cut and they are going to go to the only place they currently have for relief which is to the judiciary. They are going to make arguments that range from Booth vs. Simms Vested Benefits, to issues of taking. All kinds of detrimental reliance. You probably will have to have a case by case decision because if you say, "But you knew!" Then they'll say, well, that's an unclean hands defense to the equitable doctrine, detrimental reliance. This could go on forever. All of which, or during the whole time, these plans are paying for lawyers. We may very well lose. And we're going to be in a situation where we really have not helped the men and their families; and I submit to you, to this board. And so, by going back to what was intended in 2017, to give you what you didn't have since 2009, is our plan. What you have before you is what I tried with some other folks to craft as very narrow, specific, tailored language that doesn't throw out the baby with the bath water. It keeps your good Corrections bill but simply restores the intended legislation. And that's what you have before you. I'm not asking you to decide today, but I would hope that you would look at it; consider the discussions of how it impacts these men and their families; consider the prospects and costs and risks of litigation and maybe get on board and not oppose this bill. That's it, Mr. Chairman.

NEW BUSINESS

Approval of Purchase Card SOP revisions and Non-P-card Purchasing SOP

Mr. Taylor explained that due to changes in State of West Virginia purchasing law; the implementation of wvOASIS and some internal changes within the MPOB, revisions have been made to the Purchase Card Standard Operating Procedure and the Non-P-Card Purchasing Standard Operating Procedures.

Moved by Mr. Kee; Seconded by Mr. Lanham; Passed unanimously:

RESOLVED, that the Municipal Pensions Oversight Board approve the revisions to the Purchase Card Standard Operating Procedureⁱ and the Non-P-Card Purchasing Standard Operating Procedureⁱⁱ as written, effective December 13, 2018.

P-Card Expenditures (August, September and October 2018)

Mr. Smith presented the P-Card expenditures for August, September, and October 2018. *Moved by Mr. Kee; Seconded by Mr. Lanham; Passed unanimously:*

RESOLVED, that the Municipal Pensions Oversight Board approve P-Card expenditures for August, September, and October 2018ⁱⁱⁱ.

Executive Director's Report

Mr. Taylor presented his report for the period of September 11, 2018 through November 28, 2018.

Next Board Meeting

The next regular meeting of the MPOB will be held on March 21, 2019 at 1:00 p.m. at 301 Eagle Mountain Road, Suite 251, Charleston, West Virginia 25311. Additional meeting dates for 2019 are as follows:

- June 27, 2019 at 1:00 p.m.
- September 19, 2019 at 1:00 p.m.
- December 19, 2019 at 1:00 p.m.

Public Comments

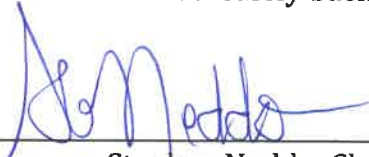
Mr. Neddo invited guests that would like to make comments do so at this time. In order to avoid going past the scheduled meeting time, he asked that comments be kept to a minimum. Delegate Linville announced that he would like to make comments but would save time by seconding the comments that Delegate Lovejoy made earlier in the meeting.

ADJOURNMENT

Mr. Neddo called for a motion to adjourn: *MOTION: Moved by Mr. Lanham; Seconded by Mr. Kee; Passed unanimously:*

RESOLVED, that the December 13, 2018 meeting of the MPOB is adjourned.

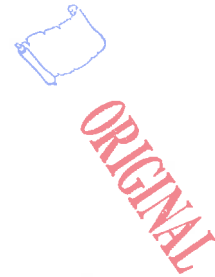
Ms. Neccuzi cautioned meeting attendees to travel safely back to their headquarters.



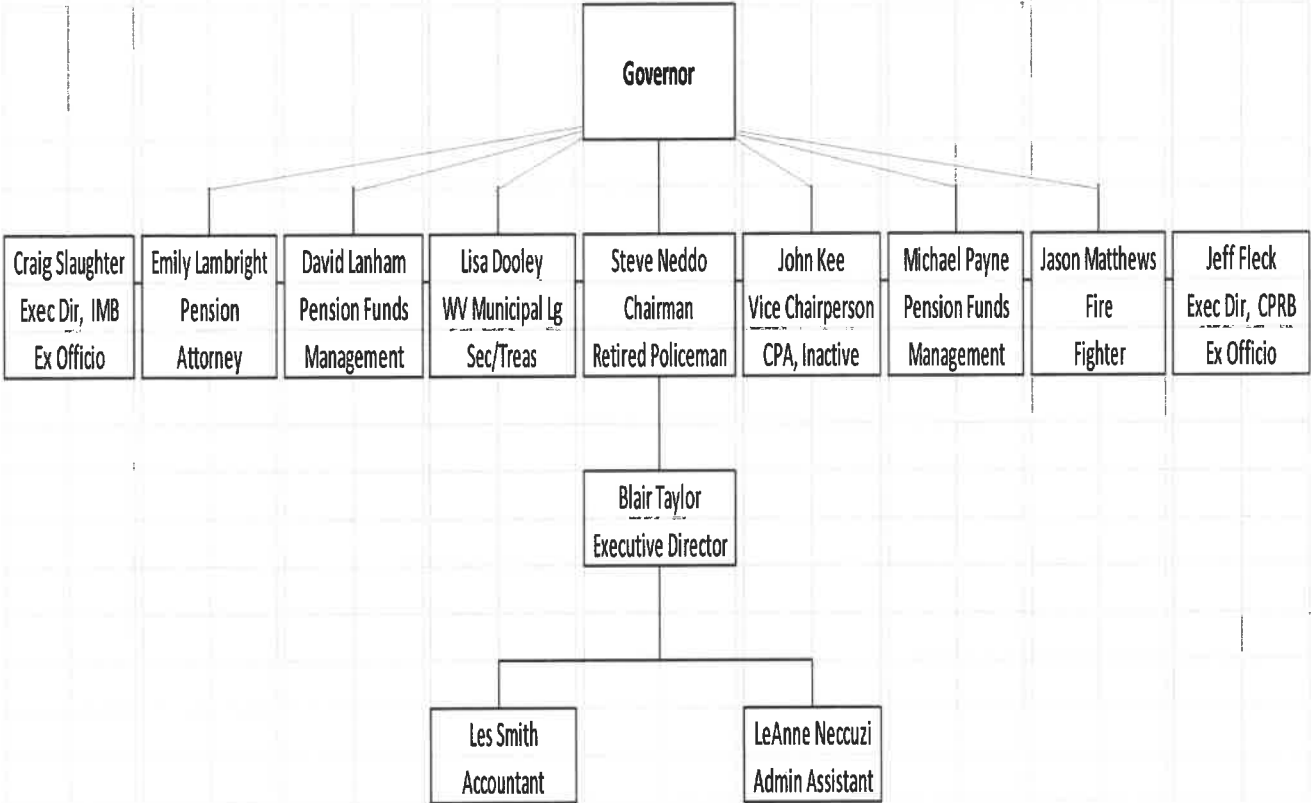
Stephen Neddo, Chairman

Minutes approved 03/21/2019
(date)

-
- i Purchase Card Standard Operating Procedure
 - ii Non-PCard Purchasing Standard Operating Procedure
 - iii P-card Expenditures for August, September and October 2018


ORIGINAL

**WEST VIRGINIA
MUNICIPAL PENSIONS OVERSIGHT BOARD
ORGANIZATIONAL CHART**



West Virginia Municipal Pensions Oversight Board

In accordance with Chapter 8, Article 22 Section 18a of the WV Code, the Municipal Pensions Oversight Board (MPOB or Board) duties include but are not limited to : 1.) assisting municipal boards of trustees in performing their duties, 2.) assuring the funds compliance with applicable laws, 3.) providing for actuarial studies, 4.) distributing tax revenues to the funds, 5.) initiating or joining legal actions on behalf of active or retired pension fund members or municipal boards trustees to protect interests of the members in the funds, 6) taking other actions as may be reasonably necessary to provide for the security and fiscal integrity of the pension funds.

Statutory Authority

Chapter 8, Article 22, Section 18a of the WV Code generally governs the purchases and expenditures authorized to be made by the Board. Under Code section Chapter 8, Article 22, Section 18b(b) there is a fund established within the state treasury to be known as the "West Virginia Municipal Pensions Security Fund". The moneys in the fund shall be used solely as provided in Chapter 8, Article 22 and Article 3, Chapter 33 of the code. All earnings shall accrue to and be retained by the fund. Moneys shall be requisitioned on the signature of the Executive Director up to \$25,000 per item. Requisitions in excess of \$25,000 will require the approval of the Board.

State Auditor's Office (SAO) P-Card Policies and Procedures in cases where there is a conflict between agency and SAO pcard policies and procedures, SAO pcard policies and procedures will take precedent.

Purchasing Card Hierarchy

Within the Board's organizational structure, the Accountant will also serve as the Chief Financial Officer and shall be the P-Card Coordinator for both the Executive Director and Administrative Assistant cardholders. The Executive Director shall serve as the P-Card Coordinator for the Accountant/CFO who will be a

cardholder and use the card for travel purposes and such other purchases as needed on an emergency basis only. Travel and emergency purchases on the P-Card by the Accountant/CFO will be approved by the Executive Director.

Purchasing Card Procurement Process

Planning / Requisition Process:

All purchase/expenditure requests (excluding utilities and lease/rental payments) in excess of \$2,500 but less than \$25,000 are to be pre-approved by the Executive Director in one of two ways. First, for all statewide contract purchases an agency delivery order document (ADO) will be prepared within wvOasis and submitted, along with notification via email to the Executive Director that an ADO is awaiting approval within wvOasis. Secondly, for all non-statewide contract purchases or direct purchases an agency purchase order document (APO) will be prepared within wvOasis and submitted, along with notification via email to the Executive Director that an APO is awaiting approval within wvOasis. Purchases from \$250.00 to \$2,500 will need the approval via email of someone other than the cardholder. Purchases less than \$250.00 do not need pre-approval. For hospitality purchases, Form TMO 3.0 (see attachment A) must be completed and signed by the Executive Director regardless of the amount.

The cardholder is to verify the availability of a desired commodity/service through internal sources (in accordance with State Code) prior to utilizing any statewide contract or open market vendor. If a commodity or service is not available from internal sources (such as Correctional Industries or WVARF), agencies are to employ statewide contract vendors. Generally, bids are not required for statewide contract purchases or expenditures (\$25,000 or less) unless specifically mentioned in the statewide contract. If the required commodity or service is not available from a statewide contract, the agency is free to utilize "open market" vendors for the item or service.

For open market purchases/expenditures between \$2,500.01 and \$25,000, the appropriate bids (verbal or written) will be obtained and documented by the cardholder in accordance with the Purchasing Division Procedures Handbook. (<http://www.state.wv.us/admin/purchase/handbook/2007R26/default.html>) As per WV Code 8-22-20a the oversight board is exempt from provisions of article

three, chapter five-a of the WV Code for the purpose of contracting for actuarial services, including the services of a reviewing actuary. All other purchases/expenditures in excess of \$25,000 must be processed through the Division of Purchasing. In addition, IT related purchases exceeding \$10,000 (computer hardware, software and IT consulting services) must receive prior approval from the Office of Technology's Chief Technology Officer (CTO). According to the Division of Purchasing Procedures Handbook, agencies may procure computer software, non-infrastructure software and IT consulting services with a value less than \$10,000 without CTO approval, however, a copy of the agency purchase order must be provided to the CTO after the fact. All infrastructure purchases must have CTO approval regardless of dollar amount.

Under **NO** circumstance will any purchase or expenditure be "structured" to circumvent competitive bidding, the P-Card transaction limit, or the agency's delegated purchasing limit. Before any order is placed, the cardholder is to determine that the company/contractor selected is not on the "Debarred/Suspended Vendors List" as found on the Division of Purchasing website (located under the Agency Resource Center section).

All requests for hospitality functions will also be pre-approved (signed) by the Executive Director and documented on a Hospitality Form TMO 3.0 as required by the Purchasing Division Procedures Handbook. The individual requesting the function shall complete the TMO 3.0. The cardholder is to ensure the following information is included on the form before it is submitted to the Executive Director for approval: (1) spending unit name; (2) contact person and telephone number(s); (3) function sponsor; (4) location of function; (5) date(s) of function; (6) estimated cost of expenses (itemized by expense category); (7) purpose/justification of function; and (8) listing of function attendees. Although a complete list of attendees (sign-in sheet) may not be available until the day of the function, the cardholder is responsible for ensuring a complete list of attendees is obtained.

For questions regarding the appropriateness of particular hospitality expenditures, the Executive Director will reference the informal comments provided by members of the West Virginia Ethics Commission's legal staff. (<http://www.ethics.wv.gov>) The Executive Director will initial the hospitality form certifying the function is appropriate based on the information provided.

Any issues not addressed in the informal comments are to be submitted to the West Virginia Ethics Commission for clarification. If the hospitality expenditure is approved by the Commission, a copy of this response is to be attached to the hospitality documentation.

P-Card authorized travel expenses may be paid with the P-Card. Travel requests can only be submitted utilizing the E-Travel management system once it becomes available and must be approved by the Executive Director prior to the dates of travel. Pursuant to the MPOB travel regulations on file with the State Auditor's Office, travel by the Executive Director will be approved by the Board Chair. Such approval shall be via an electronic format. The travel expenses that may be placed on the P-Card include: registration fees, airline tickets and related fees, rental vehicles and fuel for the rented vehicle, hotel folios that include business related costs, and other transportation related (rail, bus, etc.) tickets or expenses.

Neither travel related food/beverage expenses **nor** any personal expense on hotel folios (such as movies or room service) may be paid with the P-Card. Itemized invoices/receipts and all appropriate supporting documentation must be submitted with the log sheets for all travel related charges paid with the P-Card.

Place Order / Charge Card:

After the purchase/expenditure request has been properly completed and approved, the order will be placed, the service vendor contacted, or the purchase will be made as a point of sale transaction. When an order is placed with a vendor, the vendor may take the P-Card information at that time or bill the agency through the issuance of an invoice. Most vendors will take the P-Card information and charge the card when the goods are shipped. If the vendor invoices the agency, the cardholder will ensure the goods have been shipped or the services have been received before contacting the vendor to pay the invoice. In other cases, purchases are made "point of sale" and the goods are received at the time the P-Card is charged (i.e., at the sales register).

Receiving / Inventory:

The cardholder is responsible for obtaining an itemized vendor invoice/receipt, an authorized receiving report, and/or any other documentation required to support the transaction type (such as an approved hospitality form). All transactions are to be recorded by the cardholder on an agency log sheet. (See Attachment B)

Purchases made by the Board such as equipment with a cost greater than \$1,000 per item and computer hardware shall be included on the agency's inventory listing. Documentation for any item that is required to be inventoried is to be forwarded to the Accountant.

Cardholder Reconciliation Process:

The State Auditor's Office has developed an Enterprise Resource Planning solution entitled "West Virginia Our Advanced Solution with Integrated Systems" or wvOasis. The payment of the PCard is now included in wvOasis. All purchases on the PCard are automatically uploaded into wvOasis from the PCard vendor within 2-3 business days. As a result, transactions can now be posted electronically on a daily basis with the ability to scan and upload supporting documents which will eventually eliminate the need for maintaining a PCard log. However, since the reporting for PCard purchases is not yet fully developed we will continue to maintain our manual PCard process, particularly with respect to the PCard log and the internal controls as outlined above, while at the same time implementing the wvOasis PCard payment and reconciliation system.

The wvOasis PCard payment & reconciliation process is as follows:

Cardholder

1. Upon receipt of the goods or services and after receiving an itemized invoice/receipt, logs on to the wvOasis system and reviews the PRCUU table for the PCard transaction.
2. Reviews the transaction for appropriate commodity code, chart of account and overall correctness.

3. Complete the Receipt Date and Receiver fields on the PRCUU table.
4. Uploads itemized invoice/receipt, purchase requisition, agreement, contract and other pertinent supporting documentation.
5. Lists the wvOasis transaction ID number on the PCard log.
6. Select "Reconciled" from the appropriate field on the PRCUU table.
7. Upon receipt of the pcard statement, compare items listed on statement to the items listed on the Pcard log and the PRCUU table in wvOasis. Reconcile any differences.

PCard Coordinator

1. Receives PCard log, supporting documentation and statements from cardholders.
2. Logs on to wvOasis and reviews the PRCUU tables for all PCard transactions.
3. Reconciles PCard logs and PRCUU tables to the master PCard statement.
4. Verifies all transactions have been properly accounted for and have sufficient supporting documentation.
5. In the PRCUU table check the "Reviewed" box and the "Pay" box and then click "Save".
6. Sign and date the PCard log sheet.
7. After the State Auditor's Office has paid the PCard vendor wvOasis will generate an auto transaction ID. Print the auto transaction ID document from wvOasis.
8. Post the PCard payment to Quickbooks and mark "PQB" (Posted to Quickbooks) on the auto transaction ID document. (See Attachment C.
9. Scan the auto transaction ID document, PCard log, statements and all support documentation to email system. Transfer all scanned documents to Gov MPOB shared(\\executive\dfs) (S);,

Municipal Pensions Oversight Board, Administrative, Purchasing and AP, WV Oasis Transactions, FY(year).

Disputed Items

There may also be those occasions when a cardholder may dispute a charge. Please follow the procedures as outlined in the SAO policies and procedures.

Review and Approval (Oversight and Monitoring)

Reviews performed by the P-Card Coordinator will be designed to verify that purchases/expenditures are legitimate, properly documented, reasonable and necessary based on Board related functions, and made in compliance with all relevant governing criteria. According to the State Auditor's Office Purchasing Card Policies and Procedures, reviews are to be performed by independent and knowledgeable members of agency staff.

The individual performing the review will determine that each purchase/expenditure was legitimate and reasonable and necessary based on Board related functions. If there is ever some question that a purchase or expenditure may not have been made in accordance with the Board's statutorily established functions (because the documentation provided to support the transaction is obscure, etc.), the cardholder will be required to provide a written clarification explaining how the purchase/expenditure is relevant to and appropriate for the agency.

There may also be situations that require a departure from the Board's established P-Card internal control and accounting procedures. These "circumstantial exceptions" are to be documented (explained in detail) to show the exceptions were taken under consideration and approved by the Executive Director or CFO/Accountant and attached to the documentation supporting the transaction(s) affected by this action.

Properly completed documentation is integral to the procurement, reconciliation and review processes. Detailed documentation must be obtained by the cardholder for each transaction placed on the P-Card and is to be retained for review and audit purposes. Documentation may include

requisitions, itemized receipts, bids, receiving reports, hospitality forms, dispute and unauthorized use forms, log sheets (manual or electronic), individual statements, email correspondence, memoranda, and other documentation required by any directive or agency practice. Documentation is the method agencies use to demonstrate compliance with applicable laws, rules and regulations, P-Card Policies and Procedures, and other governing instruments.

Review of Cardholder Transactions Agency P-Card Coordinator:

The Agency P-Card Coordinator will review all relevant supporting documentation to ensure compliance with the directives listed on the governing criteria outlines. He or she will verify all transactions on the P-Card statement are listed on the cardholder log sheet and are properly supported.

The Agency P-Card Coordinator will communicate electronically to the cardholder any instances of noncompliance with relevant governing criteria such as P-Card delegation or utilizing an open market vendor when an internal source or statewide contract vendor should have been used. The corresponding emails will be printed and attached to the monthly reconciliation documentation. The P-Card Coordinator will then sign and date the cardholder log sheet certifying and acknowledging that all transactions are for official agency business, in compliance with all applicable governing criteria, and were properly received based on the documentation reviewed.

The Agency P-Card Coordinator or cardholder is responsible for scanning all purchasing card documentation (after the final review has taken place). The person doing the scanning must review all scans for completeness prior to the destruction of any documentation.

Review of Cardholder Transactions by Board:

In addition to the overall agency's financial report, the CFO/Accountant and the Executive Director will present a P-Card report to the board members for their review at each regularly scheduled board meeting. The report will include, at a minimum, the vendor name, the description of the good(s) or service(s), and a total transaction amount. The P-Card Coordinator will make available to the members the support documents should any questions arise

regarding an individual transaction. Any questions or final resolutions will be documented in the board minutes.

The Executive Director and the P-Card Coordinator will perform an annual P-Card utilization review to determine whether purchases and expenditures (eligible to be charged to the P-Card) are being paid with state warrants. Cardholder transaction and credit limits will also be reviewed to determine whether they are adequate for the level of spending activity and appropriate for the cardholder. These limits will be adjusted to minimize the risk of unnecessary liability. Changes in credit limits will be reported to the board.

Disciplinary Process / Action to Be Taken By Board:

Any instance of procurement fraud or willful P-Card misuse will result in the termination of the employee.

West Virginia

Municipal Pension Oversight Board

What are the functions of the Municipal Pension Oversight Board? The Board is tasked with the following responsibilities under Chapter 8, Article 22:

- Assisting municipal boards of trustees in performing their duties;
- Assuring funds compliance with applicable laws;
- Providing for actuarial studies;
- Distributing tax revenues to the funds
- Initiating or joining legal actions on behalf of active or retired pension fund members or municipal boards of trustees to protect interests of the members in the funds;
- Taking actions as may be necessary to provide for the security and fiscal integrity of the pension funds

Based on the aforementioned agency functions, listed below are items which may be considered as reasonable and necessary purchases/expenditures to carry out the Board's mission.

- Salaries and benefits for administrative employees
- Payment of printing services (business cards, letterhead and envelopes; etc.)
- Payment of office space and liability insurance
- Purchase of office and computer supplies, postage
- Payment of computer services, copier rental and phone costs
- Payment of travel expenses (airfare, lodging, rental car, mileage, meals, etc.) incurred by both board members and administrative staff (Note: Some of the aforementioned expenses may qualify to be paid with the "Travel P-Card")
- Payment of hospitality expenditures (room rental, food and beverages, etc.) for Board meetings and other qualified agency functions;
- Purchase of equipment such as furniture, laptops and printers

- Payment for professional/contractual services such as actuarial studies, legal services, independent medical examinations and associated cost of disability determinations.
- Production of training materials in both print and electronic formats

<u>General Procedures</u>	<u>Recommended Internal Control Activity</u>	<u>Who Performs Activity</u>	<u>Who Monitors Activity **</u>
Initiate purchase request	If the cardholder initiates the purchase request, they will automatically complete the research process.	Cardholder	CFO/Accountant or Executive Director
Research	The cardholder will research to find the appropriate internal source or statewide contract vendor (if available) for the purchase. If no internal source or statewide contract is available then an open market vendor will be chosen.	Cardholder	CFO/Accountant or Executive Director
Pre-Approval	The cardholder will submit an ADO or APO in wvOasis for items in excess of \$2,500 but less than \$25,000 for approval by the Executive Director. Purchases from \$250 to \$2,500 by the cardholder will require approval via email of another MPOB employee. Purchases \$250 or less requires no pre approval.	Cardholder	CFO/Accountant or Executive Director
Place the Order	The cardholder will place the order for the goods or services.	Cardholder	CFO/Accountant or Executive Director
Payment of Invoice	The cardholder will pay the invoice for the goods or services requested and log the purchase on an agency p-card log sheet. The cardholder will obtain an itemized invoice/receipt from the vendor.	Cardholder	CFO/Accountant or Executive Director
Receipt of Goods	The person receiving the goods will complete an appropriate receiving report, to include date received, and a personal signature. The receiving report will then be reviewed by another MPOB employee who will sign and verify goods received. Complete the Receipt date and receiver fields on the PRCUU table.	Cardholder or other employee receiving the goods.	CFO/Accountant or Executive Director

<u>General Procedures</u>	<u>Recommended Internal Control Activity</u>	<u>Who Performs Activity</u>	<u>Who Monitors Activity **</u>
Dispute process	Follows the disputed procedures as outlined in the State Auditor's Office policies and procedures guide.	Cardholder	CFO/Accountant or Executive Director
Reconcile month end and documentation	The cardholder will reconcile all supporting documentation for each transaction with the log sheet, the monthly p-card statement from the bank and with <u>wvOasis</u> to ensure all transactions are properly supported and valid. Cardholder will sign log sheet certifying that all transactions are for official Board business and all items have been properly received. The cardholder will submit the signed and dated log sheet with all supporting documentation to the Coordinator for review.	Cardholder	CFO/Accountant or Executive Director
Coordinator Reconciliation	The Executive Director/CFO Accountant will review all supporting documentation and verify all transactions have been properly accounted for and are properly supported. The Coordinator will notify the cardholder electronically any instances of noncompliance with relevant governing criteria. The Executive Director or CFO/Accountant will sign and date the log sheet certifying and acknowledging that all transactions are for official agency business, in compliance with the governing criteria, and purchases were properly received based on the documentation reviewed.	CFO/Accountant or Executive Director	CFO/Accountant or Executive Director
Board Review	At each scheduled board meeting the CFO/Accountant and Executive Director will provide a P-Card report to the board members that will, at a minimum, include the vendor name, descriptions of good(s) or services(s) and transaction amount. Support documents will be available for review. Any questions or final resolutions will be documented in the board minutes.	CFO/Accountant or Executive Director	MPOB members

<u>General Procedures</u>	<u>Recommended Internal Control Activity</u>	<u>Who Performs Activity</u>	<u>Who Monitors Activity **</u>
Utilization Review	Executive Director or CFO/Accountant will perform an annual P-Card utilization review. Cardholder transaction and credit limits will be reviewed to minimize the liability of exposure to the Board.	CFO/Accountant or Executive Director	MPOB members

** - The Accountant shall serve as the CFO and shall be the P-Card Coordinator for both the Executive Director and the Administrative Assistant. The Executive Director shall be the P-Card Coordinator for the CFO/Accountant.

