



West Virginia State Treasurer's  
Fiscal 2008

# Annual Report

John D. Perdue, State Treasurer



# West Virginia State Treasurer's Fiscal 2008 Annual Report



# West Virginia State Treasurer's Fiscal 2008 Annual Report

## State Treasurer

State Treasurer John D. Perdue, first took the oath of office in January of 1997, but is in his 36th year of public service to the State of West Virginia.

John's public career began in 1973 when he joined the staff of the West Virginia Department of Agriculture, where he was promoted in 1984 to assistant director of the Rural Resources Division. There he set in motion a plan that greatly expanded the state's Farmers' Markets. In 1987, John became assistant agriculture commissioner and the department's liaison with the state Legislature.

Former Governor Gaston Caperton recognized John's ability to work effectively with the Legislature and recruited him in 1989 to work on the governor's staff, where he was senior executive assistant for eight years.

His duties included being the governor's disaster relief specialist, sewer and water project funding coordinator, manager of the financial operations of the governor's office, and the governor's legislative liaison. He is most proud of his work on education reform and economic development for the governor.

While John gained a reputation for his no nonsense, professional approach to government operation, he also earned a reputation for problem solving and responsiveness. He played a key role in pushing through programs that restored financial credibility to state government.

Known as an accessible public servant, John used his experience and reputation to forge a victory in his first bid for statewide office in 1996, when he was overwhelmingly elected the state treasurer.

Since taking office, John has restored confidence in the Treasurer's office and reorganized the staff to handle the additional duties that the Legislature returned to the agency.

He was able to convince the Legislature in 1997, in its first session after he was elected Treasurer, to return the cash management responsibilities to the office, to pass bills that allow credit card purchases by the state and to save millions of dollars by greatly reducing the number of checks written in lieu of electronic transfers.

Also, he conceived and fought for passage of the West Virginia Prepaid Tuition College Trust Fund Act to help parents and grandparents save for their children's or grandchildren's college tuition.

In addition to these other accomplishments, the Treasurer has regained the control of the Board of Treasury Investments (BTI). The BTI invests the operational funds of the state of West Virginia. They also conduct a certificate of deposit auction for state banks to invest in local economies.

# West Virginia State Treasurer's Fiscal 2008 Annual Report

During his tenure, Treasurer Perdue has served as president of the National Association of State Treasurers and president of the National Association of Unclaimed Property Administrators. He has served as liaison between the College Savings Plan Network and NAST.

John has also strengthened his commitment to financial education. He started the Bank at School program to teach elementary-age students about money management and banking. On the high school level students are enjoying classes offered by the Treasurer's Office in partnership with the National Endowment for Financial Education and West Virginia University Extension Service. Adult financial education classes include investments, credit card debt and financing a home. The adult series has also included Women and Money conferences which annually draw women from across the state to learn about their financial futures.

One of the services most recently transferred to the Treasurer's office is the 457 Deferred compensation plan for public employees.

The Treasurer is a native of Manila, Boone County, and the son of Mary and the late Glen Perdue. As a youngster, John helped his father grow produce and excelled in the 4-H Club and Future Farmers of America, which awarded him the title of State Farmer in 1967. This began his lifelong love of farming and his deep respect for the land.

After graduating from Scott High School, Madison, John attended West Virginia University and earned a B. S. degree in agriculture in 1972. He was a member of the agriculture honorary Alpha Tau Alpha and Alpha Gamma Rho. In addition to his appointment by the governor to the West Virginia Housing Development Fund, he was named a State Friend of Extension Service, is a member of the College of Agriculture and Forestry Visiting Committee, a member of the board of the leukemia society of West Virginia, and received the Annual Service Award from the West Virginia Forestry Association.

John and his family are residents of Kanawha County.

# West Virginia State Treasurer's Fiscal 2008 Annual Report

**John D. Perdue**

*State Treasurer*

**Paul Hill**

*Assistant State Treasurer*

**Becky McClure**, *Senior Executive Assistant*

**Malissa Hohmann**, *Internal Auditor*

**Richard Fisher**, *Investigator*

**Diana Stout**, *General Counsel*

**Shirley Hooker**, *Executive Secretary*

**Carol Crites**, *Receptionist*

**Blair Taylor**

*Deputy Treasurer of Administration*

**Matt Ellison**

*Deputy Treasurer of Information Technology*

**Sarah Long**

*Deputy Treasurer of Cash Management and Unclaimed Property*

**Carolyn Atkinson**, *Assistant General Counsel*

**Jennifer Taylor**, *Assistant General Counsel*

**Nelson Sorah**

*Deputy Treasurer of Communications*

**Jack Roop**

*Deputy Treasurer of Local Government Specialists*

**Charles Bockway**

*Deputy Treasurer of College Savings Plans & Financial Education*

**John Fisher**

*Deputy Treasurer of West Virginia Retirement Plus*

**West Virginia  
State Treasurer's Office  
Overview**

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## A History Of The Treasurer's Office