§8-22-18a. West Virginia Municipal Pensions Oversight Board created; powers and duties; management; composition; terms; quorum; expenses; reports.

(a)(1) The West Virginia Municipal Pensions Oversight Board, established in 2009, is hereby continued as a public body corporate for the purpose of monitoring and improving the performance of municipal policemen's and firemen's pension and relief funds to assure prudent administration, investment and management of the funds. Management of the oversight board shall be vested solely in the members of the oversight board. Duties of the oversight board shall include, but not be limited to, assisting municipal boards of trustees in performing their duties, assuring the funds' compliance with applicable laws, providing for actuarial studies, distributing tax revenues to the funds, initiating or joining legal actions on behalf of active or retired pension fund members or municipal boards of trustees to protect interests of the members in the funds and taking other actions as may be reasonably necessary to provide for the security and fiscal integrity of the pension funds. The oversight board's authority to initiate legal action does not preempt the authority of municipalities, municipal policemen's and firemen's boards of trustees or pension fund active members, beneficiaries or others to initiate legal action to protect interests in the funds. Further, the oversight board may, in its discretion, investigate the actions or practices of municipal boards of trustees or of their administrators or employees that, in the oversight board's judgment, have the potential to threaten the security or fiscal integrity of the pension funds, and the boards of trustees, administrators and employees shall cooperate with the oversight board in any investigation. Regardless of whether it has previously conducted an investigation, the oversight board may initiate or intervene in legal actions to challenge or prevent any action or practice which, in the oversight board's judgment, has the potential to threaten the security or fiscal integrity of the pension funds. Establishment of the oversight board does not relieve the municipal funds' boards of trustees from their fiduciary and other duties to the funds, nor does it create any liability for the funds on the part of the state. The failure of the oversight board to investigate or initiate legal actions regarding the actions or practices of municipal boards of trustees, their administrators or employees does not render the oversight board liable for the actions or practices. Members and employees of the oversight board are not liable personally, either jointly or severally, for debts or obligations of the municipal pension and relief funds. Except as otherwise provided herein, members and employees of the oversight board have a fiduciary duty toward the municipal pension and relief funds and are liable for malfeasance or gross negligence. Employees of the oversight board are classified-exempt state employees.

(2) The oversight board shall consist of nine members. The Executive Director of the state's Investment Management Board and the Executive Director of the state's Consolidated Public Retirement Board, or their designees, shall serve as voting ex officio members. The other seven members shall be citizens of the state who have been qualified electors of the state for a period of at least one year next preceding their appointment and shall be as follows: An active or retired member of a Municipal Policemen's Pension and Relief Fund chosen from a list of three persons submitted to the Governor by the state's largest professional municipal police officers organization, an active or retired member of a Municipal Firemen's Pension and Relief Fund chosen from a list of three persons submitted to the Governor by the state's largest professional firefighters organization, an attorney experienced in finance and investment matters related to pensions management, two persons experienced in pension funds management, one person who is a certified public accountant experienced in auditing and one person chosen from a list of three persons submitted to the Governor by the state's largest association of municipalities.

(3) On the effective date of the enactment of this section as amended during the fourth extraordinary session of the Legislature in 2009, the Governor shall forthwith appoint the members, with the advice and consent of the Senate. The Governor may remove any member from the oversight board for neglect of duty, incompetency or official misconduct.

(b) The oversight board has the power to:

(1) Enter into contracts, to sue and be sued, to implead and be impleaded;

(2) Promulgate and enforce bylaws and rules for the management and conduct of its affairs;

(3) Maintain accounts and invest those funds which the oversight board is charged with receiving and distributing. Investment of those funds may be with the Board of Treasury Investments or the Investment Management Board at the discretion of the oversight board;

(4) Make, amend and repeal bylaws, rules and procedures consistent with the provisions of this article and chapter thirty-three of this code;

(5) Notwithstanding any other provision of law, retain or employ, fix compensation, prescribe duties and pay expenses of legal, accounting, financial, investment, management and other staff, advisors or consultants as it considers necessary, including the hiring of legal counsel and actuary; and

(6) Do all things necessary and appropriate to implement and operate the board in performance of its duties. Expenses shall be paid from the moneys in the Municipal Pensions Security Fund created in section eighteen-b of this article or, prior to the transition provided in section eighteen-b of this article, the Municipal Pensions and Protection Fund: Provided, That the board may request special appropriation for special projects. The oversight board is exempt from provisions of article three, chapter five-a of this code for the purpose of contracting for actuarial services, including the services of a reviewing actuary.

(c) Except for ex officio members, the terms of oversight board members shall be staggered initially from January 1, 2010. The Governor shall appoint initially one member for a term of one year, one member for a term of two years, two members for terms of three years, one member for a term of four years and two members for terms of five years. Subsequent appointments shall be for terms of five years. A member serving two full consecutive terms may not be reappointed for one year after completion of his or her second full term. Each member shall serve until that member's successor is appointed and qualified. Any member may be removed by the Governor in case of incompetency, neglect of duty, gross immorality or malfeasance in office. Any vacancy on the oversight board shall be filled by appointment by the Governor for the balance of the unexpired term.

(d) A majority of the full authorized membership of the oversight board constitutes a quorum. The board shall meet at least quarterly each year, but more often as duties require, at times and places that it determines. The oversight board shall elect a chairperson and a vice chairperson from their membership who shall serve for terms of two years and shall select annually a secretary/treasurer who may be either a member or employee of the board. The oversight board shall employ an executive director and other staff as needed and shall fix their duties and compensation. The compensation of

the executive director shall be subject to approval of the Governor. Except for any special appropriation as provided in subsection (b) of this section, all personnel and other expenses of the board shall be paid from revenue collected and allocated for municipal policemen's or municipal firemen's pension and relief funds pursuant to section fourteen-d, article three, chapter thirty-three of this code and distributed through the Municipal Pensions and Protection Fund or the Municipal Pensions Security Fund created in section eighteen-b of this article. Expenses during the initial year of the board's operation shall be from proceeds of the allocation for the municipal pensions and relief funds. Expenditures in years thereafter shall be by appropriation from the Municipal Pensions Security Fund. Money allocated for municipal policemen's and firemen's pension and relief funds to be distributed from the Municipal Pensions and Protection Fund or the Municipal Pensions Security Fund shall be first allocated to pay expenses of the oversight board and the remainder in the fund distributed among the various municipal pension and relief funds as provided in section fourteen-d, article three, chapter thirty-three of this code. The board is exempt from the provisions of sections seven and eleven, article three, chapter twelve of this code relating to compensation and expenses of members, including travel expenses.

(e) Members of the oversight board shall serve the board without compensation for their services: Provided, That no public employee member may suffer any loss of salary or wages on account of his or her service on the board. Each member of the board shall be reimbursed, on approval of the board, for any necessary expenses actually incurred by the member in carrying out his or her duties. All reimbursement of expenses shall be paid out of the Municipal Pensions Security Fund.

(f) The board may contract with other state boards or state agencies to share offices, personnel and other administrative functions as authorized under this article: Provided, That no provision of this subsection may be construed to authorize the board to contract with other state boards or state agencies to otherwise perform the duties or exercise the responsibilities imposed on the board by this code.

(g) The board shall propose rules for legislative approval in accordance with the provisions of article three, chapter twenty-nine-a of this code as necessary to implement the provisions of this article, and may initially promulgate emergency rules pursuant to the provisions of section fifteen, article three, chapter twenty-nine-a of this code.

(h) The oversight board shall report annually to the Legislature's Joint Committee on Government and Finance and the Joint Committee on Pensions and Retirement concerning the status of municipal policemen's and firemen's pension and relief funds and shall present recommendations for strengthening and protecting the funds and the benefit interests of the funds' members.

(i) The oversight board shall cooperate with the West Virginia Investment Management Board and the Board of Treasury Investments to educate members of the local pension boards of trustees on the services offered by the two state investment boards. No later than October 31, 2013, the board shall report to the Joint Committee on Government and Finance and the Joint Committee on Pensions and Retirement a detailed comparison of returns on long-term investments of moneys held by or allocated to municipal pension and relief funds managed by the West Virginia Investment Management Board and those managed by others than the Investment Management Board. The oversight board shall also report at that time on short-term investment returns by local pension boards using the West Virginia

Board of Treasury Investments compared to short-term investment returns by those local boards of trustees not using the Board of Treasury Investments.

(j) The oversight board shall establish minimum requirements for training to be completed by each member of the board of trustees of a municipal policemen's or firemen's pension and relief fund. The requirements should include, but not be limited to, training in ethics, fiduciary duty and investment responsibilities.

§8-22-18b. Creation of Municipal Pensions Security Fund; transfer of certain powers, duties and functions of Treasurer's office to Municipal Pensions Oversight Board.

(a) The Legislature finds that an important part of oversight of municipal policemen's and firemen's pension and relief funds is monitoring the performance required of the various funds to qualify to receive distribution of insurance premium tax revenues provided by section fourteen-d, article three, chapter thirty-three of this code. The duties and functions of the State Treasurer's office with respect to monitoring and distribution are transferred from the State Treasurer's office to the West Virginia Municipal Pensions Oversight Board effective January 1, 2010: Provided, That until the oversight board is fully organized and operating, some duties and functions being performed by the State Treasurer's office prior to January 1, 2010, may be continued by that office temporarily as necessary to effect an orderly transition of responsibilities and provide for prompt distribution of the insurance premium tax proceeds for expenses of the oversight board and to the municipal policemen's and firemen's pension and relief funds.

(b) There is hereby created in the State Treasury a nonexpiring special revenue fund designated the West Virginia Municipal Pensions Security Fund which shall be administered by the West Virginia Municipal Pensions Oversight Board solely for the purposes as provided in this article and article three, chapter thirty-three of this code. All earnings shall accrue to and be retained by the fund unless otherwise provided in this article.

(c) Until the oversight board advises the Insurance Commissioner and the State Treasurer in writing that the oversight board is prepared to receive into and distribute from the West Virginia Municipal Pensions Security Fund premium tax revenues as provided in section fourteen-d, article three, chapter thirty-three of this code and section seven, article twelve-c of said chapter, the commissioner shall continue to transfer the funds into the Municipal Pensions and Protection Fund and the State Treasurer shall continue to disburse funds to the qualifying municipal pension and relief funds, and shall disburse funds as necessary for the establishment and early operation of the oversight board. The Insurance Commissioner, the State Treasurer and oversight board shall share information freely as required for efficient transfer of powers and duties related to the premium tax revenues generated pursuant to chapter thirty-three of this code to be allocated to the municipal policemen's and firemen's pension and relief funds. When the oversight board assumes full responsibility to receive funds into and disburse funds from the Municipal Pensions Security Fund, the State Treasurer shall transfer to it all funds remaining in the Municipal Pensions and Protection Fund and close the Municipal Pensions and Protection Fund.

§8-22-19. Levy to maintain fund.

(a)(1) In order for a municipal policemen's or firemen's pension and relief fund to receive the allocable portion of moneys from the Municipal Pensions and Protection Fund established in section fourteen-d, article three, chapter thirty-three of this code and funds from the Municipal Pensions Security Fund created in section eighteen-b of this article, the governing body of the municipality shall levy annually and in the manner provided by law for other municipal levies and include within the maximum levy or levies permitted by law and, if necessary, in excess of any charter provision, a tax at such rate as will, after crediting: (A) The amount of the contributions received during the year from the members of the respective paid police department or paid fire department; and (B) the allocable portion of the Municipal Pensions and Protection Fund established in section fourteen-d, article three, chapter thirty-three of this code and funds from the Municipal Pensions Security Fund created in section eighteen-b of this article, provide funds equal to the amount necessary to meet the minimum standards for actuarial soundness as provided in section twenty of this article. The amount shall be irrevocably contributed, accumulated and invested as fund assets as described in sections twenty-one and twenty-two of this article. One twelfth of each municipality's annual contributions shall be deposited with the municipality's pension trust funds as fund assets on at least a monthly basis and any revenues received from any source by a municipality which are specifically collected for the purpose of allocation for deposit into the policemen's pension and relief fund or firemen's pension and relief fund shall be so deposited within five days of receipt by the municipality. Heretofore surplus reserves accumulated before the effective date of this section shall be irrevocably contributed, aggregated and invested as fund assets described in sections twenty-one and twenty-two of this article. Any actuarial deficiency arising under this section and section twenty of this article shall not be the obligation of the State of West Virginia.

(2) The levies authorized under the provisions of this section, or any part of them, may by the governing body be laid in addition to all other municipal levies and, to that extent, beyond the limit of levy imposed by the charter of the municipality; and the levies shall supersede and if necessary exclude levies for other purposes, where other purposes have not already attained priority, and within the limitations on taxes or tax levies imposed by the constitution and laws.

(b) The public corporations are authorized to take by gift, grant, devise or bequest any money or real or personal property on such terms as to the investment and expenditures thereof as may be fixed by the grantor or determined by the trustees.

(c) Notwithstanding provisions in section six of this article, in addition to all other sums provided for pensions in this section, it is the duty of every municipality in which any fund or funds have been or shall be established to assess and collect from each member of the paid police department or paid fire department or both each month, the sum of seven percent of the actual salary or compensation of such member; and the amount so collected shall become a regular part of the policemen's pension and relief fund, if collected from a policeman, and of the firemen's pension and relief fund, if collected from a fireman: Provided, That for members of the funds who are police officers or firefighters newly hired on or after January 1, 2010, the municipality shall assess and collect nine and one-half percent of the actual salary or compensation. Only those funds for which the board of trustees has collected and paid the contributions as herein provided and meeting minimum standards for actuarial soundness

shall be eligible to receive moneys from the additional fire and casualty insurance premium tax as provided in section fourteen-d, article three, chapter thirty-three of this code: Provided, however, That the board of trustees for each pension and relief fund may assess and collect from each member of the paid police department or paid fire department or both each month not more than an additional two and one-half percent of the actual salary or compensation of each member, but not to exceed nine and one-half percent total contribution: Provided further, That if any board of trustees decides to assess and collect any additional amount pursuant to this subdivision above the member contribution required by this section, then that board of trustees may not reduce the additional amount until the respective pension and relief fund no longer has any actuarial deficiency: And provided further, That if any board of trustees decides to assess and collect any additional amount, any board of trustees decision and any additional amount is not the liability of the State of West Virginia. Member contributions shall be deposited in the pension and relief fund within five days of being collected.

(d)(1) For the fiscal year beginning on July 1, 2010, and subject to provisions of subsection (c), section eighteen-b of this article and section fourteen-d, article three, chapter thirty-three of this code and for each fiscal year thereafter, the Municipal Pensions Oversight Board shall receive and retain the moneys allocated to the Municipal Pensions Security Fund until such time as the treasurer of the municipality applies for the allocable portion and certifies in writing to Municipal Pensions Oversight Board that:

(A) The municipality has irrevocably contributed the amount required under this section and section twenty of this article to the pension and relief fund for the required period; and

(B) The board of trustees of the pension and relief fund has made a report to the governing body of the municipality and to the oversight board on the condition of its fund with respect to the fiscal year.

(2) When the aforementioned application and certification are made, the allocable portion of moneys from the Municipal Pensions and Protection Fund, or the Municipal Pensions Security Fund, once established, shall be paid to the corresponding policemen's or firemen's pension and relief fund. Payment to a municipal pension and relief fund shall be made by electronic funds transfer.

(e) The State Auditor and the oversight board have the power, and the duty as each considers necessary, to perform or review audits on the pension and relief funds or to employ an independent consulting actuary or accountant to determine the compliance of the aforementioned certification with the requirements of this section and section twenty of this article. The expense of the audit or determination shall be paid from the portion of the Municipal Pensions and Protection Fund allocable to municipal policemen's and firemen's pension and relief funds or from the Municipal Pensions Security Fund pursuant to provisions of subsection (c), section eighteen-b of this article. If the allocable portion of the Municipal Pensions and Protection Fund or the Municipal Pensions Security Fund is not paid to the pension and relief fund within eighteen months, the portion is forfeited by the pension and relief fund and is allocable to other eligible municipal policemen's and firemen's pension and relief funds in accordance with section fourteen-d, article three, chapter thirty-three of this code.

8-22-19a. Refunds of member contributions.

After January 1, 2010, any member of a paid police department or fire department who is removed or discharged or who before retirement on any retirement pension or disability pension severs his or her connection with said department, whether or not consecutive, shall, upon request, be refunded all pension and relief fund deductions made from the member's salary or compensation, but without interest from the fund. The refund shall come from the accounts which originally received the member deductions. For municipalities using the conservation method of funding, the member contributions are to be refunded from both the Municipal Pension and Relief Fund and the city benefit account, in the exact percentages that were initially deposited to the respective accounts. Any member who receives a refund and subsequently wishes to reenter his or her department shall not be allowed to reenter the department unless the police officer or firefighter repays to the pension and relief fund all sums refunded to him or her in a lump sum at the date of reentry, or by monthly payroll deductions within thirty-six months from the date he or she reenters the department, with interest at the rate of eight percent per annum. In the event such refund is made prior to January 1, 1981, and such member subsequently reenters the department such police officer or firefighter shall be allowed membership in such pension and relief fund; however, no credit may be allowed such member for any former service, unless such member repays to the pension and relief fund all sums refunded to the member within one year from the date the member reenters the department with interest at the rate of eight percent per annum: Provided, That for such member who receives such refund prior to January 1, 1980, interest may not be charged for more than three years. Any probationary member of a paid police or fire department who is not given an absolute appointment at the end of the member's probationary period shall, upon request, be refunded all pension and relief fund deductions made from the member's salary or compensation, but without interest. Any member contribution made in fiscal years beginning on July 1, 1981, and thereafter by any members of such fund, which is in excess of the percentages, required in section nineteen of this article of such member's salary or compensation as defined in section sixteen of this article, shall be refunded with eight percent interest to such member upon completion of the calculation of the member's retirement benefit.

§8-22-20. Actuary; actuarial valuation report; minimum standards for annual municipality contributions to the fund; definitions; actuarial review and audit.

(a) The West Virginia Municipal Pensions Oversight Board shall contract with or employ a qualified actuary to annually prepare an actuarial valuation report on each pension and relief fund. The selection of contract vendors to provide actuarial services, including the reviewing actuary as provided in subsection (c) of this section, shall be by competitive bid process but is specifically exempt from purchasing provisions of article three, chapter five-a of this code. The expense of the actuarial report shall be paid from moneys in the Municipal Pensions Security Fund. Uses of the actuarial valuations from the qualified actuary shall include, but not be limited to, determining a municipal policemen's or firemen's pension and relief fund's eligibility to receive state money and to provide supplemental benefits.

(b) The actuarial valuation report provided pursuant to subsection (a) of this section shall consist of, but is not limited to, the following disclosures: (1) The financial objective of the fund and how the objective is to be attained; (2) the progress being made toward realization of the financial objective; (3) recent changes in the nature of the fund, benefits provided or actuarial assumptions or methods;

(4) the frequency of actuarial valuation reports and the date of the most recent actuarial valuation report; (5) the method used to value fund assets; (6) the extent to which the qualified actuary relies on the data provided and whether the data was certified by the funds Auditor or examined by the qualified actuary for reasonableness; (7) a description and explanation of the actuarial assumptions and methods; (8) an evaluation of each plan using the alternative funding method, to assess advantages of changing to other funding methods as provided in this article; and (9) any other information required in section twenty-a of this article or that the qualified actuary feels is necessary or would be useful in fully and fairly disclosing the actuarial condition of the fund.

(c)(1) Except as provided in subsections (e) and (f) of this section, beginning June 30, 1991, and thereafter, the financial objective of each municipality shall not be less than to contribute to the fund annually an amount which, together with the contributions from the members and the allocable portion of the Municipal Pensions and Protection Fund for municipal pension and relief funds established under section fourteen-d, article three, chapter thirty-three of this code or a municipality's allocation from the Municipal Pensions Security Fund created in section eighteen-b of this article and other income sources as authorized by law will be sufficient to meet the normal cost of the fund and amortize any actuarial deficiency over a period of not more than forty years beginning from July 1, 1991: Provided, That in the fiscal year ending June 30, 1991, the municipality may elect to make its annual contribution to the fund using an alternative contribution in an amount not less than: (i) One hundred seven percent of the amount contributed for the fiscal year ending June 30, 1990; or (ii) an amount equal to the average of the contribution payments made in the five highest fiscal years beginning with the fiscal year ending 1984, whichever is greater: Provided, however, That contribution payments in subsequent fiscal years under this alternative contribution method may not be less than one hundred seven percent of the amount contributed in the prior fiscal year: Provided further, That in order to avoid penalizing municipalities and to provide flexibility when making contributions, municipalities using the alternative contribution method may exclude a one-time additional contribution made in any one year in excess of the minimum required by this section: And provided further, That the governing body of any municipality may elect to provide an employer continuing contribution of one percent more than the municipality's required minimum under the alternative contribution plan authorized in this subsection: And provided further, That if any municipality decides to contribute an additional one percent, then that municipality may not reduce the additional contribution until the respective pension and relief fund no longer has any actuarial deficiency: And provided further, That any decision and any contribution payment by the municipality is not the liability of the State of West Virginia: And provided further, That if any municipality or any pension fund board of trustees makes a voluntary election and thereafter fails to contribute the voluntarily increase as provided in this section and in subsection (c), section nineteen of this article, then the board of trustees is not eligible to receive funds allocated under section fourteen-d, article three, chapter thirty-three of this code: And provided further, That prior to using this alternative contribution method the actuary of the fund shall certify in writing that the fund is projected to be solvent under the alternative contribution method for the next consecutive fifteen-year period. For purposes of determining this minimum financial objective: (i) The value of the fund's assets shall be determined on the basis of any reasonable actuarial method of valuation which takes into account fair market value; and (ii) all costs, deficiencies, rate of interest and other factors under the fund shall be determined on the basis of actuarial assumptions and methods which, in aggregate, are reasonable (taking into account the experience of the fund and reasonable expectations) and which, in combination, offer the qualified actuary's best estimate of anticipated experience under the

fund: And provided further, That any municipality which elected the alternative funding method under this section and which has an unfunded actuarial liability of not more than twenty-five percent of fund assets, may, beginning September 1, 2003, elect to revert to the standard funding method, which is to contribute to the fund annually an amount which is not less than an amount which, together with the contributions from the members and the allocable portion of the Municipal Pensions and Protection Fund for municipal pension and relief funds established under section fourteen-d, article three, chapter thirty-three of this code and other income sources as authorized by law, will be sufficient to meet the normal cost of the fund and amortize any actuarial deficiency over a period of not more than forty years, beginning from July 1, 1991.

(2) No municipality may anticipate or use in any manner any state funds accruing to the police or fireman's pension fund to offset the minimum required funding amount for any fiscal year.

(3) Notwithstanding any other provision of this section or article to the contrary, each municipality shall contribute annually to its policemen's pension and relief fund and its firemen's pension and relief fund an amount which may not be less than the normal cost, as determined by the annual actuarial valuation report required by this section: Provided, That in any fiscal year in which the actuarial valuation report determines that a municipality's policemen's pension and relief fund or firemen's pension and relief fund is funded at one hundred and twenty-five percent or higher and the Municipal Pensions Oversight Board's actuary provides an actuarial recommendation that the normal cost does not need to be paid by the employer for that fiscal year, that municipality may elect to make no contribution for that fiscal year. A municipality's election not to contribute the normal cost in any year does not affect the payments required by section nineteen of this article by members to a pension and relief fund and these payments are to continue as required by that section.

(4) The actuarial process, which includes the selection of methods and assumptions, shall be reviewed by the qualified actuary no less than once every five years. Furthermore, the qualified actuary shall provide a report to the oversight board with recommendations on any changes to the actuarial process.

(5) The oversight board shall hire an independent reviewing actuary to perform an actuarial audit of the work performed by the qualified actuary no less than once every seven years.

(d) For purposes of this section, the term "qualified actuary" means only an actuary who is a member of the Society of Actuaries or the American Academy of Actuaries. The qualified actuary shall be designated a fiduciary and shall discharge his or her duties with respect to a fund solely in the interest of the members and members' beneficiaries of that fund. In order for the standards of this section to be met, the qualified actuary shall certify that the actuarial valuation report is complete and accurate and that in his or her opinion the technique and assumptions used are reasonable and meet the requirements of this section.

(e)(1) Beginning January 1, 2010, municipalities may choose the optional method of financing municipal policemen's or firemen's pension and relief funds as outlined in this subsection in lieu of the standard or alternative methods as provided in subdivision (1), subsection (c) of this section.

(2) For those municipalities choosing the optional method of finance, the minimum standard for annual municipality contributions to each policemen's or firemen's pension and relief fund shall be an amount which, together with the contributions from the members and allocable portion of the Municipal Pensions and Protection Fund or Municipal Pensions Security Fund created in section eighteen-b of this article, and other income sources as authorized by law, will be sufficient to meet the normal cost of the fund and amortize any actuarial deficiency over a period of not more than forty years beginning January 1, 2010: Provided, That those municipalities using the standard method of financing in 2009 shall continue to amortize their actuarial deficiencies over a period of not more than forty years beginning July 1, 1991. The required contribution shall be determined each plan year as described above by the actuary retained by the oversight board, based on an actuarial valuation reflecting actual demographic and investment experience and consistent with the Actuarial Standards of Practice published by the Actuarial Standards Board.

(3) A municipality choosing the optional method of financing a policemen's or firemen's pension and relief fund as provided in this subsection shall close the fund to police officers or fire fighters newly hired on or after January 1, 2010, and provide for those employees to be members of the Municipal Police Officers and Firefighters Retirement System as established in article twenty-two-a of this chapter.

(f)(1) Beginning April 1, 2011, any municipality using the alternative method of financing may choose a conservation method of financing its municipal policemen's and firemen's pension and relief funds as outlined in this subsection, in lieu of the alternative method as provided in subdivision (1), subsection (c), or the optional method as provided in subsection (e) of this section.

(2) For those municipalities choosing the conservation method of finance, until a plan is funded at one hundred percent, a part of each plan member's employee contribution to the fund equal to one and one-half percent of the employee's compensation, shall be deposited into and remain in the trust and accumulate investment return. In addition, until a plan is funded at one hundred percent, an actuarially determined portion of the premium tax allocation to each fund provided in accordance with section fourteen-d, article three, and section seven, article twelve-c of chapter thirty-three of this code shall also be deposited into and remain in the trust and accumulate investment return. This variable percentage of premium tax allocation to be retained in each fund shall be determined annually by the qualified actuary provided pursuant to subsection (a) of this section to be an amount required, along with other assets of the fund as necessary to reach a funded level of one hundred percent in thirty-five years from the time of adoption of the conservation financing method. The variable percentage shall be calculated using a prospective four-year rolling average.

(3) Upon adoption of the conservation method of finance, the municipality shall close its pension and relief funds to new members and shall place police officers and firefighters newly hired after adoption of the conservation method into the Municipal Police Officers and Firefighters Retirement System created in article twenty-two-a of this chapter.

(4) Upon adoption of the conservation method of financing, the minimum standard for annual municipality contributions to each policemen's or firemen's pension and relief fund shall be an amount which, together with member contributions and premium tax proceeds not required to be retained in the trust pursuant to this subsection, and other income sources as authorized by law, is

sufficient to meet the annual benefit and administrative expense payments from the funds on a pay-as-you-go basis: Provided, That at the time the actuarial report required by this section indicates no actuarial deficiency in the municipal policemen's or firemen's pension and relief fund, the minimum annual required contribution of the municipality may not be less than an amount which together with all member contributions and other income authorized by law, is sufficient to pay normal cost.

§33-3-14d. Additional fire and casualty insurance premium tax; allocation of proceeds; effective date.

(a) (1) For the purpose of providing additional revenue for municipal policemen's and firemen's pension and relief funds and the Teachers Retirement System Reserve Fund and for volunteer and part-volunteer fire companies and departments, there is hereby levied and imposed an additional premium tax equal to one percent of taxable premiums for fire insurance and casualty insurance policies. For purposes of this section, casualty insurance does not include insurance on the life of a debtor pursuant to or in connection with a specific loan or other credit transaction or insurance on a debtor to provide indemnity for payments becoming due on a specific loan or other credit transaction while the debtor is disabled as defined in the policy.

(2) All moneys collected from this additional tax shall be received by the commissioner and paid by him or her into a special account in the State Treasury, designated the Municipal Pensions and Protection Fund: Provided, That on or after January 1, 2010, the commissioner shall pay ten percent of the amount collected to the Teachers Retirement System Reserve Fund created in section eighteen, article seven-a, chapter eighteen of this code, twenty-five percent of the amount collected to the Fire Protection Fund created in section thirty-three of this article for allocation by the Treasurer to volunteer and part-volunteer fire companies and departments and sixty-five percent of the amount collected to the Municipal Pensions and Protection Fund: Provided, however, That upon notification by the Municipal Pensions Oversight Board pursuant to the provisions of section eighteen-b, article twenty-two, chapter eight of this code, on or after January 1, 2010, or as soon thereafter as the Municipal Pensions Oversight Board is prepared to receive the funds, sixty-five percent of the amount collected by the commissioner shall be deposited in the Municipal Pensions Security Fund created in section eighteen-b, article twenty-two, chapter eight of this code. The net proceeds of this tax after appropriation thereof by the Legislature is distributed in accordance with the provisions of this section, except for distribution from proceeds pursuant to subsection (d), section eighteen-a, article twenty-two, chapter eight of this code.

(b) (1) Before August 1 of each year, the treasurer of each municipality in which a municipal policemen's or firemen's pension and relief fund is established shall report to the State Treasurer the average monthly number of members who worked at least one hundred hours per month and the average monthly number of retired members of municipal policemen's or firemen's pension and relief fund or the Municipal Police Officers and Firefighters Retirement System during the preceding fiscal year: Provided, That beginning in the year 2010 and continuing thereafter, the report shall be made to the oversight board created in section eighteen-a, article twenty-two, chapter eight of this code. These reports received by the oversight board shall be provided annually to the State Treasurer by September 1.

(2) Before September 1 of each calendar year, the State Treasurer, or the Municipal Pensions Oversight Board, once in operation, shall allocate and authorize for distribution the revenues in the Municipal Pensions and Protection Fund which were collected during the preceding calendar year for the purposes set forth in this section. Before September 1 of each calendar year and after the Municipal Pensions Oversight Board has notified the Treasurer and commissioner pursuant to section eighteen-b, article twenty-two, chapter eight of this code, the Municipal Pensions Oversight Board shall allocate and authorize for distribution the revenues in the Municipal Pensions Security Fund which were collected during the preceding calendar year for the purposes set forth in this section. In any year the actuarial report required by section twenty, article twenty-two, chapter eight of this code indicates no actuarial deficiency in the municipal policemen's or firemen's pension and relief fund, no revenues may be allocated from the Municipal Pensions and Protection Fund or the Municipal Pensions Security Fund to that fund. The revenues from the Municipal Pensions and Protection Fund shall then be allocated to all other pension and relief funds which have an actuarial deficiency.

(3) The Municipal Pensions Oversight Board shall annually review the investment performance of each municipal policemen's or firemen's pension and relief fund. If the municipal pension and relief fund's board fails for three consecutive years to comply with the investment provisions established by section twenty-two-a, article twenty-two, chapter eight of this code, the oversight board may require the municipal policemen's or firemen's pension and relief fund to invest with the Investment Management Board to continue to receive its allocation of funds from the premium tax. If the municipal pension and relief fund fails to move its investments to the Investment Management Fund within the eighteen-month drawdown period, provided in subsection (e), section nineteen, article twenty-two, chapter eight of this code, the revenues shall be reallocated to all other municipal policemen's or firemen's pension and relief funds that have drawn down one hundred percent of their allocations.

(4) The moneys, and the interest earned thereon, in the Municipal Pensions and Protection Fund allocated to volunteer and part-volunteer fire companies and departments shall be allocated and distributed quarterly to the volunteer fire companies and departments. Before each distribution date, the State Fire Marshal shall report to the State Treasurer the names and addresses of all volunteer and part-volunteer fire companies and departments within the state which meet the eligibility requirements established in section eight-a, article fifteen, chapter eight of this code.

(c) (1) Each municipal pension and relief fund shall have allocated and authorized for distribution a pro rata share of the revenues allocated to municipal policemen's and firemen's pension and relief funds based on the corresponding municipality's average monthly number of police officers and firefighters who worked at least one hundred hours per month during the preceding fiscal year. On and after July 1, 1997, from the growth in any moneys collected pursuant to the tax imposed by this section and interest thereon there shall be allocated and authorized for distribution to each municipal pension and relief fund, a pro rata share of the revenues allocated to municipal policemen's and firemen's pension and relief funds based on the corresponding municipality's average number of police officers and firefighters who worked at least one hundred hours per month and average monthly number of retired police officers and firefighters. For the purposes of this subsection, the growth in moneys collected from the tax collected pursuant to this section is determined by subtracting the amount of the tax collected during the fiscal year ending June 30, 1996, from the tax collected during the fiscal year for which the allocation is being made and interest thereon. All

moneys received by municipal pension and relief funds under this section may be expended only for those purposes described in sections sixteen through twenty-eight, inclusive, article twenty-two, chapter eight of this code.

(2) Each volunteer fire company or department shall receive an equal share of the revenues allocated for volunteer and part-volunteer fire companies and departments.

(3) In addition to the share allocated and distributed in accordance with subdivision (1) of this subsection, each municipal fire department composed of full-time paid members and volunteers and part-volunteer fire companies and departments shall receive a share equal to the share distributed to volunteer fire companies under subdivision (2) of this subsection reduced by an amount equal to the share multiplied by the ratio of the number of full-time paid fire department members who are also members of a municipal firemen's pension and relief fund or the Municipal Police Officers and Firefighters Retirement System to the total number of members of the fire department.

(d) The allocation and distribution of revenues provided in this section are subject to the provisions of section twenty, article twenty-two, chapter eight of this code and sections eight-a and eight-b, article fifteen of said chapter.

(e) Based upon the findings of an audit by the Treasurer, the Legislature hereby finds and declares that during the period of 1982 through April 27, 2012, allocations from the Municipal Pensions and Protection Fund were miscalculated and errors were made in amounts transferred, resulting in overpayments and underpayments to the relief and pension funds and to the Teachers Retirement System, and that the relief and pension funds and the Teachers Retirement System were not at fault for any of the overpayments and underpayments. The Legislature hereby further finds and declares that any attempt by the Municipal Pension Oversight Board or other entity to recover any of the overpayments would be unjust and create economic hardship for the entities that received overpayments. No entity, including, without limitation, the Municipal Pension Oversight Board, may seek to recover from a relief or pension fund, the Teachers Retirement System or the state any overpayments received from the Municipal Pensions and Protection Fund and the overpayments are not subject to recovery, offset or litigation. Pursuant to the audit by the Treasurer, the amount of \$3,631,846.55 is determined owed to specific relief and pension funds through the period of April 27, 2012. The Treasurer is hereby authorized to transfer the amount of \$3,631,846.55 from the Unclaimed Property Trust Fund to the Municipal Pensions and Protection Fund, which is hereby reopened for the sole purpose of the transfer and remittances pursuant to this subsection, and to use the amount transferred to remit the amounts due to the pension and relief funds. The payment of \$3,631,846.55 to the pension and relief funds is complete satisfaction of any amounts due and no entity, including, without limitation, the Municipal Pension Oversight Board and any pension or relief fund, may seek to recover any further amounts.

OTHER RELEVANT WEST VIRGINIA CODE

§25-7-5. Purchase of inmate-made goods by state agencies.

(a) On and after the effective date of this article, all offices, departments, institutions and agencies of this state supported, in whole or in part, by state funds shall purchase all articles or products which they require from the commissioner, if those articles or products are produced or manufactured by correctional industries, as provided by this article. No state office, department, institution or agency may purchase an article or product which correctional industries produces from any other source, unless specifically excepted from the provisions of this section pursuant to section six of this article.

(b) Purchases of correctional industries articles or products by state offices, departments, institutions and agencies shall be made on requisition by the office, department, institution or agency requiring the articles or products.

(c) Political subdivisions, not-for-profit corporations and charitable agencies chartered in West Virginia, units of the federal government and units of government of other states may purchase articles and products produced by correctional industries. Entities which contract with the state, its political subdivisions, its agencies or its public institutions may purchase from correctional industries articles and products used in the performance of their contracts.

§5A-3-10. Competitive bids; publication of solicitations for sealed bids; purchase of products of nonprofit workshops; employee to assist in dealings with nonprofit workshops.

(a) A purchase of and contract for commodities, printing and services shall be based, whenever possible, on competitive bids.

(b) The director shall solicit sealed bids for the purchase of commodities and printing which is estimated to exceed \$25,000. No spending unit shall issue a series of requisitions or divide or plan procurements to circumvent this \$25,000 threshold or otherwise avoid the use of sealed bids. Any spending unit which awards multiple contracts for the same or similar commodity or service to an individual vendor over any twelve-month period, the total value of which exceeds \$25,000, shall file copies of all contracts awarded to the vendor within the twelve preceding months with the director immediately upon exceeding the \$25,000 limit, along with a statement explaining how the multiple contract awards do not circumvent the \$25,000 threshold. If the spending unit does not immediately report to the director, the director may suspend the purchasing authority of the spending unit until the spending unit complies with the reporting requirement of this subsection. The director may conduct a review of any spending unit to ensure compliance with this subsection. Following a review, the director shall complete a report summarizing his or her findings and forward the report to the spending unit. In addition, the director shall report to the Joint Committee on Government and Finance on January 1, and July of each year the spending units which have reported under this subsection and the findings of the director.

(c) The director may permit bids by electronic transmission to be accepted in lieu of sealed bids.

(d) Bids shall be solicited by public notice. The notice may be published by any advertising medium the director deems advisable. The director may also solicit sealed bids by sending requests by mail or electronic transmission to prospective vendors.

(e) The director shall, without competitive bidding, purchase commodities and services produced and offered for sale by nonprofit workshops, as defined in section one, article one of this chapter, which are located in this state: Provided, That such commodities and services shall be of a fair market price and of like quality comparable to other commodities and services otherwise available as determined by the director with the advice of the committee on the purchase of commodities and services from the handicapped.

To encourage contracts for commodities and services with nonprofit workshops, the director shall employ a person whose responsibilities in addition to other duties shall be to identify all commodities and services available for purchase from nonprofit workshops, to evaluate the need of the state for commodities and services to coordinate the various nonprofit workshops in their production efforts and to make available to such workshops information about available opportunities within state government for purchase of commodities or services which might be produced and sold by such workshops. Funds to employ such a person shall be included annually in the budget.

§5A-8-9. Duties of agency heads.

The head of each agency shall:

(a) Establish and maintain an active, continuing program for the economical and efficient management of the records of the agency.

(b) Make and maintain records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the state and of persons directly affected by the agency's activities.

(c) Submit to the administrator, in accordance with the standards established by him, schedules proposing the length of time each state record series warrants retention for administrative, legal or fiscal purposes after it has been received by the agency. The head of each agency also shall submit lists of state records in custody that are not needed in the transaction of current business and that do not have sufficient administrative, legal or fiscal value to warrant their further keeping for disposal in conformity with the requirements of section ten of this article.

(d) Cooperate with the administrator in the conduct of surveys made pursuant to the provisions of this article.

(e) Comply with the rules, regulations, standards and procedures issued by the administrator.

(f) First obtain the administrator's written approval before purchasing or acquiring any equipment or supplies used or to be used to store or preserve records of the agency. If such approval is obtained the agency will submit a requisition to the Finance Division together with a copy of the administrator's said approval.

§12-3-9. Certificate with requisition as to need of money for present use.

Every board or officer authorized by law to issue requisitions upon the Auditor for payment of money out of the State Treasury, shall, before any such money is paid out of the State Treasury, certify to the Auditor that the money for which such requisition is made is needed for present use for the purposes for which it was appropriated; and the Auditor shall not issue his warrant to pay any money out of the State Treasury unless he is satisfied that the same is needed for present use for such purposes.

§12-3-10f. Receiving report required for commodities received.

A receiving report shall be submitted to the State Auditor verifying the receipt of commodities by a state spending unit. The receiving report shall be an internally-generated document, either written or prepared using electronic media, that identifies commodities received. Commodities as defined in this section include, but are not limited to, the following: Materials, equipment, supplies, printing and automated data processing hardware and software.

The state officer or employee acting as head of each spending unit is responsible for the completion and timely submission of the receiving reports, which shall be prepared at the original point of receipt of the commodities at the spending unit by employees designated by the head of the spending unit to receive the commodities and prepare the receiving reports. The receiving reports shall include, but not be limited to, the following information: Vendor name, description and quantity of commodities received, date commodities are received, whether commodities are acceptable for payment, and a signed acknowledgment of receipt by the employees receiving the commodities. The receiving reports required by this section shall be prepared within twenty-four hours of the receipt of the commodities.

The head of a spending unit may not issue a requisition on the State Auditor in payment of a claim for commodities received by the spending unit unless the receiving report required by this section accompanies the claim for payment. The spending unit is liable for a debt improperly incurred or for a payment improperly made if the receiving report was not filed with the State Auditor as set forth in this section.

The State Auditor shall propose rules for legislative approval in accordance with provisions of article three, chapter twenty-nine-a of this code, to implement the provisions of this section.

No provision of this section shall apply to the West Virginia Legislature.

WEST VIRGINIA STATE AUDITOR'S OFFICE PURCHASING CARD

POLICIES & PROCEDURES

(Revised August 2015)

Section 1.0: Introduction

The P-Card is the preferred method of payment providing an efficient and effective process for the payment of State expenditures. The P-Card effectively decreases accounts payable expenses, cuts administrative program costs and offers increased control and monitoring of payments.

1.1 Statutory Authority

The State of West Virginia P-Card Program was created and implemented in 1996 by West Virginia Code, §12-3-10a, and is governed by Legislative Rule, 155 CSR 7. The State Auditor's Office, P-Card Division serves as the Program Administrator for the P-Card Program.

1.2 Scope

This manual contains the policies and procedures applicable to the State of West Virginia Purchasing Card (P-Card) Program for all State Agencies and Institutions of Higher Education (hereafter referred to as "Spending Unit").

1.3 Policy

The P-Card Policies and Procedures Manual establishes minimum standards for the use of the State of West Virginia P-Card. Individual transaction limits and credit limits shall be determined by each Spending Unit P-Card coordinator upon approval by the State Auditor's Office P-Card Division.

It is the Spending Unit's coordinators and cardholders responsibility to be knowledgeable of and to follow all P-Card policies and procedures, as well as all applicable purchasing laws and guidelines. Other members of agency staff with reviewing and approving responsibilities (agency heads, chief financial officers, department heads, directors, managers, supervisors, etc.) should also be knowledgeable of the aforementioned directives.

The P-Card is a method of payment and should not be considered a substitute for proper procurement procedures. Accordingly, each Spending Unit is required to develop and document appropriate internal control procedures to ensure proper program oversight, compliance with P-Card Policies and Procedures and that P-Card usage is consistent with this manual. In those cases where it is determined that agency controls are not adequate, the State Auditor's Office, P-Card Division has the authority to request procedural improvements and/or place card restrictions on the Spending Unit until such controls are established, documented, and implemented.

Participation in the P-Card program may be revoke.

Spending Unit P-Card Coordinator Duties & Responsibilities

2.1 Executive Responsibilities

The agency head shall serve as, or designate an individual to serve as, the Chief Financial Officer who shall be responsible for establishing internal controls over the Spending Unit's financial operations, including business related travel; and be accountable for executive oversight and maintenance of appropriate accounting and internal control procedures for the agency's P-Card program.

2.2 Chief Financial Officer Responsibilities

Each Spending Unit's chief financial officer is responsible for the administration and oversight of the P-Card program within their Spending Unit.

The chief financial officer's responsibilities include, but are not limited to the following:

- monitoring and overseeing a Spending Unit's P-Card program to ensure that controls are in place to prevent misuse;
- reviewing, on at least a quarterly basis, the compliance of their P-Card program with the Spending Unit's own internal control and accounting procedures and the requirements set forth herein. This review is to be documented (including date performed).
- requiring any member of a Spending Unit's staff finding an instance of unlawful use, possible fraud, misappropriation, or mismanagement with the P-Card to report such discovery to the Chief Financial Officer immediately. The Chief Financial Officer shall report all aforementioned instances to the Deputy State Auditor/Executive Director of the State Auditor's Office P-Card Division within 24 hours of his or her discovery. Internal P-Card investigations do not supersede this requirement and are only to be conducted upon approval by the Deputy State Auditor/Executive Director of the State Auditor's Office P-Card Division.

2.3 Designation of Spending Unit Coordinator

Each Spending Unit's chief financial officer or designee shall serve as the head Spending Unit P-Card coordinator. The Chief Financial Officer or designee is charged with appointing P-Card coordinators in a sufficient number to allow thorough and timely performance of their responsibilities. P-Card coordinators are appointed based upon the reporting hierarchy assigned to them within their Spending Unit. A Spending Unit may have multiple coordinators at each reporting hierarchy, who may be delegated some or all of the Spending Unit coordinator's responsibilities. Additionally the Chief Financial Officer must designate a financial P-Card Coordinator to act as a backup coordinator to approve payments in the event the primary coordinator is unavailable for that function. In the event the Spending Unit's staffing is not sufficient to designate a backup financial coordinator, the Spending Unit Chief Financial Officer will be required to execute an agreement for default payment with the State Auditor's Office P-Card Division. Each P-Card coordinator shall hold a position of knowledge and experience of the responsibility(ies) delegated to them by the Chief Financial Officer or designee of the respective Spending Unit. Any change in the head Spending Unit coordinator position or of any subordinate coordinators that require user changes in the wvOASIS p-card module or bank reporting tools, must be initiated by the submission of the request through the PRCUHI or HIERLVL tables within wvOASIS and approved by the State Auditor's Office P-Card Division.

No cardholder shall be their own coordinator unless the Spending Unit receives a written waiver from the State Auditor's Office P-Card Division.

Upon designation by the Spending Unit's chief financial officer, a Spending Unit coordinator at any reporting hierarchy must receive training, education, and certification designed and approved by the State Auditor's Office P-Card Division within 30 days of assuming the duties of the position.

2.4 Coordinator Responsibilities

The coordinator is required to complete training/education annually and to obtain certification confirming that training. Training shall include P-Card policies, ethics training, and/or emergency P-Card or travel training as appropriate. Spending Unit P-Card coordinators must successfully complete all applicable designated training to receive Spending Unit P-Card coordinator certification.

Spending Unit coordinator responsibilities include, but are not limited to the following:

- ensuring wvOASIS P-Card users within their Spending Unit are properly designated and assigned the applicable hierarchy(ies) on the PRCUHI table;
- ensuring wvOASIS P-Card users within their Spending Unit are assigned the proper system security roles in accordance with their P-Card responsibilities;
- verifying potential cardholders eligibility to obtain a P-Card;
- ensuring proper completion and submission of a PCC document within wvOASIS for all new cardholder applications and/or maintenance requests.
- ensuring successful completion of initial training requirements including the cardholder agreement form before submitting requests for new cardholders and monitoring completion of on-going training requirements;
- determining or verifying the following: credit limit, single transaction limit, number of daily transactions, and number of monthly transactions;
- reconciling master statement(s) electronic payment files including transaction review and approval for payment within wvOASIS;
- ensuring the prompt payment of the Spending Unit's master statement/account(s);
- ensuring that Spending Unit cardholders follow all P-Card policies and procedures;
- ensuring that Spending Unit cardholders follow all applicable purchasing policies and procedures;
- disseminating updated P-Card information to Spending Unit cardholders;
- ensuring that P-Cards are cancelled and destroyed upon termination or separation from employment;
- providing updated contact information to the State Auditor's Office P-Card Division;
- performing biennial reviews of P-Card utilization levels within his or her Spending Unit and providing reports to the State Auditor's Office P-Card Division of the results of such reviews;
- identifying possible ethics law violations related to inappropriate activity by cardholders and vendors including the possession of gifts, bribes, etc.;
- conducting periodic reviews of transactions to ensure they are appropriate for the Spending Unit and that budgetary permission and/or supervisory authorization are part of the approval process;
- ensuring that all Spending Unit personnel assigned to monitor P-Card transactions have access within wvOASIS to the transactions made by any cardholder under their purview;
- addressing and establishing additional controls/policies, in a timely manner, as recommended by external or internal audits and reviews;
- ensuring that all supporting documentation is attached to the applicable transaction within wvOASIS. This includes documentation concerning the resolution of each disputed transaction.

2.5 Internal Controls, Fraud Prevention and Detection

Internal controls are functions, processes and procedures utilized by a Spending Unit to ensure compliance, proper accounting, and safeguarding of State funds, property and equipment. Sufficient internal controls must be in place at each Spending Unit to ensure compliance with applicable laws, rules and regulations, P-Card Policies and Procedures, and other (internal and external) governing instruments.