The Office of State Treasurer was established at the Constitutional Convention held in Wheeling in 1863 after the western counties of Virginia split to become West Virginia. The First Constitution of West Virginia, Article V, Section 7, Executive Department, stated: "A Secretary of the State, a Treasurer, and an Auditor shall be elected at the same time, and for the same term, as the Governor. Their duties shall be prescribed by law. The Secretary of the State shall receive thirteen hundred, the Treasurer fourteen hundred, and the Auditor fifteen hundred dollars, per annum.

Campbell Tarr of Brooke County was appointed and elected the first treasurer in 1863 and 1864, respectively, with no opposition.

The office of Treasurer has changed over the ensuing years because of additional demands of state law, but the section of the State Constitution that authorizes the Office of Treasurer has been amended only a couple of times.

### WEST VIRGINIA STATE TREASURERS

**Campbell Tar** (R-Brooke) 1863-1866

**E. Leslie Long** (R-McDowell) 1908-1916

**Jacob H. Brister** (R-Taylor) 1866-1868

**W. S. Johnson** (R-Fayette) 1916-1932

**James A. Macauley** (R-Ohio) 1868-1870

**Richard E. Talbott** (D-Barbour) 1932-1950

**John S. Burdette** (D-Taylor) 1870-1876

**William H. Ansel Jr.** (D-Hampshire) 1950-1956

**Sobieski Brady** (D-Ohio) 1876

**Orel J. Skeen** (D-Jackson) 1956-1960

**Thomas J. West** (D-Harrison) 1876-1880

**John D. Kelly** (D-Kanawha) 1960-1975

**Thomas O'Brien** (Ohio) 1880-1884

**Ronald G. Pearson** (R-Marion) 1975-1976

**William T. Thompson** (D-Cabell) 1884-1892

**Larrie Bailey** (D-Marion) 1976-1984

**John M. Rowan** (D-Monroe) 1892-1896

**A. James Manchin** (D-Marion) 1984-1989

**M. A. Kendall** (R-Wood) 1896-1900

**Thomas E. Loehr** (D-Wetzel) 1989-1990

**Peter Silman** (R-Kanawha) 1900-1904

**Larrie Bailey** (D-Marion) 1990-1996

**Newton Ogden** (R-Pleasants) 1904-1908

**John D. Perdue** (D-Kanawha) 1996

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## Constitutional Office

The importance of the State Treasurer's Office was easily recognized by the framers of the state Constitution when the Mountain State was established during the Civil War. The office is one of six constitutionally mandated.

Article VII, Section 1 of the West Virginia Constitution states: "The executive department shall consist of a governor, secretary of state, auditor, treasurer, commissioner of agriculture and attorney general, who shall be ex officio reporter of the court of appeals. Their terms of office shall be four years, and shall commence on the first Monday after the second Wednesday of January next after their election. They shall reside at the seat of government during their terms of office, keep there the public records, books and papers pertaining to their respective offices, and shall perform such duties as may be prescribed by law."

## West Virginia Code

While the Constitution establishes the State Treasurer's Office, it is the West Virginia Code that is the blueprint by which the office operates.

Various sections of the state code are devoted to the many divisions in the office. The laws more clearly define what the Treasurer's Office must do. Some of the divisions and the code sections governing them are: Unclaimed Property, §36-8-1; Public Money and Securities, §12-1-1; Payment and Deposit of Taxes and Other Securities, §12-2-1; Prepaid College Plan, §18-30-1; Debt Management Act, §12-6A-1; Debt Capacity Advisory Division, §12-6B-1.

## Cash Management And Administration

The State Treasurer oversees the cash management of West Virginia government. These duties include receiving and disbursing the state budget, processing approximately 3.4 million checks per year and electronic transfers of money; filing and retaining all paid checks and various bonds issued by the state; the responsibility for collecting the crime victim's compensation, law-enforcement training, regional jail authority and litter control fund fees; disbursing coal, oil and gas severance taxes, liquor tax, wine tax and the fire and casualty insurance premium tax to local government subdivisions; issuing quarterly and annual Debt Management Reports and issuing the annual Debt Capacity Report; and handling various other banking and accounting functions that deal with state finances.