Internal controls play an important role in the prevention and detection of fraud. Controls relating to fraud prevention are designed to minimize opportunities. Controls designed to detect potentially fraudulent activity identify issues, patterns and problems. Each Spending Unit should periodically assess its internal controls to determine their effectiveness. The basic principles for a properly designed system of internal controls would include: (1) segregation of duties; (2)

adequate oversight and supervision; (3) safeguarding of assets; (4) proper authorization; (5) proper documentation; and (6) independent validations.

Each Spending Unit is required to develop and document internal control and accounting procedures that ensure P-Card usage is consistent with this manual and to develop guidelines for distribution to cardholders and other members of staff with reviewing and approving responsibilities. These procedures must be submitted in writing to the State Auditor's Office P-Card Division. In those cases where it is determined that internal controls are not adequate, the State Auditor's Office P-Card Division has the authority to request improvements and/or place P-Card restrictions on the Spending Unit until such controls are established, documented and implemented.

2.5.1 Segregation of Duties

Segregation of duties is the concept of having more than one person required to complete a task. Segregation of duties is generally associated with the procurement/ payment cycle or the revenue cycle. In segregating duties of the procurement/ payment cycle no one individual should be able to purchase (approve), receive, and pay for goods and services. The Spending Unit P-Card coordinator(s) should not handle all aspects of the P-Card process. The purchasing (approving), receiving and review and reconciliation processes should be performed by different individuals whenever possible.

Unless authorized by the State Auditor's Office P-Card Division, no cardholder shall be his or her own coordinator. Sufficient internal controls must be established and implemented to ensure that when a P-Card coordinator is also a cardholder, some other knowledgeable individual (who has received/attended Coordinator training) such as a direct supervisor or a different coordinator reviews and approves transactions appearing on the coordinator's P-Card. The reconciliation process must include a knowledgeable and independent review of supporting documentation for all transactions.

If the Spending Unit is a board, commission, authority, or council, a written report of P-Card transactions including the vendor, detailed description of good or service and total transaction amount must be provided to members of the governing body to be reviewed and approved or ratified at regularly scheduled meetings. A copy of the report, as well as the minutes of the meeting, must be available for review by the State Auditor's Office P-Card Division upon request.

2.5.2 Proper Oversight

The Spending Unit's chief financial officer must ensure proper oversight of P-Card use within his or her Spending Unit. This includes developing internal controls that ensure a thorough review of the Spending Unit's P-Card transactions and assurance that each transaction is for official state business.

2.5.3 Physical Controls

Physical controls should be present to ensure security of p-cards and records. Records must be stored in a secure location to which only authorized individuals have access.

2.6 Payment Process

It is the Head Spending Unit Coordinator's responsibility to ensure that the master billing account is paid in full every month.

The payment process begins at the transaction level. Every transaction must be fully reconciled, marked "Reviewed" and "Pay" prior to the monthly Scheduled Payment Date. A P-Card Chain Job gathers all the transactions marked with the "Pay" flag and creates a PRCC (Payment Request) document. The PRCC document is the Payment Request document that will be paid to the credit card bank, and is created for each transaction once it has gone through the proper approvals and the "pay" flag is checked. Simultaneously during the P-Card Chain Job, the transaction is marked for deletion from the PRCUU (Unprocessed Procurement Card Activity)

table and added to the PRCUT (Paid Procurement Card Transaction) table. The next time the P-Card Chain Job runs, it will delete the transaction from the PRCUU table, as long as it has been reconciled correctly, and finalizes the Payment Request (PRCC) document. It is important for the coordinator who has the security role to authorize the payment of a transaction to verify that the PRCC was created without any errors. This review should be done in advance of the Scheduled Payment Date on the PCNFG table to allow time for the correction of any errors that resulted in the PRCC being rejected. Any PRCC document in rejected status will not be submitted for payment; therefore, the master billing account would not be fully reconciled and paid.

Section 3.0: Training

The State Auditor's Office P-Card Division is required to provide training to all cardholders and coordinators. Training provided by the State Auditor's Office P-Card Division is mandatory for all new applicants. Training may be in person, or in a format approved by the State Auditor's Office P-Card Division. The training curriculum requirements may be different based on the intended card use. (Ex. One-card vs. Travel-only) Any additional P-Card training provided by a Spending Unit must be approved by the State Auditor's Office P-Card Division. The current web-based training is accessible under the myApps link at: <https://www.wvsao.gov>.

3.1 Coordinator Training

A Spending Unit coordinator at any reporting hierarchy must receive training, education, and certification designed and approved by the State Auditor's Office P-Card Division within thirty (30) days of assuming the duties of the position. Designated training/education will be required annually. Training shall include P-Card policies, purchasing policies as they relate to P-Card, ethics training, and/or emergency card or travel guidelines as appropriate. Spending Unit P-Card coordinators must successfully complete all applicable designated training to receive Spending Unit P-Card coordinator certification. Coordinator certification fulfills the required cardholder training for coordinators who are also cardholders.

3.2 Cardholder Training

Before a P-Card may be issued, the trainee must have successfully completed a training session specifically designed for new cardholders. All current cardholders shall complete three (3) hours of training biennially. One session of training every two (2) years shall relate to ethics. General training on specific purchasing policies can be obtained by contacting your Spending Units' purchasing department. Other training topics include travel and emergency P-Card guidelines.

Any cardholder who begins employment with a new Spending Unit within sixty (60) days of the expiration of their certification must complete and receive their refresher certification before they can receive a P-Card in their new Spending Unit.

3.3 Spending Unit Training

In-person training sessions may be conducted at the Spending Unit. This training may include on-site instruction to Spending Unit personnel, coordinators, new cardholders, as well as existing coordinators and cardholders that need updated on the latest policies and procedures, wvOASIS, and/or approved P-Card reconciliation software and reporting tools.

Section 4.0: P-Card Issuance

4.1 Application Eligibility

P-Cards are issued at the request of the Spending Unit P-Card coordinator. Except upon written waiver by the State Auditor's Office P-Card Division, a cardholder must be an employee of the State of West Virginia.

Before a P-Card may be issued, the applicant must have successfully completed a training session and passed the quiz specifically designed for new cardholders. All cardholders shall complete three (3) hours of training biennially. One (1) hour of training every two (2) years shall relate to ethics. All training must be approved by the State Auditor's Office P-Card Division.

4.2 Application Process

Coordinators who have the role within wvOASIS to add a cardholder to the system must use a PCC document ensuring that all required fields (i.e. applicable MCC groups, credit and transaction limits, daily and monthly transaction limits, etc.) are completed and submitted for approval to the State Auditor's Office P-Card Division.

4.3 Cardholder Agreement Forms

The Cardholder Agreement Form signifies that the applicant acknowledges that he or she has had adequate training, understands the P-Card Policies and Procedures, and accepts responsibility for compliance with the P-Card Policies and Procedures.

All new applicants are required to electronically sign a Cardholder Agreement Form via the P-Card training link located in myApps at <https://www.wvsao.gov> before P-Card applications will be processed. P-Cards will not be issued without a signed Cardholder Agreement Form. All electronically signed Cardholder Agreements will be maintained in the P-Card training system within myApps.

If the Cardholder Agreement is not signed electronically, the Spending Unit P-Card coordinator is required to maintain a copy of the Cardholder Agreement Form as long as the P-Card is active or pursuant to Section 7.4, whichever is longer. Forms may be retained in hard copy or electronically.

4.4 P-Card Delegation

P-Card delegation is prohibited. P-Card delegation is the practice of allowing an individual other than the cardholder whose name appears on the front of the P-Card to have access to the P-Card or P-Card number to initiate or complete a transaction. P-Card delegation increases the risk of fraud and cardholder liability.

P-Card delegation includes allowing an individual other than the cardholder to:

- have physical possession of the P-Card to make payments to point of sale vendors;
- have access to the P-Card number and expiration date to make payments via telephone, internet, or in person;
- have access to receipts or invoices that display the P-Card number and expiration date.

With the exception of ghost, fleet, or other card accounts as approved by the State Auditor's Office P-Card Division, P-Cards are issued in an individual's name. Only the individual named on the P-Card is authorized to use it.

4.5 P-Card Security – Purchasing and Travel Cards

The P-Card must be kept secure. The individual cardholder is accountable for every charge made by or authorized by the cardholder that appears on his or her P-Card.

P-Cards should only be used on secured internet sites. A secured site's URL or web address line begins with "https://" and generally has a closed "lock" icon on the screen.

All cardholders are required to sign the back of their P-Card upon receipt.

Section 5.0: P-Card Activation

P-Cards are mailed directly to the address associated with the Site ID assigned to the cardholder. Upon receipt, the cardholder should activate and establish the card's PIN by calling the number or visiting the website included on the activation sticker placed on the front of the card. The cardholder will be required to provide his/her verification identifier to activate their card and follow the prompts to set up a PIN for Chip and Pin use. If the activation sticker is not

present or the cardholder needs to change an existing PIN, the cardholder may call the number on the back of the card and follow the prompts to activate it or change the PIN. The cardholder should not share his/her verification identifier or PIN.

Section 6.0: Instructions for Use

6.1 General Instructions

The P-Card is a preferred method of payment for certain designated transactions or dollar amounts. All applicable laws, rules and regulations, P-Card Policies and Procedures, and other governing instruments must be followed, regardless of the method of payment.

State Agencies should refer to the State Purchasing Policies & Procedures Handbook at <http://www.state.wv.us/admin/purchase/default.html> where applicable; and the State Travel Policy at <http://www.state.wv.us/admin/purchase/travel/policy.html>, except where otherwise exempted by statute or rule. Higher Education institutions should refer to their purchasing policies & procedures and travel rules and policies. Any questions concerning purchasing or travel rules, policies, or procedures should be referred to the Spending Unit's Purchasing Department or Travel Coordinator. The P-Card may be used to make payments for goods, services, and travel that are not prohibited by P-Card Policies and Procedures. Personal charges are prohibited.

Any returned goods should be credited to the P-Card. Debit cards, gift cards or cash are not an acceptable method of receiving refunds for returned goods. Any deviation from this policy must be reported to the State Auditor's Office P-Card Division.

6.2 Transaction Limit

Individual transaction limits and credit limits are determined by each Spending Unit P-Card Coordinator upon approval by the State Auditor's Office P-Card Division. It is a violation of policy to manipulate the ordering, billing, or payment process in order to circumvent established cardholder limits.

6.3 Business - Related Travel

Except where otherwise exempted by statute or rule, Spending Units must use the P-Card for all authorized business related travel expenses whenever the card is accepted. The Spending Unit's internal controls and accounting procedures for travel should be documented. These controls will be configured in the *wvOASIS* Travel & Expense Management System, which is required for reconciliation of all business related travel expenses including those charged to an individually assigned P-Card.

If P-Cards are to be used solely for travel purposes, the appropriate "travel only" MCC group must be designated on the PCC document.

Purchasing card authorized travel expenses include, but are not limited to the following:

- registration fee payments
- airline ticket payments
- vehicle rental payments (commercial or state-owned)
- fuel for rental vehicles (commercial or state-owned)
- other transportation tickets
- hotel folio payments including business-related costs such as business phone charges and business internet access

Except for approved Athletic, Student and Academic team related expenses, p-card authorized travel expenses shall not include food expenses or any personal expenses on hotel folios such as room service or movie expenses. Proper documentation must be provided for any billing (i.e., hotel folios) relating to multiple travelers.

Approved Athletic, Student and Academic team-related expenses must adhere to all applicable laws, rules and regulations, P-Card policies and procedures, travel policies, and other governing instruments. Purchasing Card Policies and Procedures do not supersede applicable agency travel regulations. The Spending Unit's receipt requirements for those business-related travel expenses paid using the P-Card shall remain consistent with the Spending Unit's applicable travel policy. For those Spending Units that have current authorization to utilize the P-Card for travel purposes, and are not utilizing the wvOASIS Travel & Expense management system; copies of P-Card travel receipts should be attached to the travel settlement form and referenced as a direct-billed item.

6.4 Usage Restrictions

Except where otherwise exempted by statute, rule, or waiver from the State Auditor's Office P-Card Division, the P-Card may not be used to obtain cash, cash credits, or cash advances. The P-Card may be used for the purchase of gift cards, where authorized by applicable law, rules and regulations, or other governing instrument, only upon prior approval of the transaction by the State Auditor's Office P-Card Division. Gift card purchases are not to be made until after prior approval has been received. The name (and signature if possible) of the recipient is to be documented.

6.5 Tax Reportable Transactions

The majority of payments made with a credit card or payment card and certain other types of payment, including third party network transactions, must now be reported by the vendor's payment settlement entity and are not subject to reporting by the State. Please refer to Administrative Policy Statement Number 35 for a listing of transaction types that are exceptions and/or are otherwise prohibited from payment with the P-Card.

6.6 Ordering

Payments may be made with the P-Card by phone, fax, mail, secured internet site, or in person. Payments may be made through 3rd Party Payment Processors such as PayPal, Amazon Marketplace, etc. only upon prior approval by the State Auditor's Office P-Card Division. When paying by telephone, fax, mail, or internet, the vendor should be provided with a complete shipping address.

Shipping and handling charges must be included in the stated price and the total charge may not exceed the cardholder's assigned transaction limit.

When placing the order, the vendor should be instructed to provide an itemized invoice or receipt. The vendor may not charge the account until the merchandise has been shipped.

6.7 Tax Exempt Status

The State of West Virginia is tax exempt and should not pay tax to in-state vendors. Cardholders should remind vendors that the State of West Virginia is tax exempt before initiating a transaction. The words "Tax Exempt" and the Spending Unit's tax identification number are printed on the P-Card.

The cardholder is required to provide the vendor with a copy of the Spending Unit's tax-exempt certificate. Pursuant to our bank contract (*Appendix J Billing Disputes Guide*), we may not dispute sales tax or shipping and handling charges. It is the cardholder's responsibility to ensure charge accuracy. Sales tax or shipping charges should be addressed immediately with the vendor by the cardholder.

6.8 Hospitality

Hospitality expenses may be paid using the P-Card. Specific documentation requirements exist for hospitality expenditures and that documentation must remain consistent regardless of the method of payment. In addition to other documentation requirements, each hospitality event/function must be supported by an itemized receipt/invoice and a list (by first and last

name) of function attendees. Any hospitality documentation must be available to the State Auditor's Office P-Card Division for inspection.

6.9 Convenience Fees and Surcharges/Checkout Fees

Convenience fees and Surcharges or Checkout fees may be paid by the P-Card at the discretion of the Spending Unit. It is the responsibility of the cardholder and Spending Unit Coordinator to determine if these charges are acceptable to the Spending Unit and in compliance with the card brand's regulations. Any questions or suspected mis-application of these fees by a vendor should be reported to the State Auditor's Office P-Card Division for further investigation.

Convenience fees are charges levied for the privilege of paying for a product or service using an alternative payment channel, or a payment method that is not standard for the merchant. For example; a movie theater that sells tickets primarily face-to-face may charge a convenience fee for the online purchase of tickets with a credit card. The fee is assessed for the convenience of allowing the purchase of tickets online rather than face-to-face since the normal payment channel is a face-to-face card swipe transaction

According to Visa, In the U.S. Region, except as specified otherwise for Tax Payment Transactions in "Tax Payment Program Fee Requirements - U.S. Region," a Merchant that charges a Convenience Fee must ensure that the fee is:

- Charged for a bona fide convenience in the form of an alternative payment channel outside the Merchant's customary payment channels
- Disclosed to the Cardholder as a charge for the alternative payment channel convenience
- Added only to a non-face-to-face Transaction. The requirement for an alternate payment channel means that Mail/Telephone Order and Electronic Commerce Merchants whose payment channels are exclusively non-face-to-face may not impose a Convenience Fee.
- A flat or fixed amount, regardless of the value of the payment due
- Applicable to all forms of payment accepted in the alternative payment channel
- Disclosed before the completion of the Transaction and the Cardholder is given the opportunity to cancel
- Included as a part of the total amount of the Transaction

A payment card surcharge, also known as a checkout fee, is an additional fee that a merchant adds to a consumer's bill when he or she uses a credit card for payment.

Beginning January 27, 2013, approved merchants could begin assessing a surcharge for credit card transactions. According to Visa, certain requirements must be met and complied with when assessing surcharges or checkout fees, which include the following:

- The fee is no greater than the merchant's average discount rate associated with the Visa Credit card product type transactions being surcharged for the preceding one month or 12 months, minus the regulated debit cap established by the Board of the Governors of the Federal Reserve System;
- The fee does not in any event exceed 4% (even in cases where the merchant's average discount rate exceeds 4%).
- If the merchant accepts a competing payment network brand that is as or more expensive to the merchant than Visa, and that competing payment network limits the merchant's ability to surcharge credit cards, the merchant may surcharge Visa Credit cards only in the same way as

the merchant would be allowed to surcharge the competing payment network's credit card (or on the terms on which the merchant actually surcharges the competing payment network's credit cards).

□ If the merchant accepts a competing payment network brand of credit card that prohibits or effectively prohibits the merchant from surcharging in a particular channel of commerce (i.e. either face-to-face or non-face-to-face), the merchant may not surcharge Visa Credit cards unless it also surcharges the competing payment network's credit cards regardless of the cost of that card to the merchant. The amount of the surcharge on the competing payment network brand must equal at least the lesser of: the cost to accept the competing brand's credit cards or the surcharge imposed on Visa Credit cards.

□ In addition, a U.S. merchant who surcharges must provide clear disclosure to the merchant's customers

- (1) at the point of store entry, or in an online environment on the first page that references credit card brands, that the merchant imposes a surcharge that is not greater than its applicable merchant discount rate for Visa Credit card transactions;

- (2) at the point of interaction or sale with the customer, of the merchant's surcharging practices (including the amount of any surcharges that the merchant imposes and a statement that the surcharge is being imposed by the merchant), in a manner that does not disparage the brand, network, issuing bank, or the payment card product being used; and

- (3) of the dollar amount of the surcharge on the transaction receipt provided by the merchant to its customers. Additional information and updates regarding surcharging/checkout fees can be found at <http://www.visa.com/merchantsurcharging>.

6.10 Ethics & Vendors

It is unlawful for any vendor doing business with the State of West Virginia to provide a bribe, gratuity or kickback in any amount to a P-Card holder or a Spending Unit. Spending Unit receiving gifts with nominal value may keep such gifts (e.g., candy, fruit baskets, etc.) as long as they are unsolicited and shared and distributed fairly throughout the Spending Unit or the gifts may be donated to charities. Any gift valued in excess of the amount noted in the State's Ethics Act, (West Virginia Code §6B-1-1, et seq.) "The Ethics Act," should be returned to the vendor, if possible, and reported to the State Auditor's Office P-Card Division.

Please check with your Spending Unit to see if it imposes rules of conduct in addition to those established by the Ethics Act. You can view the Ethics Act at <http://www.ethics.wv.gov> or email the Ethics Commission at ethics@wv.gov.

Section 7.0: Transaction Documentation & Reconciliation

Cardholders are responsible for the review, acknowledgement or dispute of all transactions that appear on their P-Card statement. Documentation must be obtained and maintained for each transaction placed on the P-Card and must be available upon request by the State Auditor's Office P-Card Division. Documentation supporting a P-Card purchase or expenditure may include requisitions, purchase orders, itemized receipts, vendor invoices, packing slips, receiving reports, log sheets (manual or electronic review/reconciliation documentation), individual statements, or any other evidential matter required by applicable laws, rules and regulations, P-Card Policies and Procedures, and other governing instruments. Agencies should adopt a "zero tolerance" for missing or inadequate documentation.

The reconciliation process should include a knowledgeable and independent review of documentation, receipts, and transaction reports. Each Spending Unit is required to develop and maintain accounting and internal controls that ensure P-Card usage is consistent with applicable laws, rules and regulations, P-Card Policies and Procedures, and other governing instruments

and to develop guidelines for distribution to cardholders. The reconciliation and review processes should be documented including the date performed.

In those cases where it is determined that internal controls are not adequate, the State Auditor's Office P-Card Division has the authority to request improvements and/or place P-Card restrictions on the Spending Unit until such controls are established, documented and implemented.

7.1 Receipts & Receiving Reports

Except where otherwise exempted by statute or rule, an itemized receipt must be obtained for each transaction placed on the P-Card. The receipt must be legible, itemized (reflecting the goods or services purchased), and contain the vendor name, date of purchase and price of items. Receipt documentation may be paper or electronic and shall be retained by the Spending Unit. A receipt description, which only states "Miscellaneous", or "Merchandise", or only includes a vendor's stock or item number, is not acceptable. In the event that an acceptable form of receipt is not available, the cardholder shall create, either in paper or electronic form, an itemized list which satisfies the requirements set forth in this subsection. The cardholder and direct supervisor or coordinator's signatures, physical or electronic, are required as well as the date the goods were received, along with whatever receipt is available.

State Auditor's Legislative Rule 155 CSR 1, §155-1-5 requires "receiving reports" be filed with the State Auditor's Office for all commodities purchased for the State. P-Card "receiving reports" include: successful completion of the transaction's Receipt Date and Receiver fields on the PRCUU table by the cardholder or authorized receiver, wvOASIS receiving documents (RCdoc), itemized receipts, packing slips or other forms approved by the State Auditor's Office P-Card Division and shall be maintained by the Spending Unit and available for review upon request by the State Auditor's Office P-Card Division. The person receiving the goods shall either complete the RCdoc, update the Receipt date and Receiver fields on the PRCUU table for the transaction, or sign the packing slip, itemized receipt or P-Card receiving report and state in writing, the date the goods or services were received, if different than the date indicated on the vendor point of sale document. If the person receiving the goods is not the cardholder and he/she completed an RCdoc for the transaction, the individual reconciling the transaction on the PRCUU table must update the Receipt Date field and select the authorized receiver who completed the RCdoc from the Receiver field during the reconciliation process. If the receiver does not update or complete the applicable wvOASIS documents, the signed P-Card receiving report must be forwarded to the cardholder for transaction documentation and reconciliation purposes and included as supporting documentation. *Note- when a transaction is made and references a procurement document on the PRCUU table that includes an inventory item; then it is mandatory to process an RCdoc in wvOASIS to update the inventory tables.

Unless authorized by the State Auditor's Office P-Card Division, all supporting documentation must be attached to every transaction within wvOASIS.

7.2 Transaction Statements, Reconciliation & Disputed Items

All Spending Units will receive electronic (or paper) statements. The statement closing date is the 3rd day of every month. Each cardholder is responsible for ensuring that his or her statement is reconciled every month. The Spending Unit P-Card coordinator or chief financial officer is responsible for ensuring the reconciliation of the master account(s) within wvOASIS. Cardholders must review all transactions to ensure that they are legitimate, for official State business, and that all required documentation is included. Unless approved by the State Auditor's Office P-Card Division, the reconciliation process must be documented and completed within wvOASIS. For those Spending Units whose cardholders are not wvOASIS users and their documented internal controls and accounting procedures reflect physical signatures and support documentation in their reconciliation process; the supporting documentation must be attached to

the corresponding transaction within wvOASIS. Individual statements are available online at www.citimanager.com. Individual and master statements must be examined carefully for billing errors, debits due to erroneous billing, or credits made to correct a previously disputed item. **Disputed items** may result from failure to receive goods or services, unauthorized transactions, defective merchandise, returned merchandise, incorrect amounts being charged, duplicate charges, credits not yet received, canceled transactions or items not as described and attempted to be returned to the merchant. Transactions that appear fraudulent should be reported to the financial institution and the State Auditor's Office P-Card Division immediately. If transactions that are unauthorized by the cardholder are charged to his/her account, the cardholder should call the number on the back of the card and follow the steps required by Citi in order to receive credit for the unauthorized transaction(s). The cardholder or proxy must also update the reconciliation status for the transaction(s) on the PRCUU and/or PRCUT table to "Unauthorized Use" and attach the supporting documentation that was required by Citi. When the credit is received, the reconciliation status should be set to "Unauthorized Use." Also, the original transaction should be referenced in the comments field under the Commodity Line>General Information section. Any subsequent supporting documentation received from Citi should be attached to the original transaction on the PRCUT table. All other items should be disputed on the cardholder dispute form.

Pursuant to our contract with Citi (*Appendix J Billing Disputes Guide*), we may not dispute sales tax or shipping and handling charges. It is the cardholder's responsibility to ensure charge accuracy. Sales tax or shipping charges should be addressed immediately with the vendor by the cardholder.

The first step in the dispute process is for the cardholder to contact the vendor and attempt to resolve the problem. If the vendor is unwilling to credit the charge, the cardholder must provide documentation that the vendor was contacted and unwilling to credit the charge. A dispute form should be filed with the State Auditor's Office P-Card Division within 60 days from the statement date that contains the disputed item. A copy of the statement the disputed charge appears on and any other supporting documentation for the disputed transaction MUST be attached to ALL dispute forms. These forms are to be faxed to the State Auditor's Office P-Card Division at 304-340-5083. Do NOT fax forms directly to the bank. The coordinator must ensure all required dispute documentation is attached to the corresponding transaction in wvOASIS or maintain documentation in a centralized location concerning the resolution of each disputed transaction submitted where the Spending Unit has been authorized to store supporting documentation outside of wvOASIS. The Spending Unit must pay the statement amount pending resolution of the dispute.

All disputed transactions must be identified as such within wvOASIS. Either the cardholder or proxy must change the Reconciliation Status field to "Disputed." Also, the Dispute Reason Code and Dispute Reason Description should reflect the same dispute reason identified on the dispute form. Upon resolution, the Reconciliation Status field must be changed to "Dispute Resolved," all additional supporting documentation related to the resolution of the disputed transaction uploaded as an attachment, and the Comments field utilized to clearly explain the resolution. If a credit transaction is received pursuant to a disputed transaction, the reconciliation status should be set to "Dispute Resolved," and the original transaction should be referenced in the comments field under the Commodity Line>General Information section. If a cardholder consistently has problems with a particular vendor, a P-Card Vendor Complaint Form should be submitted to the State Auditor's Office P-Card Division. The State Auditor's Office P-Card Division will work with the Spending Unit and the vendor to seek a resolution.

7.3 Reconciliation Software

Unless authorized by the State Auditor's Office P-Card Division, reconciliation of P-Card transactions must be completed within wvOASIS.

7.4 Record Retention

For P-Card program evaluation and inspection purposes, Spending Units must keep all active cardholder documentation relating to the State Auditor's Office P-Card Program (cardholder applications, agreements, maintenance forms and training certificates).

All documentation must be kept for a minimum of two (2) years from the end of the fiscal year in which the last transaction was completed and/or a program evaluation has been completed by the State Auditor's Office P-Card Division. These records must be available to the State Auditor's Office P-Card Division upon request. The P-Card Division takes no position regarding the appropriate records retention period or records destruction schedule for any specific agency. The P-Card Division does recommend that agencies consult with legal counsel prior to the destruction of any document.

This rule does not supersede the record retention policy of the Spending Unit or other state or federal retention policies or record retention policies otherwise provided for herein.

7.5. Imaging

Images of supporting documentation attached to transactions within wvOASIS will be considered original documentation by the State Auditor's Office and hard copies of the attachments are not required to be kept. It is the Spending Unit's responsibility to ensure all imaged documents are complete and legible before destroying any hard copy.

This rule does not supersede the documentation requirements of the Spending Unit, other state, federal, or applicable governing bodies.

Section 8.0: P-Card Maintenance

8.1 Maintenance Requests

All maintenance requests must be submitted utilizing a PCC document within wvOASIS.

Account maintenance performed at the discretion of the State Auditor's Office P-Card Operation's Division will be reflected on the daily cardholder change report, which is available to all head Spending Unit coordinator's and/or their designee(s).

8.2 P-Card Cancellation

P-Cards must be cancelled immediately upon termination of or separation from employment.

The Spending Unit coordinator is responsible for ensuring that the P-Card is destroyed and that a PCC document is completed and submitted through wvOASIS to the State Auditor's Office P-Card Division.

8.3 Lost or Stolen Cards

Immediately report lost or stolen P-Cards to the financial institution and the Spending Unit P-Card coordinator within 24 hours to limit cardholder liability.

To report a lost or stolen P-Card, call 1-800-790-7206 or 1-800-VISA911.

A PCC document is not required for lost or stolen cards. However, the Spending Unit Coordinator must promptly notify the State Auditor's Office P-Card Division the account has been reported lost or stolen to Citi or Visa. The coordinator is also responsible for ensuring the lost or stolen card "Status" and "PCard Inactive Reason" fields have been updated on the PRCUI table the next business day to reflect an "Inactive" account. The PCard Inactive Reason for lost or stolen accounts is typically F1. If these have not been updated, the coordinator should contact the P-Card Operations section.

Section 9.0: Fraud, Misuse & Abuse

West Virginia Code, §12-3-10b, states:

“It is unlawful for any person to use a state P-Card, issued in accordance with the provisions of section ten-a of this article, to make any purchase of goods or services in a manner which is contrary to the provisions of section ten-a of this article or the rules promulgated pursuant to that section. Any person who violates the provisions of this section is guilty of a felony and, upon conviction thereof, shall be confined in the penitentiary not less than one nor more than five years, or fined no more than five thousand dollars, or both fined and imprisoned.”

Failure to comply with P-Card Policies and Procedures, rules, and law associated with the State P-Card Program may result in revocation or limitation of P-Card privileges, a period of probation, or mandatory P-Card training in addition to any other discipline deemed necessary or appropriate by the Spending Unit.

Instances of unlawful use, possible fraud, misappropriation, or mismanagement with the P-Card shall be reported immediately to the CFO of the Spending Unit. The CFO shall report all aforementioned instances to the Deputy State Auditor/Executive Director of the State Auditor’s Office P-Card Division within 24 hours of his or her discovery. Internal P-Card investigations do not supersede this requirement and are only to be conducted upon approval by the Deputy State Auditor/Executive Director of the State Auditor’s Office P-Card Division. The P-Card is a privilege not a right and disciplinary action may be taken for fraud, misuse or abuse of the P-Card.

9.1 Fraud

Fraud is a deception deliberately practiced in order to secure unfair or unlawful gain. For example, fraud occurs when the cardholder’s account information has been intentionally utilized for personal gain. Intentional use of the P-Card to make purchases for personal use or non-state business is fraudulent and is prohibited.

Individuals using the P-Card to knowingly pay for items intended for personal use will be subject to disciplinary action up to and including termination and prosecution under state law, and may be subject to civil action by the credit card company for personal liability.

9.2 Misuse & Abuse

Misuse/Abuse is the improper, unlawful or incorrect use, compromise or misapplication of the P-Card. Examples include:

- Failure to maintain security protecting your P-Card
- Paying for items in which the P-Card is not authorized for payment
- Purchase of authorized goods or services, at terms (e.g. price, quantity) that are excessive

9.3 Failure to Follow P-Card Policies and Procedures

Individuals or Spending Units failing to properly follow the P-Card Policies and Procedures, rules, and laws associated with the State P-Card Program will be subject to disciplinary action as referenced in this section.

The State Auditor’s Office may limit and revoke P-Card privileges, institute a period of probation or require a mandated training for any Spending Unit or subdivision of a Spending Unit if that Spending Unit is found to have violated State P-Card policies and procedures and failed to take corrective action.

Spending Units in which P-Card privileges have been suspended will be eligible for assessment of a special penalty fee double the amount of the current penalty fee and will incur the increased costs of conventional payment processing. Spending Units may also be assessed a penalty fee of two (2) dollars for any purchase submitted for payment to the State Auditor’s Office through the conventional payment process that could have been paid using the P-Card.

Section 10.0: Program Evaluations

10.1 Monitoring and Examinations Performed by State Auditor's Office P-Card Division

Program evaluations and other examinations of the agency's P-Card programs, as well as monitoring of P-Card transactions, will be conducted by the State Auditor's Office P-Card Division to determine compliance with all P-Card Policies and Procedures. All transaction receipts, reconciliation documentation, and related support documentation must be provided to the State Auditor's Office P-Card Division upon request.

Failure to provide all required documentation may result in the cancellation or restriction of a Spending Unit's P-Card privileges. After the program evaluation/examination is completed, the State Auditor's Office P-Card Division will present a report to the Spending Unit's agency head, chief financial officer, and cabinet secretary (if applicable). A courtesy copy will also be provided to any agency with applicable oversight responsibility.

The Spending Unit will be granted the opportunity to respond to the program evaluation issues. The final program evaluation (management) report will consist of issues for management consideration as well as the written responses provided by the Spending Unit.

10.2 Spending Unit Reviews

Spending Units are encouraged to conduct random reviews of transactions within their programs. Various reports are available through the electronic reconciliation software products. Coordinators should be knowledgeable of the types of transactions appropriate for cardholders within their area of responsibility and review, and have the authority to request documentation for any transaction appearing on a cardholder's account.

Instances of unlawful use, possible fraud, misappropriation, or mismanagement with the P-Card shall be reported immediately to the CFO of the Spending Unit. The CFO shall report all aforementioned instances to the Deputy State Auditor/Executive Director of the State Auditor's Office P-Card Division within 24 hours of his or her discovery in a format approved by the State Auditor's Office P-Card Division.

10.3 Corrective Training

Training will be conducted as needed after the completion of program evaluations. This training will focus on issues addressed in the management report, and, will advise agency management on the proper use of the P-Card.

Section 11.0: Emergency P-Cards

11.1 West Virginia State Agencies and Institutions of Higher Education

11.1.1 Authorization of P-Cards for Emergency Use

P-Cards will be authorized for use by emergency management or response personnel. P-Cards may be utilized for payment when an emergency, public necessity, rescue, relief or disaster is declared by a Board of Public Works member or his or her designee, or the President of an Institution of Higher Education or his or her designee and approved by the chancellor and will only remain activated throughout the declared emergency for such purchases as may be required. State Agencies should refer to the State Purchasing Policies & Procedures Handbook at <http://www.state.wv.us/admin/purchase/default.html>. Higher Education Institutions should refer to their emergency purchasing policies & procedures. Any questions concerning emergency purchasing rules, policies, or procedures should be referred to the Spending Unit Purchasing Department.

Agencies that may be called upon to respond in these situations must contact the State Auditor's Office P-Card Division to establish an implementation plan for emergency P-Card use as well as for emergency contact information for individuals involved.

11.1.2 Emergency P-Card Activation

Upon declaration of an emergency, [public necessity, rescue, relief or disaster,] the P-Card Coordinator or his or her emergency designee for the authorized emergency management or response personnel shall contact the State Auditor's Office P-Card Division to request use of the P-Card for emergency purposes or, where applicable, to request activation of the card. The P-Card coordinator or emergency designee shall, when deemed necessary, request increases in the credit limit to meet the requirements of the emergency. Within five (5) business days of an emergency, the written confirmation of the declaration of emergency shall be sent to the State Auditor's Office P-Card Division, as well as a list of authorized emergency management and response personnel responding to the specific situation. An emergency terminates thirty (30) days from the date of proclamation, unless previously extended or terminated by written proclamation by the initiating member, the president with approval by the chancellor, or the passage by the legislature of a concurrent resolution terminating such emergency, [public necessity, rescue, relief or disaster.]

11.1.3 Payment of Invoices

The P-Card account must be paid in full at the end of each billing cycle. The authorized emergency management or response personnel shall have additional thirty (30) days after the termination of the emergency to pay invoices for goods and services rendered during the emergency, [public necessity, rescue, relief or disaster,] as approved by the State Auditor's Office P-Card Division. Except as otherwise provided by statute or rule, the P-Card policies and procedures shall be followed for all emergency purchases.

11.1.4 Accounts

Each State Agency or institution of Higher Education may be issued a separate master account for emergency purchases.

11.1.5 Emergency P-Card Program Evaluations

A program evaluation will be performed by the State Auditor's Office P-Card Division of all P-Card transactions relating to a declared emergency, [public necessity, rescue, relief or disaster.]

11.2 West Virginia National Guard

11.2.1 Issuance of Emergency P-Cards

The Adjutant General will issue Emergency P-Cards to selected members of the West Virginia Army and Air National Guard called to Active Duty by the Governor for state emergencies such as floods, snow storms, fires or any other disaster so ordered.

11.2.2 Policies

AGD MEMORANDUM Number 01-01, revised June 15, 2006, contains the policies and procedures for the use of the West Virginia Emergency P-Card by members of the West Virginia National Guard. In addition to this memorandum, the State P-Card Policies and Procedures Manual will be followed by The Adjutant General.

Section 12 – Definitions:

Athletic, Student and Academic Team-Related Expenses - Expenses generated by a team-related activity which may include student travel, necessary team-related medical or drug testing or treatment, food, or hospitality expenses paid for by a designated, authorized employee at an institution of Higher Education.

Auditor's Office - West Virginia State Auditor's Office.

Cardholder - Individual responsible for and named on the P-Card.

Cardholder Account Number - The individual account number assigned to each State of West Virginia payment account.

Cardholder Agreement Form – An electronic form within the P-Card Training program signed by the cardholder that acknowledges that the cardholder has had adequate training, understands the *P-Card Policies and Procedures*, and accepts responsibility for compliance with all policies and procedures.

Cardholder Application - A PCC document that initiates the P-Card issuance process.

Chief Financial Officer - The individual responsible for oversight of the financial activity within a Spending Unit.

Collusion - A secret agreement between two or more parties for fraudulent, illegal, or deceitful purposes.

Disputed Item – Transactions from merchants who are unwilling to issue credits that result from failure to receive goods or services, unauthorized transactions, defective merchandise, returned merchandise, incorrect amounts being charged, duplicate charges, credits not yet received, canceled transactions or items not as described and attempted to be returned to the merchant.

Electronic Signature – An electronic sound, symbol or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record. (See WV Code 39A-1-2(8)).

Emergency Management or Response Personnel - All persons acting under color of authority of state law engaged in rescue efforts, emergency or disaster relief recovery or coordination of emergency services, and are identified as such by a Board of Public Works member.

Fraud – Any transaction, intentionally made, that was not authorized by the cardholder

General Emergency - The occurrence or imminent threat of widespread or severe damage, injury or loss of life such that a state of emergency is declared by the Governor or the Legislature pursuant to West Virginia Code §15-5-6.

Goods - Materials, supplies, commodities, equipment, and any other articles or items used by or furnished to a Spending Unit.

Higher Education Emergency - The occurrence or imminent threat of substantial damage or risk to health or safety at an institution of Higher Education such that a state of emergency is declared by the president of the institution and approved by the chancellor pursuant to West Virginia Code §18B-5-9. Emergencies may include, but are not limited to, partial or total destruction of a campus facility; loss of a critical component of utility infrastructure; heating, ventilation or air condition failure in an essential academic building; loss of a campus road, parking lot or campus entrance; or a local, regional, or national emergency situation that has a direct impact on the campus.

Hospitality - Food, nonalcoholic beverages, and related expenses for the reception of guests by a Spending Unit for a specific event or function relating to conducting State business.

Individual Statement - A listing of transactions available monthly to the cardholder indicating all activity on an individual P-Card.

Master Billing Account Number - The master account number assigned to each Spending Unit for billing purposes.

Master Statement - A list of transactions available monthly to the Spending Unit coordinator indicating all activity on each individual P-Card that rolls up to that Spending Unit's master account number.

Official State Use - Payments made by a cardholder on behalf of the State as permitted by law and P-Card policies and procedures.

P-Card Coordinator - The individual designated by each Spending Unit to administer the P-Card Program within the Spending Unit.

P-Card Delegation - The practice of allowing an individual other than the cardholder whose name appears on the front of the P-Card to have access to the P-Card or P-Card number to initiate or complete a transaction.

P-Card Provider - The financial institution providing P-Card services to the State of West Virginia.

Program Administrator – The Deputy State Auditor/Executive Director of the State P-Card Program in the State Auditor’s Office P-Card Division.

Public Necessity, Rescue Relief or Disaster – The occurrence or imminent threat of harm or damage to a significant resource area.

Purchasing Card (P-Card) - A payment account issued in the name of an individual employee of the State of West Virginia for official state use.

Receipt - An itemized document indicating the vendor, the price per item, and the total amount charged in a transaction.

Reporting Hierarchy - The description assigned to each level within the organizational hierarchy that defines the Cardholder’s or Coordinator’s relationship within the Spending Unit’s reporting and/or review structure.

Spending Unit – Department, agency, or institution of state government.

Spending Unit Contract - A legal and binding instrument between the state Spending Unit and a vendor to provide goods or services.

Transaction –The payment for goods and services and other items as set forth in 155 CSR 7.2.

Transaction Limit - The maximum dollar amount permitted in any single transaction.

Travel Expenses - An employee’s individual expenses generated while engaged in job related activities away from the employee’s regular place of employment. Travel expenses include, but are not limited to the following: registration fee payments, airline ticket payments, vehicle rental payments, other transportation tickets, hotel folio payments including business-related costs such as business phone charges and business internet access. Travel expenses shall not include any personal expenses on hotel folios such as room service, movie expenses, or food expenses.

Vendor - The supplier of goods or services to the State of West Virginia.

Section 13: Forms-Hyperlinks to Forms

<http://intranet.state.wv.us/admin/purchase/wv-49.pdf>

<http://www.state.wv.us/taxrev/sst/f0003.pdf>

PURCHASING DIVISION PROCEDURES HANDBOOK

See the following url address to obtain the most current Division of Purchasing procedures:

<http://www.state.wv.us/admin/purchase/handbook/2018R1/handbook.pdf>

WVFIMS Administrative Policy Statement Number 35

SUBJECT: PURCHASING CARD PURCHASES AND IRS FORM 1099 REPORTING

DATE: REVISED AND REISSUED SEPTEMBER 19, 2011

PURPOSE: To establish procedures for certain purchases where the form of payment is the State Purchasing Card

PROCEDURE:

The purpose of the following policy is to provide guidance for the use of the State of West Virginia Purchasing Card (PCard) and IRS Form 1099 reporting for certain transactions types. All other existing PCard rules and regulations will remain in effect.

As the result of changes to Internal Revenue Code Sections 6041 and others in this series, the majority of transactions, both goods and services, will be exempt from IRS Form 1099 reporting. These rules do not affect transactions where payment is made by some other method, such as cash, check, or a variety of electronic means.

Calendar Year 2011 and Thereafter:

For calendar year 2011 and thereafter, the PCard can be used as the form of payment for the majority of transactions, both goods and services, regardless of the vendor's business designation code, with the following general exceptions:

Dividends, Interest, Royalties, Energy and Agricultural Grants, Trust and Annuity Payments;
Real Estate purchases, Right of Way payments, Settlement payments;
Payments of legal fees for Assignments or that include Settlement payments;
Medical payments made by agreement for State Police Troopers injured in the line of duty; and,
Medical payments for maternity, breast, or cervical related services made by the Department of Health and Human Resources or the Division of Rehabilitation.

For further information concerning specific transactions, please contact the following individual for clarification:

Joan Chapman
Department of Administration
Finance Division
Financial Accounting & Reporting Section
2101 Washington Street East
Building 17, 2nd FL
Charleston, WV 25305
Phone: (304) 558-4587
Fax: (304) 558-9173

Email: Joan.E.Chapman@wv.gov

ATTACHMENT A

TMO 3 Form - Rev. 06/2011

Agency Ref. # _____

STATE OF WEST VIRGINIA DEPARTMENT OF ADMINISTRATION TRAVEL MANAGEMENT OFFICE REQUEST FOR HOSPITALITY SERVICE
--

SPENDING UNIT NAME/ORG # _____

CONTACT PERSON _____

TELEPHONE NUMBER _____

FUNCTION SPONSOR _____

LOCATION OF FUNCTION _____

DATE(S) OF FUNCTION _____

ESTIMATED EXPENSES

FOOD AND BEVERAGE	\$ _____
MEETING ROOM	\$ _____
EQUIPMENT RENTAL	\$ _____
LODGING	\$ _____
OTHER/	\$ _____
OTHER/	\$ _____
TOTAL	\$ _____

PURPOSE/JUSTIFICATION OF FUNCTION:

FUNCTION ATTENDEES (Must list individual names unless for a group of 20 or more. A list of attendees for groups of 20 or more must accompany the form):

AGENCY AUTHORIZATION FOR THE ABOVE FUNCTION

By: _____
FUNCTION REPRESENTATIVE'S SIGNATURE

DATE

By: _____
AGENCY HEAD / DESIGNEE SIGNATURE

DATE

MPOB Purchasing Card Review/Audit Record

Attachment B

Cardholder

Karen L. Neccuzzi

Billing Cycle Jun-18

Transaction Limit

Monthly Limit

Reviewer:

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/Del Ticket Y/N	Transaction Document Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	5/18/2018	Suddenlink	10 meg circuit 05/16/18 to 06/15/18 ACT MPO1600000001	\$775.00 \$775.00	Y	TRAN 2410918	Y	C	N		Y REQ
2	5/17/2018	Komax	Copier Lease - May 2018 MPOB 1270 invoice AR55855	\$214.67 \$214.67	Y	TRAN 2408882	Y	R	Y	dlgcop	
3	5/17/2018	Komax	Copies April 2018 MPOB 1270 invoice AR51651	\$40.12 \$40.12	Y	TRAN 2408883	Y	R	Y	dlgcop	
4	5/17/2018	ATT	ATT Service -040318 to 050218 #287267230256 B. Taylor	\$57.21 \$57.21	Y	TRAN 2408884	Y	R	Y	cellphone13A	
5	5/17/2018	ATT	ATT Service - 040318 to 050218 #287245128564 L. Smith	\$54.13 \$54.13	Y	TRAN 2408885	Y	R	Y	cellphone 13A	
				\$1,141.13							

*R - Reconciled/D - Disputed/C - Carryover from prev. month

** If "N", Reviewer must provide discrepancy Listing form

Cardholder Certification Date:

Karen L. Neccuzzi 5/26/18

Reviewer-Auditor Certification Date:

[Signature] 6/6/18

I hereby certify that the items hereon were received, properly accounted for and reviewed in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

dlg

PCard Payment Request(PRCC) Dept: 0948 ID: PC18094563 Ver.: 1 Function: New Phase: Final

Header

General Information Payee Extended Description Contact Document Information

Document Name:	Pre-Processing Allowed: <input type="checkbox"/>
Record Date: 06/28/2018	Actual Amount: \$279.00
Budget FY: 2018	Retainage Amount (-): \$0.00
Fiscal Year: 2018	Discount Amount (-): \$0.00
Period: 12	Penalty/Interest Amount (): \$0.00
Bank Account:	Backup Withholding Amount (-): \$0.00
Accounting Profile:	Contract Withholding Amount (-): \$0.00
Replacement: <input type="checkbox"/>	Intercept Amount (-): \$0.00
PCard Administrator: 45871	Adjusted Tax from Discount: \$0.00
Cited Authority:	Use Tax Withheld (-): \$0.00
Contract Withholding Exempt: <input type="checkbox"/>	Default Intercept Fee Amount (-): \$0.00
Document Description:	Supplementary Intercept Fee Amount(-): \$0.00
	Payment Amount (=): \$279.00
	Outstanding Amount: \$0.00
	Closed Amount: \$279.00
	Referenced Amount: \$279.00
	Closed Date: 06/28/2018

pab

**Municipal Pensions Oversight Board
Standard Operating Procedures**

Procedure Title: Purchasing – Non Purchase Card

Authored by: Blair Taylor and Les Smith

Date Issued: 12/13/12

Revised: 11/14/18

Approved by: Municipal Pensions Oversight Board on 12/13/18

Purpose: Documents the method by which the MPOB purchases goods and services that are not eligible to be paid for by the Purchase Card.

Responsibility:

MPOB Board
or Staff

Action:

Determines the need to purchase goods or services.

MPOB Staff

Purchases up to \$25,000, the MPOB will follow the purchasing procedures as outlined in Section VIII Procedure titled, "Purchase Card Procurement Process".

Purchases of \$25,000 or more, the MPOB must use the most current edition of the West Virginia Division of Purchasing Handbook Procedures listed at www.state.wv.us/admin/purchase pursuant to Chapter 5A, Article 3 of the WV Code, with the following exception;

Purchases of actuarial services and purchases of actuarial services to review the existing actuary's work are specifically exempted from Chapter 5A, Article 3 of the WV Code pursuant to WV Code §8-22-18(a)(b)(6) and §8-22-20(a)(See Exhibit VII-A). The MPOB will use the following process to procure such services:

Develop specifications for the needed services.

Use the attached Request for Proposal (RFP) format to procure the services. (See Exhibit VII-B)

**Municipal Pensions Oversight Board
Standard Operating Procedures**

Responsibility:

Action:

MPOB Board

Reviews and approves the posting of Requests for Proposals in the amount of \$25,000 or more at a sanctioned Board meeting.

Establishes a RFP committee of 3-5 members with at least one member of the committee being a board member who will serve as the Chair of the committee.

RFP Committee

Reviews and scores all request for proposals, oral presentations, cost estimates and makes a recommendation to the board for an award.

MPOB Board

Reviews RFP Committee recommendation and approves all Request for Proposals final vendor awards in the amount of \$25,000 or more.

MPOB Staff

Prepares contract with successful vendor.

Distributes to board members via email for their review, comments and revisions.

Incorporates into the contract board members suggested revisions and obtains vendor's signature.

Submits contract to legal counsel for review.

Legal Counsel

Reviews contract. Negotiates with vendor's counsel if needed to conform to West Virginia state law.

MPOB Staff

Receives approved contract from legal counsel.

Submits final contract to the Chair of the Municipal Pensions Oversight Board for signature.

MPOB Board
Chair

Signs final contract.

MPOB Staff

Submits fully executed contract to the successful vendor which serves as the official notice to proceed. (See Exhibit VII-C)

Exhibit VII-A

§8-22-18a. West Virginia Municipal Pensions Oversight Board created; powers and duties; management; composition; terms; quorum; expenses; reports.