## Financial Boards

The State Treasurer is a member of the major financial decision-making boards throughout the state. These boards make decisions that affect all aspects of West Virginia's fiscal policies. The State Treasurer is a member of the West Virginia Investment Management Board; treasurer of the Municipal Bond Commission; treasurer of the West Virginia Housing Development Fund; member of the Board of Public Works, the West Virginia Lending and Credit Rate Board, the Hospital Finance Authority, the Board of the School Fund, the Council of Information Services and Communications Division, and the State Building Commission.



# West Virginia State Treasurer's Fiscal 2008 Annual Report

## College Prepaid Tuition And Savings Plan

The State Treasurer administers the West Virginia Prepaid College Plan. Under this program, individuals or companies can purchase prepaid tuition contracts for a child to attend college. With these contracts, premiums are paid into a state managed trust and invested. During the years prior to the child's entrance into college, these investments will keep pace with the rate of inflation and the cost of college tuition. When the child is ready to enter college, his or her college tuition will be paid at an accredited state college or university, but the benefit can be used at accredited public and private institutions throughout the country. By investing in our children's future through the Prepaid College Plan, we are investing in the future of our state.

## Financial Education

The State Treasurer conceived, designed and started financial education initiatives that will encompass all age groups in the state. Bank at School teaches elementary school students about money management and banking. The program partners elementary students with the Treasurer's Office and local financial institutions. High school students are in a program that is a cooperative effort between the National Endowment for Financial Education, the Treasurer's Office and West Virginia University Extension Service. Students throughout the state learn about saving money, banking, and credit responsibility. Adult financial education is an addition in the financial education series, and includes Women and Money Conferences and seminars across the state. NetWorth is the next comprehensive education program being planned.

## Unclaimed Property

The State Treasurer is responsible for implementing the West Virginia Uniform Unclaimed Property Act. Under this legislation, the Treasurer is the custodian of all unclaimed property in the state. Unclaimed property includes items such as stocks, bonds, safety deposit boxes, weapons, vehicles and a wide variety of other items. Unclaimed property is collected, processed, and kept or auctioned under the Treasurer's authority. Money from this program is held indefinitely until a beneficiary for the funds can be found. Recent legislation allows state municipalities to receive some equipment and supplies from their own processing of unclaimed property. The state holds approximately \$98 million for owners.

## E-Government

The State Treasurer has been at the forefront in implementing e-government, as the financial world has turned to the Internet as an indispensable tool to transact business. The Treasurer's Office has taken the lead in providing improved service to state citizens by accepting payments for state agencies by electronic transactions over the Internet. This service includes the ability to process payments and collections for products and services.

## *West Virginia State Treasurer's Office*

### *Mission Statement*

“We, the employees of the West Virginia State Treasurer’s Office, are a team of business professionals dedicated to serving the people of West Virginia. As a contributing part of state government, we give our special talents to provide cash management services, monitor the state's debt, strive to return unclaimed property to its rightful owner, and assist parents and grandparents of the children of our state in paying for their education. We shall continually strive to provide a work environment conducive to increased productivity and effectiveness.”

# Administration

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## Administration Division

The Administration Division provides centralized office function for the State Treasurer's Office. The division is composed of four main areas: Payroll/Personnel, Procurement, Accounts Payable, and Safekeeping/Deposits. The division is responsible for the day-to-day operations of the office.

## Accomplishments

- 100% of the State Treasurer's Office employees participate in direct deposit of payroll and travel
- Distributed \$16.57 million to Policemen's and Firemen's Municipal Pension and Protection Relief funds during FY2008
- Distributed \$19.04 million to volunteer fire departments during FY2008
- Distributed \$0.59 million to the Volunteer Fire Department Audit Account during FY2008
- Distributed \$2.56 million to the Teacher's Retirement System during FY2008

---

## Safekeeping Section

The Safekeeping Section of the State Treasurer's Office is charged by the West Virginia Code to safekeep securities placed with this office. WV Code §12-5-2(a) states in part:

“The treasurer of this state, unless otherwise expressly provided by law, shall be the custodian of all securities required by law to be deposited with the state or held in legal custody by the state, and all departments of this state, commissioners or agents of the state, who hold any such securities, shall transfer and deliver the same to the state treasurer to be kept and held by him as legal custodian thereof until released in the manner provided by law.”

The following page contains a summary of the securities that were held in Safekeeping as of June 30, 2008.

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## Securities Held in Safekeeping As of June 30, 2008

Agency	Items in Safekeeping	Dollar Value of Items
WV Division of Labor	1,334	\$18,711,502
WV DEP-Mining & Reclamation	237	\$10,143,497
WV DEP-Oil & Gas	300	\$5,590,896
WV Higher Education Comm.	114	\$38,758
Solid