(a)(1) The West Virginia Municipal Pensions Oversight Board, established in 2009, is hereby continued as a public body corporate for the purpose of monitoring and improving the performance of municipal policemen's and firemen's pension and relief funds to assure prudent administration, investment and management of the funds. Management of the oversight board shall be vested solely in the members of the oversight board. Duties of the oversight board shall include, but not be limited to, assisting municipal boards of trustees in performing their duties, assuring the funds' compliance with applicable laws, providing for actuarial studies, distributing tax revenues to the funds, initiating or joining legal actions on behalf of active or retired pension fund members or municipal boards of trustees to protect interests of the members in the funds and taking other actions as may be reasonably necessary to provide for the security and fiscal integrity of the pension funds. The oversight board's authority to initiate legal action does not preempt the authority of municipalities, municipal policemen's and firemen's boards of trustees or pension fund active members, beneficiaries or others to initiate legal action to protect interests in the funds. Further, the oversight board may, in its discretion, investigate the actions or practices of municipal boards of trustees or of their administrators or employees that, in the oversight board's judgment, have the potential to threaten the security or fiscal integrity of the pension funds, and the boards of trustees, administrators and employees shall cooperate with the oversight board in any investigation. Regardless of whether it has previously conducted an investigation, the oversight board may initiate or intervene in legal actions to challenge or prevent any action or practice which, in the oversight board's judgment, has the potential to threaten the security or fiscal integrity of the pension funds. Establishment of the oversight board does not relieve the municipal funds' boards of trustees from their fiduciary and other duties to the funds, nor does it create any liability for the funds on the part of the state. The failure of the oversight board to investigate or initiate legal actions regarding the actions or practices of municipal boards of trustees, their administrators or employees does not render the oversight board liable for the actions or practices. Members and employees of the oversight board are not liable personally, either jointly or severally, for debts or obligations of the municipal pension and relief funds. Except as otherwise provided herein, members and employees of the oversight board have a fiduciary duty toward the municipal pension and relief funds and are liable for malfeasance or gross negligence. Employees of the oversight board are classified-exempt state employees.

(2) The oversight board shall consist of nine members. The Executive Director of the state's Investment Management Board and the Executive Director of the state's Consolidated Public Retirement Board, or their designees, shall serve as voting ex officio members. The other seven members shall be citizens of the state who have been qualified electors of the state for a period of at least one year next preceding their appointment and shall be as follows: An active or retired member of a Municipal Policemen's Pension and Relief Fund chosen from a list of three persons submitted to the Governor by the state's largest professional municipal police officers organization, an active or retired member of a Municipal Firemen's Pension and Relief Fund chosen from a list of three persons submitted to the Governor by the state's largest professional firefighters organization, an attorney experienced in finance and investment matters related to pensions management, two persons experienced in pension funds management, one person who is a certified public accountant experienced in auditing and one person chosen from a list of three persons submitted to the Governor by the state's largest association of municipalities.

Exhibit VII-A

(3) On the effective date of the enactment of this section as amended during the fourth extraordinary session of the Legislature in 2009, the Governor shall forthwith appoint the members, with the advice and consent of the Senate. The Governor may remove any member from the oversight board for neglect of duty, incompetency or official misconduct.

(b) The oversight board has the power to:

(1) Enter into contracts, to sue and be sued, to implead and be impleaded;

(2) Promulgate and enforce bylaws and rules for the management and conduct of its affairs;

(3) Maintain accounts and invest those funds which the oversight board is charged with receiving and distributing. Investment of those funds may be with the Board of Treasury Investments or the Investment Management Board at the discretion of the oversight board;

(4) Make, amend and repeal bylaws, rules and procedures consistent with the provisions of this article and chapter thirty-three of this code;

(5) Notwithstanding any other provision of law, retain or employ, fix compensation, prescribe duties and pay expenses of legal, accounting, financial, investment, management and other staff, advisors or consultants as it considers necessary, including the hiring of legal counsel and actuary; and

(6) Do all things necessary and appropriate to implement and operate the board in performance of its duties. Expenses shall be paid from the moneys in the Municipal Pensions Security Fund created in section eighteen-b of this article or, prior to the transition provided in section eighteen-b of this article, the Municipal Pensions and Protection Fund: Provided, That the board may request special appropriation for special projects. **The oversight board is exempt from provisions of article three, chapter five-a of this code for the purpose of contracting for actuarial services, including the services of a reviewing actuary.**

§8-22-20. Actuary; actuarial valuation report; minimum standards for annual municipality contributions to the fund; definitions; actuarial review and audit.

(a) The West Virginia Municipal Pensions Oversight Board shall contract with or employ a qualified actuary to annually prepare an actuarial valuation report on each pension and relief fund. **The selection of contract vendors to provide actuarial services, including the reviewing actuary as provided in subsection (c) of this section, shall be by competitive bid process but is specifically exempt from purchasing provisions of article three, chapter five-a of this code.** The expense of the actuarial report shall be paid from moneys in the Municipal Pensions Security Fund. Uses of the actuarial valuations from the qualified actuary shall include, but not be limited to, determining a municipal policemen's or firemen's pension and relief fund's eligibility to receive state money and to provide supplemental benefits.

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SECTION ONE: GENERAL INFORMATION

- 1. Purpose: The Municipal Pensions Oversight Board hereinafter referred to as the “MPOB” is soliciting proposals pursuant to **West Virginia Code §8-22-20** to “contract with or employ a qualified actuary to annually prepare an actuarial valuation report on each pension and relief fund.”

The MPOB oversees 53 independent municipal policemen and firefighters pension plans across 31 cities with approximately 1,717 eligible members and 2,165 eligible retirees. Additionally, the West Virginia Code that pertains to municipal pension plans is 8-22-16 through 8-22-28, inclusive, as well as Legislative Rule Title 211 Section 1.

- 2. By signing and submitting its proposal, the successful Vendor agrees to be bound by all the terms contained in this Request for Proposal (“RFP”).

An RFP is generally used for the procurement of services in situations where price is not the sole determining factor and the award will be based on a combination of cost and technical factors (Best Value). Through its proposal, the bidder offers a solution to the objectives, problem, or need specified in the RFP, and defines how it intends to meet (or exceed) the RFP requirements.

- 3. **RFP Schedule of Events:**

RFP Released to Public.....	08/29/18
Mandatory Pre-bid Conference.....	09/12/18 at 10:00 A.M.
Vendor’s Written Questions Submission Deadline	09/19/18 at 3:00 P.M.
Addendum Issued.....	09/28/18 by 3:00 P.M.
Proposal Submission Date.....	10/24/18 at 3:00 P.M.
Oral Presentation.....	TBD
Contract Award Made	1/2/19

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SECTION TWO: INSTRUCTIONS TO VENDORS SUBMITTING BIDS

1. REVIEW DOCUMENTS THOROUGHLY: The attached documents contain a solicitation for bids. Please read these instructions and all documents attached in their entirety. These instructions provide critical information about requirements that if overlooked could lead to disqualification of a Vendor's bid. All bids must be submitted in accordance with the provisions contained in these instructions and the Solicitation. Failure to do so may result in disqualification of Vendor's bid.

2. MANDATORY TERMS: The Solicitation may contain mandatory provisions identified by the use of the words "must," "will," and "shall." Failure to comply with a mandatory term in the Solicitation will result in bid disqualification.

3. PREBID MEETING: The item identified below shall apply to this Solicitation.

A pre-bid meeting will not be held prior to bid opening

A **NON-MANDATORY PRE-BID** meeting will be held at the following place and time:

A **MANDATORY PRE-BID** meeting will be held at the following place and time:

**Municipal Pensions Oversight Board
301 Eagle Mountain Road, Suite 251
Charleston, WV 25311
September 12, 2018
10:00 a.m. (EST)**

The offices of the MPOB are located within a half of a mile of the Yeager Airport CRW public terminal which should facilitate the ease of attendance to the mandatory pre-bid meeting.

All Vendors submitting a bid must attend the mandatory pre-bid meeting. Failure to attend the mandatory pre-bid meeting shall result in disqualification of the Vendor's bid. No one person attending the pre-bid meeting may represent more than one Vendor. An attendance sheet provided at the pre-bid meeting shall serve as the official document verifying attendance. The State will not accept any other form of proof or documentation to verify attendance. Any person attending the pre-bid meeting on behalf of a Vendor must list on the attendance sheet his or her name and the name of the Vendor he or she is representing.

Additionally, the person attending the pre-bid meeting should include the Vendor's E-Mail address, phone number, and Fax number on the attendance sheet. It is the Vendor's responsibility to locate the attendance sheet and provide the required information. Failure to complete the attendance sheet as required may result in disqualification of a Vendor's bid. All Vendors should arrive prior to the starting time for the pre-bid. Vendors who arrive after the starting time but prior to the end of the pre-bid will be permitted to sign in, but, are charged with knowing all matters discussed at the pre-bid.

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Questions submitted at least five business days prior to a scheduled pre-bid will be discussed at the pre-bid meeting if possible. Any discussions or answers to questions at the pre-bid meeting are preliminary in nature and are non-binding. Official and binding answers to questions will be published in a written addendum to the Solicitation prior to bid opening.

4. VENDOR WRITTEN QUESTION SUBMISSION DEADLINE: Vendors may submit questions relating to this Solicitation to the MPOB. Questions must be submitted in writing via email to MPOB@wv.gov. All questions must be submitted on or before the date listed in Section 1, Item 3 - Schedule of Events in order to be considered. A written response will be published in a Solicitation addendum if a response is possible and appropriate. Non-written discussions, conversations, or questions and answers regarding this Solicitation are preliminary in nature and are nonbinding. Submitted e-mails should have solicitation number in the subject line.

Question Submission Deadline: Refer to Section 1, Item 3 – Schedule of Events

Submit Questions to:

LeAnne Neccuzi, Procurement Officer
Municipal Pensions Oversight Board
Phone: (304) 356-2422
Email: MPOB@wv.gov

5. VERBAL COMMUNICATION: Any verbal communication between the Vendor and any State personnel is not binding, including verbal communication at the mandatory pre-bid conference. Only information issued in writing and added to the Solicitation by an official written addendum by the MPOB is binding.

6. BID SUBMISSION: All bids must be submitted electronically through wvOASIS.

7. PROPOSAL SUBMISSION DATE: Refer to Section 1, Item 3 - Schedule of Events.

8. ADDENDUM ACKNOWLEDGEMENT: Changes or revisions to this Solicitation will be made by an official written addendum issued by the MPOB. Vendor must acknowledge receipt of all addenda issued with this Solicitation by completing an Addendum Acknowledgment Form, a copy of which is included herewith. Failure to acknowledge addenda may result in bid disqualification. The addendum acknowledgement should be submitted with the bid to expedite document processing.

9. BID FORMATTING: Vendor should type or electronically enter the information onto its bid to prevent errors in the evaluation. Failure to type or electronically enter the information may result in bid disqualification.

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10. EXCEPTIONS AND CLARIFICATIONS: The Solicitation contains the specifications that shall form the basis of a contractual agreement. Vendor shall clearly mark any exceptions, clarifications, or other proposed modifications in its bid. Exceptions to, clarifications of, or modifications of a requirement or term and condition of the Solicitation may result in bid disqualification.

11. COMMUNICATION LIMITATIONS: Communications with the State of West Virginia or any of its employees regarding this Solicitation during the solicitation, bid, evaluation or award periods, except through the MPOB is strictly prohibited.

12. REGISTRATION: Prior to Contract award, the apparent successful Vendor must be properly registered with the West Virginia Purchasing Division, WV Secretary of State, WV State Tax Department, as applicable, and any other entities as necessary. Each of these entities has different fees that may be applicable to their respective registration requirements.

13. UNIT PRICE: Unit prices shall prevail in cases of a discrepancy in the Vendor's bid.

14. ELECTRONIC FILE ACCESS RESTRICTIONS: Vendor must ensure that its submission in wvOASIS can be accessed by the MPOB staff immediately upon bid opening. The MPOB will consider any file that cannot be immediately opened and/or viewed at the time of the bid opening (such as, encrypted files, password protected files, or incompatible files) to be blank or incomplete as context requires, and, are therefore unacceptable. A vendor will not be permitted to unencrypt files, remove password protections, or resubmit documents after bid opening if those documents are required with the bid.

15. NON-RESPONSIBLE: The MPOB reserves the right to reject the bid of any vendor as Non-Responsible when the MPOB determines that the vendor submitting the bid does not have the capability to fully perform, or, lacks the integrity and reliability to assure good-faith performance.

16. ACCEPTANCE/REJECTION: The MPOB may accept or reject any bid in whole, or in part.

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SECTION THREE: GENERAL TERMS AND CONDITIONS

1. CONTRACTUAL AGREEMENT: Issuance of an Award Document signed by the MPOB and approved as to form by the Attorney General's office, if required, constitutes acceptance of this Contract made by and between the State of West Virginia' Municipal Pensions Oversight Board and the Vendor. Vendor's signature on its bid signifies Vendor's agreement to be bound by and accept the terms and conditions contained in this Contract.

2. DEFINITIONS: As used in this Solicitation/Contract, the following terms shall have the meanings attributed to them below. Additional definitions may be found in the specifications included with this Solicitation/Contract.

2.1. "Agency" or "Agencies" means the Municipal Pensions Oversight Board (MPOB) of the State of West Virginia that is identified on the first page of the Solicitation.

2.2. "Bid" or "Proposal" means the vendors submitted response to this solicitation.

2.3. "Contract" means the binding agreement that is entered into between the MPOB and the Vendor to provide the goods or services requested in the Solicitation.

2.4. "Award Document" means the document signed by the Agency that identifies the Vendor as the contract holder.

2.5. "Solicitation" means the official notice of an opportunity to supply the State with goods or service that is published by the MPOB.

2.6. "State" means the State of West Virginia and/or any of its agencies, commissions, boards, etc. as context requires.

2.7. "Vendor" or "Vendors" means any entity submitting a bid in response to the Solicitation, the entity that has been selected as the lowest responsible bidder, or the entity that has been awarded the Contract as context requires.

2.8. "Board" means members of the Municipal Pensions Oversight Board.

2.9. "RFP" means Request for Proposal.

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3. CONTRACT TERM; RENEWAL; EXTENSION: The term of this Contract shall be determined in accordance with the category that has been identified as applicable to this contract below:

Term Contact

Initial Contract Term: This Contract becomes effective upon Award and extends for a period of Five (5) year(s).

Renewal Term: This Contract may be renewed upon the mutual written consent of the Agency, and the Vendor. Any request for renewal should be submitted to the Agency thirty (30) days prior to the expiration date of the initial contract term or appropriate renewal term. A Contract renewal shall be in accordance with the terms and conditions of the original contract. Unless otherwise specified below, renewal of this Contract is limited to two (2) successive one (1) year periods or multiple renewal periods of less than one year, provided that the multiple renewal periods do not exceed the total number of months available in all renewal years combined. Automatic renewal of this Contract is prohibited. Renewals must be approved by the Vendor and the Agency.

4. NOTICE TO PROCEED: Vendor shall begin performance of this Contract immediately upon receiving notice to proceed unless otherwise instructed by the Agency. Unless otherwise specified, the fully executed Contract will be considered notice to proceed.

5. QUANTITIES: The quantities required under this Contract shall be determined in accordance with the category that has been identified as applicable to this Contract below.

Open End Contract: Quantities listed in this Solicitation are approximations only, based on estimates supplied by the Agency. It is understood and agreed that the Contract shall cover the quantities actually ordered for delivery during the term of the Contract, whether more or less than the quantities shown.

Service: The scope of the service to be provided will be more clearly defined in the specifications included herewith.

Combined Service and Goods: The scope of the service and deliverable goods to be provided will be more clearly defined in the specifications included herewith.

One Time Purchase: This Contract is for the purchase of a set quantity of goods that are identified in the specifications included herewith. Once those items have been delivered, no additional goods may be procured under this Contract without an appropriate change order approved by the Vendor, Agency, Purchasing Division, and Attorney General's office.

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6. CANCELLATION: The State reserves the right to cancel this Contract immediately upon written notice to the vendor if the materials or workmanship supplied do not conform to the specifications contained in the Contract. The Agency may also cancel any purchase or Contract upon 30 days written notice to the Vendor in accordance with West Virginia Code of State Rules § 148-1-5.2.b.

7. INSURANCE: The apparent successful Vendor shall furnish proof of the insurance identified by a checkmark below and must include the State as an insured on each policy prior to Contract award. The insurance coverages identified below must be maintained throughout the life of this contract. Thirty (30) days prior to the expiration of the insurance policies, Vendor shall provide the Agency with proof that the insurance mandated herein has been continued. Vendor must also provide Agency with immediate notice of any changes in its insurance policies, including but not limited to, policy cancelation, policy reduction, or change in insurers. The apparent successful Vendor shall also furnish proof of any additional insurance requirements contained in the specifications prior to Contract award regardless of whether or not that insurance requirement is listed in this section.

Vendor must maintain:

Commercial General Liability Insurance: In at least an amount of: \$1,000,000 per occurrence.

Professional/Malpractice/Errors and Omission Insurance in at least an amount of: \$1,000,000 per occurrence.

Cyber Liability Insurance in an amount of: \$1,000,000 per occurrence.

The apparent successful Vendor shall also furnish proof of any additional insurance requirements contained in the specifications prior to Contract award regardless of whether or not that insurance requirement is listed above.

8. WORKERS' COMPENSATION INSURANCE: The apparent successful Vendor shall comply with laws relating to workers compensation, shall maintain workers' compensation insurance when required, and shall furnish proof of workers' compensation insurance upon request.

9. LIQUIDATED DAMAGES: N/A.

10. ACCEPTANCE: Vendor's signature on its bid, or on the certification and signature page, constitutes an offer to the State that cannot be unilaterally withdrawn, signifies that the product or service proposed by vendor meets the mandatory requirements contained in the Solicitation for that product or service, unless otherwise indicated, and signifies acceptance of the terms and conditions contained in the Solicitation unless otherwise indicated.

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11. PRICING: The pricing set forth herein is firm for the life of the Contract, unless specified elsewhere within this Solicitation/Contract by the State. A Vendor's inclusion of price adjustment provisions in its bid, without an express authorization from the State in the Solicitation to do so, may result in bid disqualification.

12. PAYMENT IN ARREARS: Payment in advance is prohibited under this Contract. Payment may only be made after the delivery and acceptance of goods and services. The Vendor shall submit invoices, in arrears.

13. PAYMENT METHODS: Vendor must accept payment by electronic funds transfer and/or P-Card. (The State of West Virginia's Purchasing Card program, administered under contract by a banking institution, processes payment for goods and services through state designated credit cards.)

14. TAXES: The Vendor shall pay any applicable sales, use, personal property or any other taxes arising out of this Contract and the transactions contemplated thereby. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.

15. ADDITIONAL FEES: Vendor is not permitted to charge additional fees or assess additional charges that were not either expressly provided for in the solicitation published by the State of West Virginia or included in the unit price or lump sum bid amount that the Vendor is required by the solicitation to provide. Including such fees or charges as notes to the solicitation may result in rejection of vendor's bid. Requesting such fees or charges be paid after the contract has been awarded may result in cancellation of the contract.

16. FUNDING: This Contract shall continue for the term stated herein, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise made available, this Contract becomes void and of no effect beginning on July 1, of the fiscal year for which funding has not been appropriated or otherwise made available.

17. TIME: Time is of the essence with regard to all matters of time and performance in this Contract.

18. APPLICABLE LAW: This Contract is governed by and interpreted under West Virginia law without giving effect to its choice of law principles. Any information provided in specification manuals, or any other source, verbal or written, which contradicts or violates the West Virginia Constitution, West Virginia Code or West Virginia Code of State Rules is void and of no effect.

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19. COMPLIANCE WITH LAWS: Vendor shall comply with all applicable federal, state, and local laws, regulations and ordinances. By submitting a bid, Vendor acknowledges that it has reviewed, understands, and will comply with all applicable laws, regulations, and ordinances.

SUBCONTRACTOR COMPLIANCE: Vendor shall notify all subcontractors providing commodities or services related to this Contract that as subcontractors, they too are required to comply with all applicable laws, regulations, and ordinances. Notification under this provision must occur prior to the performance of any work under the contract by the subcontractor.

20. ARBITRATION: Any references made to arbitration contained in this Contract, Vendor's bid, or in any American Institute of Architects documents pertaining to this Contract are hereby deleted, void, and of no effect.

21. MODIFICATIONS: This writing is the parties' final expression of intent. Notwithstanding anything contained in this Contract to the contrary, no modification of this Contract shall be binding without mutual written consent of the Agency, and the Vendor. No change shall be implemented by the Vendor until such time as the Vendor receives an approved written change order from the MPOB.

22. WAIVER: The failure of either party to insist upon a strict performance of any of the terms or provision of this Contract, or to exercise any option, right, or remedy herein contained, shall not be construed as a waiver or a relinquishment for the future of such term, provision, option, right, or remedy, but the same shall continue in full force and effect. Any waiver must be expressly stated in writing and signed by the waiving party.

23. SUBSEQUENT FORMS: The terms and conditions contained in this Contract shall supersede any and all subsequent terms and conditions which may appear on any form documents submitted by the Vendor to the MPOB such as price lists, order forms, invoices, sales agreements, or maintenance agreements, and includes internet websites or other electronic documents. Acceptance or use of the Vendor's forms does not constitute acceptance of the terms and conditions contained thereon.

24. ASSIGNMENT: Neither this Contract nor any monies due, or to become due hereunder, may be assigned by the Vendor without the express written consent of the Agency and any other government agency or office that may be required to approve such assignments.

25. WARRANTY: The Vendor expressly warrants that the goods and/or services covered by this Contract will: (a) conform to the specifications, drawings, samples, or other description furnished or specified by the Agency; (b) be merchantable and fit for the purpose intended; and (c) be free from defect in material and workmanship.

26. STATE EMPLOYEES: State employees are not permitted to utilize this Contract for personal use and the Vendor is prohibited from permitting or facilitating the same.

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27. BANKRUPTCY: In the event the Vendor files for bankruptcy protection, the State of West Virginia may deem this Contract null and void, and terminate this Contract without notice.

28. PRIVACY, SECURITY, AND CONFIDENTIALITY: The Vendor agrees that it will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the Agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the Agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/default.html>.

29. YOUR SUBMISSION IS A PUBLIC DOCUMENT: Vendor's entire response to the Solicitation and the resulting Contract are public documents. As public documents, they will be disclosed to the public following the bid/proposal opening or award of the contract, as required by Freedom of Information Act West Virginia Code §§29B-1-1 et seq. **DO NOT SUBMIT MATERIAL YOU CONSIDER TO BE CONFIDENTIAL, A TRADE SECRET, OR OTHERWISE NOT SUBJECT TO PUBLIC DISCLOSURE.** Submission of any bid, proposal, or other document to the MPOB constitutes your explicit consent to the subsequent public disclosure of the bid, proposal, or document. The MPOB will disclose any document labeled "confidential," "proprietary," "trade secret," "private," or labeled with any other claim against public disclosure of the documents, to include any "trade secrets" as defined by West Virginia Code §47-22-1 et seq. All submissions are subject to public disclosure without notice.

30. LICENSING: In accordance with West Virginia Code of State Rules §148-1-6.1.e, Vendor must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, West Virginia Insurance Commission, or any other state agency or political subdivision. Upon request, the Vendor must provide all necessary releases to obtain information to enable the Agency to verify that the Vendor is licensed and in good standing with the above entities.

31. ANTITRUST: In submitting a bid to, signing a contract with, or accepting an Award Document from any agency of the State of West Virginia, the Vendor agrees to convey, sell, assign, or transfer to the State of West Virginia all rights, title, and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to Vendor.

32. VENDOR CERTIFICATIONS: By signing its bid or entering into this Contract, Vendor certifies (1) that its bid or offer was made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, person or entity submitting a bid or offer for the same material, supplies, equipment or services; (2) that its bid or offer is in all respects fair and without collusion or fraud; (3) that this Contract is accepted or entered into without any prior understanding,

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agreement, or connection to any other entity that could be considered a violation of law; and (4) that it has reviewed this Solicitation in its entirety; understands the requirements, terms and conditions, and other information contained herein. Vendor's signature on its bid or offer also affirms that neither it 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 interests shall be promptly presented in detail to the Agency. The individual signing this bid or offer on behalf of Vendor certifies that he or she is authorized by the Vendor to execute this bid or offer or any documents related thereto on Vendor's behalf; that he or she is authorized to bind the Vendor in a contractual relationship; and that, to the best of his or her knowledge, the Vendor has properly registered with any State agency that may require registration.

33. VENDOR RELATIONSHIP: The relationship of the Vendor to the State shall be that of an independent contractor and no principal-agent relationship or employer-employee relationship is contemplated or created by this Contract. The Vendor as an independent contractor is solely liable for the acts and omissions of its employees and agents. Vendor shall be responsible for selecting, supervising, and compensating any and all individuals employed pursuant to the terms of this Solicitation and resulting contract. Neither the Vendor, nor any employees or subcontractors of the Vendor, shall be deemed to be employees of the State for any purpose whatsoever. Vendor shall be exclusively responsible for payment of employees and contractors for all wages and salaries, taxes, withholding payments, penalties, fees, fringe benefits, professional liability insurance premiums, contributions to insurance and pension, or other deferred compensation plans, including but not limited to, Workers' Compensation and Social Security obligations, licensing fees, etc. and the filing of all necessary documents, forms, and returns pertinent to all of the foregoing. Vendor shall hold harmless the State, and shall provide the State and Agency with a defense against any and all claims including, but not limited to, the foregoing payments, withholdings, contributions, taxes, Social Security taxes, and employer income tax returns.

34. INDEMNIFICATION: The Vendor agrees to indemnify, defend, and hold harmless the State and the MPOB, their officers, and employees from and against: (1) Any claims or losses for services rendered by any subcontractor, person, or firm performing or supplying services, materials, or supplies in connection with the performance of the Contract; (2) Any claims or losses resulting to any person or entity injured or damaged by the Vendor, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use, or disposition of any data used under the Contract in a manner not authorized by the Contract, or by Federal or State statutes or regulations; and (3) Any failure of the Vendor, its officers, employees, or subcontractors to observe State and Federal laws including, but not limited to, labor and wage and hour laws.

35. PURCHASING AFFIDAVIT: In accordance with West Virginia Code §§ 5A-3-10a and 5-22-1(i), the State is prohibited from awarding a contract to any bidder that owes a debt to the State or a political subdivision of the State, Vendors are required to sign, notarize, and submit the Purchasing Affidavit to the MPOB affirming under oath that it is not in default on any monetary obligation owed to the state or a political subdivision of the state.

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36. ADDITIONAL AGENCY AND LOCAL GOVERNMENT USE: This Contract may be utilized by other agencies, spending units, and political subdivisions of the State of West Virginia; municipal and local government bodies; (“Other Government Entities”), provided that both the Other Government Entity and the Vendor agree. Any extension of this Contract to the aforementioned Other Government Entities must be on the same prices, terms, and conditions as those offered and agreed to in this Contract. A refusal to extend this Contract to the Other Government Entities shall not impact or influence the award off this Contract in any manner.

37. CONFLICT OF INTEREST: Vendor, its officers or members or employees, shall not presently have or acquire an interest, direct or indirect, which would conflict with or compromise the performance of its obligations hereunder. Vendor shall periodically inquire of its officers, members and employees to ensure that a conflict of interest does not arise. Any conflict of interest discovered shall be promptly presented in detail to the Agency.

38. BACKGROUND CHECK: In accordance with W. Va. Code §15-2D-3, the Director of the Division of Protective Services shall require any service provider whose employees are regularly employed on the grounds or in the buildings of the Capitol complex or who have access to sensitive or critical information to submit to a fingerprint-based state and federal background inquiry through the state repository. The service provider is responsible for any costs associated with the fingerprint-based state and federal background inquiry. After the contract for such services has been approved, but before any such employees are permitted to be on the grounds or in the buildings of the Capitol complex or have access to sensitive or critical information, the service provider shall submit a list of all persons who will be physically present and working at the Capitol complex to the Director of the Division of Protective Services for purposes of verifying compliance with this provision. The State reserves the right to prohibit a service provider’s employees from accessing sensitive or critical information or to be present at the Capitol complex based upon results addressed from a criminal background check. Service providers should contact the West Virginia Division of Protective Services by phone at (304) 558-9911 for more information.

39. INTERESTED PARTY SUPPLEMENTAL DISCLOSURE: W. Va. Code § 6D-1-2 requires that for contracts with an actual or estimated value of at least \$1 million, the vendor must submit to the Agency a supplemental disclosure of interested parties reflecting any new or differing interested parties to the contract, which were not included in the original pre-award interested party disclosure, within 30 days following the completion or termination of the contract. A copy of that form is included with this solicitation or can be obtained from the WV Ethics Commission. This requirement does not apply to publicly traded companies listed on a national or international stock exchange. A more detailed definition of interested parties can be obtained from the form referenced above.

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SECTION 4: PROJECT SPECIFICATIONS

4.1 Background and Current Operating Environment: Since 1983, the State of West Virginia has provided municipal policemen's and municipal firemen's pension and relief funds with a portion of a premium tax surcharge on fire and casualty insurance policies issued in WV. The tax collections are remitted to the MPOB from the WV Insurance Commissioner, who has the responsibility of collecting the taxes from insurance providers in WV. The MPOB has the responsibility to allocate and disburse those funds to the 53 municipal policemen's (31) and firemen's (22) pension and relief funds across WV. The allocation occurs on September 1st of each year for the monies collected from the previous calendar year less any administrative expenditures that have occurred during that calendar year. The MPOB has the statutory responsibility of providing actuarial studies to each of the 53 plans annually (W.Va. Code §8-22-20 & §8-22-20a).

Since 2012, the current provider, GRS Consulting, has provided valuation reports, supplemental valuation reports, COLA letters and other requested reports on a valuation timeline. The timeline has been used for the actuarial study cycle:

January – February:	Data request sent to municipalities for preceding Fiscal Year End (June 30 th)
April:	Data request due from municipalities
April – July:	Data review and scrub.
March:	COLA letters prepared and sent to pension secretaries
July 1 st :	Pensions issue COLA to certain retirees §8-22-26a
August:	Consultant requests asset information from pension plans for GASB supplemental valuation report. Reports are issued within six weeks of Consultant receiving usable data from municipal plan.
August 1 st :	MPOB provides Consultant with state premium tax allocation for pension plans.
August 15 – Sept. 30:	Consultant issues actuarial valuations
November 1 st :	Consultant provides Consolidated Actuarial Study Report to MPOB.
December 31:	Consultant to have issued all supplemental valuations GASB 67 and GASB 68 reports for municipalities providing usable data. Smaller municipalities occasionally miss data deadlines and have their supplemental reports provided later in the FY cycle.

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The 53 plans in WV are of various sizes. As of June 30, 2018, the largest plan has 155 active members and 237 retirees and survivors. The smallest plan has zero (0) active members and four (4) retirees and survivors. Collectively, there are 1,716 active firefighters and police officers in these 53 plans and 2,165 retirees and survivors in these plans. The only time the collective numbers matter is when the individual plans are being allocated state funds from the MPOB. See the September 1, 2018 Allocation on the MPOB's website <https://mpob.wv.gov/allocations/Pages/default.aspx>.

4.2 Project Goals and Mandatory Requirements: Vendor should describe its approach and methodology to providing the service or solving the problem described by meeting the goals/objectives identified below. Vendor's response should include any information about how the proposed approach is superior or inferior to other possible approaches. The project goals and objectives are:

4.2.1. Goals: The project goals are listed below.

4.2.1.1. Goal 1: To find a consultant with qualified actuaries to prepare actuarial valuation reports for each of the 53 municipal policemen's and firemen's pension and relief funds in West Virginia. These studies are to be provided each year of the contract. The actuarial valuations from the qualified actuary are used by each municipality to determine a municipal policemen's or firemen's pension and relief fund's eligibility to receive state money and to provide supplemental benefits to its pensioners. W.Va. Code §8-22-20 defines the four funding policies available for plan sponsors. Each plan sponsor should receive one actuarial valuation report which reflects the corresponding funding policy it currently uses. In addition, *and where it is permissible by W. Va. Code*, the report should contain a section that explains how a plan would be affected if it was changed to one of the other applicable funding policies allowed by WV statutes.

The consultant is responsible for the collection of all member census data and fund asset information for each plan by working with each plan sponsor's city treasurer/finance director/city clerk and each of the 53 pension secretaries. The consultant is responsible for defining the data formatting as well as the collection process. Data collection for the actuarial studies begins in the first quarter of each calendar year for the preceding fiscal year ending on June 30th. All 53 actuarial studies are required to be completed by September 30th of each year.

4.2.1.2. Goal 2: The consultant should prepare an annual consolidated actuarial report to present to the West Virginia Legislature's Joint Committee on Pensions and Retirement. Through mutual discussions with the MPOB, the report's design and data compilation is to be determined. The six (6) most recent annual consolidated actuarial reports can be viewed at the following link:

<https://mpob.wv.gov/Pages/default.aspx>

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The annual consolidated actuarial report for the Joint Committee on Pensions and Retirement is due by November 1st of each year. Presentation of the report may require an onsite visit to Charleston, WV to provide the report to the MPOB members and/or a meeting of the WV Legislature's Joint Committee on Pensions and Retirement. Preparing such a report should be included in the "cost of the annual valuation of 53 plans" however time for the presentation would be billed on an hourly basis.

4.2.1.3. Goal 3: To find a consultant who understands the unique nature of very small municipal pension plans governed by statutes, some of which are actuarially sound and some of which are not actuarially sound. The consultant should be prepared to provide advice to the MPOB on what changes might be made to provide the groundwork for quality pension funds.

4.2.1.4. Goal 4: In the spring/summer of 2019 and in the spring/summer of 2022, the consultant should assist the MPOB in determining what the actuarial assumptions should be for the annual actuarial valuations. The consultant would use the MPOB's Standard Operating Procedures, Procedure Title: Experience Study Timing adopted June 15, 2017 to conduct the study. This Procedure is listed on the MPOB website <https://mpob.wv.gov/forms/Pages/Procedures.aspx>.

4.2.1.5. Goal 5: To find a consultant to assist the MPOB by providing written recommendations which include methods for monitoring pension and relief funds and methods for assuring prudent administration of the funds.

4.2.1.6. Goal 6: To find a consultant to assist the Board by providing written recommendations to the MPOB so that it could give the WV Legislature and local municipal plans direction on strengthening and protecting plan assets in the interest of plan members.

4.2.1.7. Goal 7: To find a consultant to assist the Board by reviewing any municipality's DROP (Deferred Retirement Option Plan) proposal received by the Board, as authorized in WV Code Chapter 8, Article 22, Section 25(a), and to provide a report on said plan to the Board. The consultant's review includes the elements of the DROP and the actuarial projections of the impact of the DROP on the affected pension and relief fund. If such a DROP is adopted by a municipality, future actuarial studies should include comments on whether the plan continues to maintain this revenue neutrality required by the W.Va. Code. Pursuant to W.Va. Code §8-22-25a(e), the MPOB "shall annually report to the Legislature's Joint Committee on Pensions and Retirement on DROPSs submitted to the board for approval and the status of any DROP that has been approved, including any experienced impact on an affected pension and relief fund."

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4.2.1.8. Goal 8: To find a consultant to provide individual sessions to each municipal policemen's and firemen's pension and relief fund through conference calls or on-site regional meetings where individual pension boards of trustees could speak to/meet with consultants to receive information specific to their own actuarial valuation. The MPOB holds regional training for boards of trustees on a rotating basis every third year. The consultant may be asked to attend these regional events in person or via Skype or other electronic venues. Should the consultant be asked to attend any of these events or participate electronically, the time is to be billed on an hourly basis using the hourly rates quoted on the cost sheet.

4.2.1.9. Goal 9: The Consultant should be prepared to design a new retirement formula that does not diminish current benefits but that is easier for the participants to calculate retirements and disability retirements than what is required currently in W.Va. Statutes and Title 211, Series 1 of State Rules. WV Code §8-22-16d defines the terms "salary or compensation" and specifically provides a very detailed and often confusing definition. The MPOB anticipates the winning vendor will be asked to design a new retirement formula for any police officer or firefighter who has not retired. The formula would have to result in a retirement amount that does not diminish current benefits and that could be written into the WV Code for all future retirees. The bidder should describe in some detail how this process would occur should they be selected as the winning vendor. This goal/objective would be billed on an hourly basis.

4.2.1.10. Goal 10: To find a consultant to complete special projects as required of the MPOB by the Joint Standing Committee on Pensions and Retirement of the West Virginia Legislature regarding the Plans being valued (such as costs of benefit formula changes, changes in actuarial assumptions, cash flow and funding projections.) The frequency and nature of requests from the Legislature are unknown at this writing, however within the past 7 years, there have been such requests and those requests generally are presented within a 60 day window and generally are expected to be answered within that same 60 day window when the WV Legislature is in session.

4.2.1.11. Goal 11: The consultant should provide a supplemental valuation report, in addition to the annual actuarial valuation report, containing Governmental Accounting Standards Board (GASB) statement number 67 and statement number 68 information for each of the 53 municipal pension plans for each of the fiscal years of the contract. The consultant should provide the schedule timeline for the work to be completed each year within the RFP response. GASB reports that have been produced to date are on the MPOB website, <http://mpob.wv.gov/GASB%2067%20and%2068/Pages/default.aspx>.

4.2.1.12. Goal 12: The consultant should be available to provide any additional GASB required reports which may or may not be contemplated at the time of this request for proposal. Future GASB requirements would be additional work implemented through amendments to any contract issued to the successful bidder on this request for proposal.

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4.2.2. Mandatory Project Requirements: The following mandatory requirements relate to the goals and objectives and must be met by the Vendor as a part of its submitted proposal. Vendor should describe how it will comply with the mandatory requirements and include any areas where its proposed solution exceeds the mandatory requirement. Failure to comply with mandatory requirements will lead to disqualification, but the approach/methodology that the vendor uses to comply, and areas where the mandatory requirements are exceeded, will be included in technical scores where appropriate. The mandatory project requirements are listed below.

4.2.2.1. Mandatory Requirement 1: Vendor shall provide only “qualified actuaries” for this project. A “Qualified Actuary” means only an actuary who is a member of the Society of Actuaries or the American Academy of Actuaries.

4.2.2.2. Mandatory Requirement 2: Vendor shall provide a succession plan in the event the firm’s actuaries are unable to perform the work due to illness, an accident, cessation of employment or for any other reason as determined by the vendor or by the MPOB.

4.3. Qualifications and Experience: Vendor should provide information and documentation regarding its qualifications and experience in providing services or solving problems similar to those requested in this document. Information and documentation should include, but is not limited to, copies of any staff certifications or degrees applicable to this project, proposed staffing plans, descriptions of past projects completed (descriptions should include 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.), references for prior projects, and any other information that vendor deems relevant to the items identified as desirable or mandatory below.

4.3.1. Qualification and Experience Information: Vendor should describe how it meets the desirable qualifications and experience listed below.

4.3.1.1. Qualification and Experience Desirable 1: Please describe the firm, the firm’s qualifications for this engagement, the firm’s experience in providing actuarial studies to municipal police officers plans and municipal firefighters plans, and the firm’s experience working with small municipal government pension plans.

4.3.1.2. Qualification and Experience Desirable 2: Please provide at least three references at least one of which must have a small municipal government defined benefit pension plan. Please provide the contact information for the pension plan name, a contact person, their address, telephone number, and email.

4.3.1.3. Qualification and Experience Desirable 3: Please provide a proposed staffing plan for this project, including the biographies of all staff identified for this project.

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4.3.2. Mandatory Qualification and Experience Requirement: The following mandatory qualification and experience requirements must be met by the Vendor as part of its submitted proposal. Vendor should describe how it meets the mandatory requirement and include any areas where it exceeds the mandatory requirements. Failure to comply with mandatory requirements will lead to disqualification, but areas where the mandatory requirements are exceeded will be included in technical scores where appropriate. The mandatory qualifications/experience requirements are listed below.

4.3.2.1. Mandatory Requirement 1: The firm must have provided actuarial services to governmental defined benefit pension plans for the past five years or more.

4.4. Oral Presentations: A description of the materials and information to be presented is provided below:

Materials and Information Requested at Oral Presentation:

4.4.1. In-person presentation outlining proposal: Vendor should be prepared to give the evaluation committee a power point presentation and handouts reflecting how they intend to meet the goals, objectives, mandatory requirements and follow the WV Code Chapter 8, Article 22, Sections 20 and 20(a). Presentations should last at least sixty (60) minutes but not more than ninety (90) minutes including the Q & A session between the vendor and the evaluation committee.

4.4.2. Question and answer period: Vendor should be prepared to answer questions from the evaluation committee based on the written proposal and PowerPoint presentation provided to the committee. The Q & A period shall not last more than thirty (30) minutes and is part of the ninety (90) minutes described in 4.4.1.

4.4.3. Specific topics discussed: Vendor should be prepared to answer questions by the evaluation committee pertaining to the proposal, the oral presentation, and other information relative to this proposal.

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SECTION 5: VENDOR PROPOSAL

- 5.1. Economy of Preparation:** Proposals should be prepared simply and economically providing a straightforward, concise description of the Vendor's abilities to satisfy the requirements of the RFP in Section 4. Emphasis should be placed on completeness and clarity of the content. All required documents must be scanned by the Vendor and uploaded into the wvOASIS system as part of the Vendor response.
- 5.2. Incurring Cost:** Neither the State nor any of its employees or officers shall be held liable for any expenses incurred by any Vendor responding to this RFP, including but not limited to preparation, delivery, or travel.
- 5.3. Proposal Format:** Vendors should provide responses in the format listed below:
- 5.3.1. Two-Part Submission:** Vendors must submit proposals in two distinct parts: technical and cost. Technical proposals must not contain any cost information relating to the project. Cost proposal must contain all cost information.
 - 5.3.2. Title Page:** State the RFP subject, number, Vendor's name, business address, telephone number, fax number, name of contact person, e-mail address, and Vendor signature and date.
 - 5.3.3. Table of Contents:** Clearly identify the material by section and page number.
 - 5.3.4. Attachment A:** Within the attached response sheet (**Attachment A: Vendor Response Sheet**), describe the approach and methodology proposed for this engagement. This should include how each of the goals listed are to be met. Also describe the qualifications and experience proposed for this engagement. This should include how each of the qualifications listed are to be met. Any additional information about the firm may be provided after the bidder's answers to each desirable in Section Four.
 - 5.3.5. Attachment B:** Complete **Attachment B: Mandatory Specification Checklist**. By signing and dating this attachment, the Vendor acknowledges that they meet or exceed each of these specifications as outlined in 4.2.2. Mandatory Project Requirements and 4.3.2. Mandatory Qualification/Experience Requirements. If the vendor exceeds the mandatory requirement, the vendor should describe how it exceeds the requirement. The MPOB reserves the right to require documentation detailing how each is met at its discretion. By signing the certification, the vendor understands the requirements of the RFP, its terms and conditions, and the signatory is authorized to bind the vendor in a contractual relationship with the Municipal Pensions Oversight Board.

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- 5.3.6. Complete **Attachment C: Cost Sheet (Excel spreadsheet)** included in this RFP and upload as a separate pdf document titled **“cost-requisition #-vendor name” in the section of the wvOASIS system labeled cost**. For example, “cost-mpob0001-xyzco.pdf”. All cost files will be opened by the review committee after the bids have been scored for technical merit. **The vendor must upload this file using the Price Attachment File Type. Using the Price Attachment File Type will cause the cost file to remain in the Vendor Self Service (VSS) lock box until cost is opened.**
- 5.3.7. All Vendors participating in this RFP will be required to provide an oral presentation, based on the criteria set in Section 4.4. **A date and time for Oral Presentations will be set by the Evaluation Committee.** The MPOB Procurement Officer will contact the vendor point of contact to notify them when a date and time has been determined.
- 5.3.8. **Proposal Submission:** Proposals must be received in **two distinct parts**: technical and cost. **Technical proposals** must not contain any cost information relating to the project. **Cost proposals** shall be uploaded to the Cost section of wvOASIS as a separate document using the naming convention listed under Attachment C in Section 5.3.6 and will not be downloaded until the technical proposals have been evaluated and scored.
- 5.3.8.1. All proposals must be submitted electronically to the MPOB using the wvOASIS system **prior** to the date and time stipulated in this RFP as the opening date. Vendors **will be notified by the wvOASIS system of successful submission** of the Vendor Response. All submissions must be in accordance with the provisions listed below and in Section 2: Instructions to Bidders Submitting Bids above. Please also reference the Vendor Self Service Bidder’s Guide which will be provided to prospective bidders at the mandatory pre-bid meeting referenced in the RFP Schedule of Events in Section One.
- 5.3.8.2. Vendors shall submit their **technical proposal** in a PDF format no later than the date and time specified in Section 1, Item 3 – Schedule of Events. The file name shall list the following information: technical-requisition no. – vendor name. For example, **technical-mpob-0001-xyzco.pdf**.
- 5.3.8.3. Vendors shall submit their **cost proposal** in a PDF format no later than the date and time specified in Section 1, Item 3 – Schedule of Events. The file name shall list the following information: **cost-requisition #-vendor name**. For example, cost-mpob0001-xyzco.pdf.
- 5.3.9. **Technical Bid Opening:** The MPOB Procurement Officer will open the technical proposals received in wvOasis. The technical proposals shall then be provided to the Agency evaluation committee.

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5.3.10. Cost Bid Opening: The MPOB Procurement Officer shall open the VSS lock box containing the cost bids after the Evaluation Committee has scored the technical proposals. Certain information, such as technical scores and reasons for disqualification, will not be available until after the contract award.

SECTION 6: EVALUATION AND AWARD

- 6.1. Evaluation Process:** Proposals will be evaluated in two parts by a committee of three (3) or more individuals. The first evaluation will be of the technical proposal and the second is an evaluation of the cost proposal. The Vendor who demonstrates that it meets all of the mandatory requirements and attains the highest overall point score of all Vendors shall be awarded the contract. The selection of the successful Vendor will be made by a consensus of the evaluation committee.
- 6.2. Failure to Meet Mandatory Requirements:** Vendors must meet or exceed all mandatory requirements to move past the technical evaluation and have their cost proposals evaluated. Proposals failing to meet one of more of the mandatory requirements of the RFP will be disqualified.
- 6.3. Evaluation Criteria:** Proposals will be evaluated based on criteria set forth in the solicitation and information contained in the proposals submitted in response to the solicitation. The technical evaluation will be based upon the point allocations designated below for a total of 80 of the 100 points. Cost represents 20 of the 100 total points.

Evaluation Point Allocation:

Project Goals and Proposed Approach (§ 4.2)	
- Approach & Methodology to Goals (§ 4.2.1)	40 Points Possible
- Approach & Methodology to Compliance with Mandatory Project Requirements (§ 4.2.2)	5 Points Possible
Qualifications and experience (§ 4.3)	
- Qualifications and Experience Generally (§ 4.3.1)	10 Points Possible
- Exceeding Mandatory Qualification/Experience Requirements (§ 4.3.2)	5 Points Possible
Oral interview (§ 4.4)	20 Points Possible
 <u>Total Technical Score:</u>	 <u>80 Points Possible</u>
<u>Total Cost Score:</u>	<u>20 Points Possible</u>
 <u>Total Proposal Score:</u>	 <u>100 Points Possible</u>

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6.4. Technical Evaluation: The MPOB evaluation committee will review the technical proposals and deduct points where appropriate. At the conclusion of the Technical Evaluation, the Procurement Officer will open the cost proposal of each bidder.

6.5. Cost Evaluation: The Agency evaluation committee will review the cost proposals and assign appropriate points.

6.5.1. Cost Evaluation Formula: Each cost proposal will have points assigned using the following formula for all Vendors not disqualified during the technical evaluation. The lowest cost of all proposals is divided by the cost of the proposal being evaluated to generate a cost score percentage. That percentage is then multiplied by the points attributable to the cost proposal to determine the number of points allocated to the cost proposal being evaluated.

Step 1: $\text{Lowest Cost of All Proposals} / \text{Cost of Proposal Being Evaluated} = \text{Cost Score Percentage}$

Step 2: $\text{Cost Score Percentage} \times \text{Points Allocated to Cost Proposal} = \text{Total Cost Score}$

Example:

Proposal 1 Cost is \$1,000,000

Proposal 2 Cost is \$1,100,000

Points Allocated to Cost Proposal is 20

Proposal 1: Step 1 – $\$1,000,000 / \$1,000,000 = \text{Cost Score Percentage of } 1 \text{ (100\%)}$

Step 2 – $1 \times 20 = \text{Total Cost Score of } 20$

Proposal 2: Step 1 – $\$1,000,000 / \$1,100,000 = \text{Cost Score Percentage of } 0.909091 \text{ (90.9091\%)}$

Step 2 – $0.909091 \times 20 = \text{Total Cost Score of } 18.18182$

6.6. Written Recommendation: The MPOB Evaluation Committee will combine the Technical scores and the Cost scores for all bids. Then the Evaluation Committee will make a final written recommendation to the Board for the proposal having the highest total points

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Attachment A: Vendor Response Sheet

Provide a response regarding the following project goals and qualifications and experience. Keep your response relevant to the particular goal, qualification, or experience described in the RFP. Any additional information you desire to provide about your firm is to be entered after all other sections are completed.

List project goals contained in Section 4, Subsection 4.2:

Section 4, Subsection 4.2.1.1. Goal 1:

Vendor Response:

Section 4, Subsection 4.2.1.2. Goal 2:

Vendor Response:

Section 4, Subsection 4.2.1.3. Goal 3:

Vendor Response:

Section 4, Subsection 4.2.1.4. Goal 4:

Vendor Response:

Section 4, Subsection 4.2.1.5. Goal 5:

Vendor Response:

Section 4, Subsection 4.2.1.6. Goal 6:

Vendor Response:

Section 4, Subsection 4.2.1.7. Goal 7:

Vendor Response:

Section 4, Subsection 4.2.1.8. Goal 8:

Vendor Response:

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Section 4, Subsection 4.2.1.9. Goal 9:

Vendor Response:

Section 4, Subsection 4.2.1.10. Goal 10:

Vendor Response:

Section 4, Subsection 4.2.1.11. Goal 11:

Vendor Response:

Section 4, Subsection 4.2.1.12. Goal 12:

Vendor Response:

List project qualifications and experience contained in Section 4, Subsection 4.3:

Section 4, Subsection 4.3.1.1. Qualification and Experience 1:

Vendor Response:

Section 4, Subsection 4.3.1.2. Qualification and Experience 2:

Vendor Response:

Section 4, Subsection 4.3.1.3. Qualification and Experience 3:

Vendor Response:

Additional Information (optional):

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Attachment B: Mandatory Specification Checklist

Provide a response regarding the mandatory requirements Section 4, Subsection 4.2.2. and Subsection 4.3.2.:

List mandatory project requirements contained in Section 4, Subsection 4.2.2.:

Section 4, Subsection 4.2.2.1 Mandatory Requirement 1:

Vendor Response:

Section 4, Subsection 4.2.2.2 Mandatory Requirement 2:

Vendor Response:

List mandatory qualification and experience requirements contained in Section 4, Subsection 4.3.2.:

Section 4, Subsection 4.3.2.1. Mandatory Requirement 1:

Vendor Response:

Additional Information (optional):

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CERTIFICATION AND SIGNATURE

By signing below and uploading this page as an attachment into wvOASIS, I certify that I have reviewed this Request for Proposal 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 Municipal Pensions Oversight Board 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.

(Company)

(Name) (Title)

(Authorized Signature) (Date)

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Attachment C: Cost Sheet

Cost information below as detailed in the Request for Proposal and submitted as a separate file in the cost section of the Vendor response. The Cost File must be titled as stated in Section 5.3.6. Attachment C.

The RFP contemplates both fixed pricing and time and material pricing for different requirements of the solicitation. There are four areas that will have fixed costs each year and those are the annual actuarial valuations for the 53 plans, the annual consolidated report, the annual GASB 67/68 reports, and the experience study conducted in 2019 and 2022. Hourly fees will be charged for the work of the goals as expressed in the solicitation. The fee and hourly rates shall be inclusive of all expenses and costs associated with providing the services, including travel expenses. Travel will be the sole responsibility of the vendor and will not be reimbursed by the MPOB. The vendor shall use the Excel spreadsheet attached to this RFP to enter its fixed costs and hourly rates as described in the attachment. The vendor must save the Excel file as a PDF file and upload it as described in Section 5.3.6. An image of the spreadsheet is below. The cost evaluation will be scored based on the total cost of the proposal.

**MUNICIPAL PENSIONS OVERSIGHT BOARD
REQUEST FOR PROPOSAL
REQUISITION NO: MPO 1900000001
Attachment C
Cost Sheet**

	Life of Contract					Total
	Year 1	Year 2	Year 3	Year 4	Year 5	
A Cost of Annual Valuation of 53 Plans and Consolidated Report						\$0.00
B GASB 67/68 Reports						\$0.00
C Experience Study						\$0.00
D Cost Escalator Rate						
E Total Hourly Cost	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Cost of Proposal						\$0.00

Classification	Total Hours *	Hourly Rate	Total Hourly Cost
Senior Actuary	100		\$0.00
Actuary	100		\$0.00
Actuary Assistant	100		\$0.00
Clerical	100		\$0.00
Total Hourly Cost			\$0.00

Instructions: The gray shaded cells have been locked by the MPOB as they contain formulas. The blue shaded cells are unlocked and available for the vendor to provide cost information.

A - List the cost of the Annual Valuation of all plans/Consolidated Report
 B - Total annual cost of individual GASB reports.
 C - Experience Study to be completed every third year.
 D - List the rate of increase of any price adjustments
 E - First year is equal to total cost for item F. Previous year multiplied by item D (cost escalator rate) for remaining years 2-5.
 F - Enter individual hourly rates to establish total hourly cost and base year.

* - Estimated hours for proposal purposes only.

Note 1:
 Rates shall be inclusive of all expenses and costs associated with providing the services, including travel expenses.
 No travel will be reimbursed by the MPOB and will be the sole responsibility of the vendor

REQUEST FOR PROPOSAL
Municipal Pensions Oversight Board
Requisition No: MPO1900000001

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)

- Addendum No. 1 Addendum No. 6
- Addendum No. 2 Addendum No. 7
- Addendum No. 3 Addendum No. 8
- Addendum No. 4 Addendum No. 9
- Addendum No. 5 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.

Company

Authorized Signature

Date

NOTE: This addendum acknowledgment must be submitted with the bid by uploading the page into wvOASIS to expedite document processing.

Exhibit VII-C

AGREEMENT

WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD

and

BOLTON PARTNERS, INC.

THIS AGREEMENT (Agreement) made this 6th day of February 2019, is between the **WEST VIRGINIA MUNICIPAL PENSIONS OVERSIGHT BOARD** (MPOB), Charleston, West Virginia, and **BOLTON PARTNERS, INC. (Bolton)**, 36 S. Charles Street, #1000, Baltimore, MD 21201.

WHEREAS, Pursuant to the provisions of *W.Va. Code* § 8-22-18A(b)(6), the MPOB is exempt from provisions of article three, chapter five-a of the Code for the purpose of contracting for actuarial services and pursuant to the provisions of *W.Va. Code* § 8-22-20(a), the MPOB shall contract with or employ a qualified actuary to annually prepare an actuarial valuation report on each pension and relief fund. The selection of contract vendors to provide actuarial services...shall be by competitive bid process but is specifically exempt from purchasing provisions of article three, chapter five-a of the Code; and

WHEREAS, on or about August 29, 2018, the MPOB issued Agency Request for Proposal (ARFP) MPO1900000001 seeking proposals from qualified actuarial consultants to provide certain actuarial valuations for each of the 53 municipal policemen's and firemen's pension and relief funds in West Virginia; prepare and deliver to the West Virginia Legislature's Joint Committee on Pensions and Retirement a consolidated actuarial report of the status of the 53 municipal policemen's and firemen's pension and relief funds on an annual basis; to assist the MPOB by reviewing any municipality's DROP (Deferred Retirement Option Plan) proposal received by the MPOB as required in *W.Va. Code* § 8-22-25(a); to provide consulting and complete special projects as required by both the MPOB and the Joint Standing Committee on Pensions and Retirement of the West Virginia Legislature; to provide Government Accounting Standards Board (GASB) reports 67 and 68 for each pension fund which impact a municipality's financial reporting; and

WHEREAS, in response to ARPF# MPO1900000001, Bolton submitted a proposal dated October 28, 2018, offering services as the primary provider of the services desired (Bolton Proposal); and

WHEREAS, the Bolton Proposal received the highest total point score in the evaluation of all proposals received by the MPOB as described in ARFP #MPO1900000001; and

WHEREAS, the parties now desire to formalize the terms and conditions of their agreement for such services.

NOW THEREFORE, THIS AGREEMENT, WITNESSETH:

That for and in consideration of the terms included herein, the parties do hereby covenant and agree as follows:

PART I – SPECIFIC CONTRACT TERMS

1-1. AGREEMENT:

- a. As reflected in the Purchase Order, the contract between the parties in its entirety consists of the following documents, in the order listed:
 - 1. This Agreement;
 - 2. ARFP #MPO1900000001 and the Addendum issued September 28, 2018, by reference;
 - 3. Bolton Proposal, by reference; and
 - 4. Bolton Cost Sheet, Exhibit B.

- b. Any ambiguities or questions shall be resolved by reference to the documents in the order listed in this Section, unless otherwise specified in this Agreement.

1-2. SERVICES:

- a. Bolton agrees to provide the actuarial services required by the MPOB and described in ARFP #MPO1900000001 (Services), reference to which is hereby made and incorporated herein.

- b. The MPOB reserves the right to alter, modify, eliminate, add, change, and amend the Services as mutually agreed between MPOB and Bolton to reflect the needs of the MPOB. The parties shall comply with all applicable federal and state laws, rules, regulations, and policies. The MPOB reserves the right to unilaterally accept, reject, cancel, prohibit or stop any, and all work performed under this Agreement without penalty with thirty (30) days written notice to Bolton.

1-3. VALUATION TIMELINE:

- a. Transition of Actuarial Services

Action	Timing	Responsible Party
Provide data and documentation requests to the MPOB and the prior actuary	Week 1	Bolton
Receive requested data and documentation	Weeks 2-4	MPOB and prior actuary
Complete initial programming of valuation model and send follow up request to prior actuary (if needed)	Weeks 4-5	Bolton
Receive follow up information regarding valuation match questions	Week 6	Prior actuary
Finalize valuation match and review discrepancies, if any, with the MPOB	Weeks 7-8	Bolton

- b. As stated in the ARFP #MPO1900000001, Bolton agrees to provide the actuarial services specified in Years 1, 2, 3, 4 and 5.
 - i. For year 1, data collection begins on the starting date of this contract for these services.
 - ii. Consolidated Report and Presentation to WV Legislature due November 1st.
 - iii. All individual pension valuations completed by September 30th.
 - iv. For years 2, 3, 4 or 5, data collection begins January 1st for preceding fiscal year end (June 30th).

1-4. TERM:

This Agreement will be effective upon award and shall extend for the period of five (5) years, at which time the contract may, upon mutual consent, be renewed. Such renewals are for a period of up to one (1) year, with a maximum of two (2) one-year renewals, or until such reasonable time thereafter as is necessary to obtain a new contract, not to exceed six months. During the "reasonable time" period, Bolton may terminate the contract for any reason upon giving the MPOB ninety (90) days written notice. Notice by Bolton of intent to terminate will not relieve Bolton of the obligation to continue providing services pursuant to the terms of the contract. This Agreement is subject to the general termination and extension rights reserved to the MPOB in this contract.

1-5. COMPENSATION:

Pursuant to the cost sheet and pricing schedule submitted by Bolton, Bolton shall be compensated for the services it provides as specified on the Cost Sheet, attached hereto and made a part hereof and included as Exhibit B to this Agreement. Bolton will invoice the MPOB on a monthly basis for the costs associated with providing the Hourly Services, specified in the ARFP, Addendum and any special projects/in person meetings requested by the MPOB. Prior approval from the MPOB is required for all projects billed on an Hourly Cost basis. Said invoice will be paid in arrears. Further, Bolton will invoice the MPOB in arrears for progress payments as each key phase of the valuation process is completed based upon the table below.

Bolton Fee Fixed Cost Schedule	
Prepare and send data request	5.0%
Update valuation software and report worksheets	10.0%
Update valuation reports	5.0%
Compile and reconcile data	15.0%
Gain loss analysis	7.5%
Generate liabilities and discount rate forecasts	7.5%
Prepare individual valuation reports	35.0%
Prepare consolidated report/presentation	10.0%
COLA Letters	5.0%
	100.0%

Special Projects/In Person Meetings:	Hourly Rate				
	Year 1	Year 2	Year 3	Year 4	Year 5
Senior Actuary	245.00	249.90	254.90	260.00	265.20
Actuary	245.00	249.90	254.90	260.00	265.20
Actuary Assistant	245.00	249.90	254.90	260.00	265.20
Clerical	245.00	249.90	254.90	260.00	265.20

Should any policemen's or firemen's municipal pension and relief fund decline to participate in the actuarial valuation process, Bolton will deduct the cost of performing that fund's valuation from the progress payments invoice phase "Prepare individual valuation reports."

The fee for the experience study completed in Year 1, and Year 4, shall be paid upon completion and acceptance by the MPOB.

The fees for the completion of GASB 67/68 reports may be billed in total or on a per unit cost each year. Year 1, unit cost is \$566.04; Year 2, unit cost is \$584.91; Year 3, unit cost is \$603.77; Year 4, unit cost is \$622.64 and Year 5, unit cost is \$641.51.

1-6. INSTITUTIONAL REQUIREMENTS:

- a. **Proof of Good Standing and Authorization to do Business:** Bolton agrees to remain in good standing with all regulatory and governmental entities and be authorized to do business in West Virginia. The MPOB reserves the right to request copies of all required business licenses, certificates, registrations, and declaration pages demonstrating applicable insurance coverage, including but not limited to, workers compensation, premises, professional liability, omissions and errors and general liability.
- b. **Insurance Requirements:** Bolton agrees that it will hold and maintain premises, professional/malpractice/errors and omissions and commercial general liability insurance policies in an amount not less than one million dollars (\$1,000,000). Additionally, Bolton agrees that it will hold and maintain cyber liability insurance in an amount not less than one million dollars (\$1,000,000) per occurrence. Such coverage shall remain in effect during the entire term of this Agreement unless otherwise advised in writing by the MPOB. Bolton agrees to provide copies of its insurance certificates to the MPOB prior to the execution of this Agreement.

1-7. SERVICE REQUIREMENTS:

- a. **Actuarial Valuation Reports:** Bolton agrees to prepare actuarial valuation reports for each of the 53 municipal policemen's and firemen's pension and relief funds in West Virginia as stated in Bolton's response (pages 5-11) to ARFP #MPO1900000001 (to the extent the municipal policemen's and firemen's pension and relief funds provide the underlying required member and financial data and information directly to Bolton on a timely basis). Bolton is responsible for the collection of data from the individual municipalities and pension funds. These studies will be provided each year of the contract

as specified using the timeframes included in both ARFP #MPO1900000001 and Bolton's response to the ARFP. The individual actuarial valuations from Bolton are used by each municipality to determine a municipal policemen's or firemen's pension and relief fund's eligibility to receive state money and to provide supplemental benefits to its pensioners. Bolton also agrees, as stated in their response (page 9) to ARFP #MPO1900000001, to prepare and provide "COLA" letters to each of the municipal pension and relief funds annually.

- b. **Annual Consolidated Actuarial Report:** Bolton agrees to prepare a consolidated actuarial report to present to the Legislature's Joint Committee on Pensions and Retirement annually based on the results of the individual actuarial valuations as stated in Bolton's response (pages 12-13). The report will be completed by November 1st each year of the contract. Bolton may be asked to present the report in person or via teleconference to the Municipal Pensions Oversight Board at a board meeting and may also be asked to present the report in person to the WV Legislature's Joint Committee on Pensions and Retirement.
- c. **Promoting Actuarially Sound Funding Policies:** Bolton agrees to assist the MPOB in an educational effort to enable small pension plans to better understand their unfunded actuarial liabilities and how the management of fund assets can affect their liabilities. The educational effort will include forecasting of costs and components of solvency (currently provided as part of the discount rate setting for the annual valuation) as well as providing overall advice to the MPOB on ways to educate the members/trustees to ensure a quality pension fund as discussed in Bolton's response (pages 13-15).
- d. **Actuarial Assumptions:** Bolton agrees to perform an Experience Study in Year 1 (Spring/Summer 2019) and Year 4 (Spring/Summer 2022) of the contract to determine what the actuarial assumptions should be for the annual actuarial valuations using the MPOB's Standard Operating Procedures Experience Study Timing procedure. Bolton will perform the Experience Study as outlined in its response (pages 15-18) to ARFP #MPO1900000001.
- e. **Written Recommendations for Improving Pension Performance:** Bolton agrees to assist the MPOB by providing written recommendations as part of the annual valuation report which include methods for monitoring and improving the performance of pension and relief funds, methods for assuring prudent administration of the funds and providing strategies for monitoring investments and general management of the funds as stated in Bolton's response (pages 19) to ARFP #MPO1900000001.
- f. **Written Recommendations to Strengthen and Protect Pension Funds and Benefit Interests of Fund Members:** Bolton agrees to assist the MPOB by providing written recommendations as part of the annual valuation report that would both strengthen and protect the municipal pension funds and the benefit interests of the funds' members as stated in Bolton's response (pages 19-20) to ARFP #MPO1900000001.
- g. **Deferred Retirement Option Plan (DROP) Reviews and Reports:** Bolton agrees to assist the MPOB by reviewing any municipality's DROP (Deferred Retirement Option Plan) proposal received by the MPOB, as authorized in WV Code Chapter 8, Article 22, Section 25(a), and to provide a report on said plan to the MPOB as stated in Bolton's

response (pages 20-21) to ARFP #MPO1900000001. Bolton's review will include the elements of the DROP and the estimated actuarial impact of the DROP on the affected pension and relief fund. If such a DROP is adopted by a municipality, future actuarial studies will include a section on whether the plan continues to maintain the revenue neutrality required by the W.Va. Code. Further, Bolton will provide information to the MPOB regarding the experienced impact on an affected pension and relief fund. Review of DROP proposals and any associated actuarial analysis will be charged at Hourly Cost.

- h. Individual Sessions to Each Municipal Fund through Conference Calls and On-Site Meetings to Receive Specific Information on Fund Valuations:** Bolton agrees to assist the MPOB by providing education/information sessions to each municipal policemen's and firemen's pension and relief fund, on an as requested basis, through conference calls, on-site meetings in each municipality or on-site regional meetings where pension boards could meet with consultants to receive information specific to their own actuarial valuation as stated in Bolton's response (page 21) to ARFP #MPO1900000001. The time associated with these meetings and conference calls, including preparation time for any requested presentation materials, will be charged at Hourly Cost.
- i. Design of a New Retirement Formula that Does Not Diminish Current Benefits:** Bolton agrees to design a new retirement formula that does not diminish current benefits, but that is easier for participants to calculate retirements and disability retirements as stated in Bolton's response (pages 21-25) to ARFP #MPO1900000001. The MPOB will work with Bolton to establish a timeline with completion of this study and identify guiding principles for evaluating proposed plan designs. The time associated with providing these studies will be charged at Hourly Cost.
- j. Special Projects:** Bolton agrees to assist the MPOB by completing special projects as required of the MPOB by the Joint Standing Committee on Pensions and Retirement of the West Virginia Legislature regarding the plans being valued, such as costs of benefit formula changes, changes in actuarial assumptions, and cash flow and funding projections as stated in Bolton's response (pages 25-26) to ARFP #MPO1900000001. The time associated with providing these services will be charged at Hourly Cost.
- k. Government Accounting Standards Board (GASB) statements:** Bolton agrees to provide supplemental valuation report for each pension fund containing GASB statement number 67 and GASB statement number 68. This supplemental valuation report is to be provided each year of the fiscal years included in the contract as stated in Bolton's response (pages 26-27) to ARFP #MPO1900000001. Bolton will be available to respond to questions from the municipal treasurers/finance directors and their auditors regarding the supplemental GASB reports. The time associated with responding to such questions will be billed as an Hourly Cost.
- l. Additional GASB statements required reports:** Bolton agrees to provide any GASB reports required in the future through amendments to this contract as described in Bolton's proposal (page 27) to ARFP #MPO1900000001.

1-8. MANDATORY REQUIREMENTS:

- a. **Qualified Actuaries:** Bolton shall provide only "qualified actuaries" for this project. A "Qualified Actuary" means only an actuary who is a member of the Society of Actuaries or the American Academy of Actuaries. Bolton stated in its response (page 40) to ARFP #MPO190000001 that all the actuaries assigned to the engagement are "qualified actuaries".
- b. **Succession Plan:** Bolton agrees to follow the succession plan as outlined in its response (page 40-41) to ARFP #MPO190000001 for selecting another actuary should one of the assigned actuaries leave the company.

PART 2 – GENERAL CONTRACT TERMS AND CONDITIONS

- a. **Mandatory Forms:** Bolton, its agents, employees and subcontractors, agree to be bound by the terms and conditions of all other applicable forms required by the MPOB and/or the State of West Virginia, including, but not limited to, the Purchasing Affidavit and the WV-1 Vendor Registration form.
- b. **General Terms and Conditions:** In addition to the mandatory forms, Bolton agrees to be bound by Section Three of ARFP #MPO190000001, attached hereto as Exhibit A, unless otherwise modified in this Agreement. Bolton agrees to allow (with the permission of the MPOB) WV municipalities with policemen's and or firemen's pension and relief funds to enter into contractual agreements using the same terms and conditions as this agreement including hourly fees for the purpose of additional actuarial engagements or additional GASB 67 and 68 statement engagements.

WITNESS THE FOLLOWING SIGNATURES:

Bolton Partners, Inc.

By: Thomas Lowman
Title: Vice President
Date: 2/5/19

Municipal Pensions Oversight Board

By: Bob Nodder
Title: CHAIRMAN
Date: 2/6/19

Approved as to form this 13th day of February, 2019

By: John D. Gray, Deputy Attorney General

EXHIBIT A

ARFP# MPO190000001, Section Three

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

EXHIBIT B

Bolton Cost Sheet from ARFP #MPO1900000001

10/11/19 10:11:13 AM

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 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 exceeds 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: Bolton Partners, Inc.

Authorized Signature: [Signature]

Date: 10/23/18

State of Maryland

County of Anne Arundel, to-wit:

Taken, subscribed, and sworn to before me this 23 day of October, 2018.

My Commission expires Feb 20, 2019.



AFFIX SEAL HERE

NOTARY PUBLIC

[Signature]

MPOB Purchasing Card Review/Audit Record

Cardholder: Karen L. Neccuzzi Billing Cycle: Aug/Sept 2018

Transaction Limit: _____ Monthly Limit: _____ Reviewer: _____

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/Del Ticket Y/N	Tran Document Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	8/15/2018	ATT	ATT Service 8/3/18-9/2/18 #287245126664 L Smith	\$54.07 \$54.07	Y	TRAN 2526048			Y	cellphone13A	
2	8/15/2018	ATT	ATT Service 8/3/18-9/2/18 #287267230256 B. Taylor	\$57.16 \$57.16	Y	TRAN 2526047			Y	cellphone 13A	
3	8/16/2018	Suddenlink	10 msg circuit 8/16/18 - 9/15/18	\$775.00 \$775.00	Y	TRAN 2527982					
4	8/30/2018	FedEx	Shipping Charges	\$9.37 \$9.37	Y	TRAN 2548322				PXGSS17	
5	8/30/2018	FedEx	Shipping Charges	\$9.37 \$9.37	Y	TRAN 2548323				PXGSS17	
6	8/16/2018	Suddenlink	10 msg circuit 9/16/18 - 10/15/18	\$775.00 \$775.00	Y	TRAN 2568762					
				\$1,679.97							

*R - Reconciled/D - Disputed/C - Carryover from prev. month ** If "N", Review must provide discrepancy Listing form

Cardholder Certification/Date: Karen L. Neccuzzi 9/5/18 Reviewer-Auditor Certification/Date: [Signature]

I hereby certify that the items herein were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAC Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure infraction and response from cardholder to correct future compliance issues.

MPOB Purchasing Card Review/Audit Record

Cardholder: Karen L. Neccuzzi Billing Cycle: Sep/Oct 2018

Transaction Limit: _____ Monthly Limit: _____ Reviewer: _____

Item	Trans Date	Vendor	Brief Item Description	Transaction Amount	Itemized Receipt/Del Ticket Y/N	Tran Document Number	Receiving Report Y/N	R* D* C*	Statewide Contract Used Y/N**	State Contract Number Used	If no SWC used, Bids Sought or Required Y/N
1	9/17/2018	Komax	Copier Click Charges ADO MPO18*12	\$9.83	Y	TRAN 2571464			Y	dlgcoop	
2	9/17/2018	Komax	Copier Click Charges ADO MPO18*12	\$4.37	Y	TRAN 2571465			Y	dlgcoop	
3	9/18/2018	Komax	Copier MPOB 19*1	\$6,172.02	Y	TRAN 2572791			Y	dlgcoop	
4	9/19/2018	ATT	ATT Service 8/3/18-9/2/18 #287245/126564 L Smith	\$54.07	Y	TRAN 2574914			Y	cellphone13A	
5	9/19/2018	ATT	ATT Service 8/3/18-9/2/18 #287267230256 B. Taylor	\$57.16	Y	TRAN 2574913			Y	cellphone 13A	
6	10/5/2018	Camp Dawson	Lodging for Purchasing Conference Karen Neccuzzi	\$246.00	Y	TRAN 2601142					
8	10/10/2018	FedEx	Shipping Charges	\$57.53	Y	TRAN 2601142				PKg SVS17	
				\$57.53							
				\$6,600.98							

*R - Reconciled/D - Disputed/C - Carryover from prev. month

** If "N", Review must provide discrepancy Listing form

Cardholder Certification/Date: Karen L. Neccuzzi 10/5/18

Reviewer-Auditor Certification/Date: [Signature]

I hereby certify that the items hereon were received, properly accounted for and reviewed for compliance in accordance with purchasing rules and SAO Purchase Card Payment Procedures. Discrepancies/compliance issues, if applicable, are attached listing the procedure in reaction and response from cardholder to correct future compliance issues.

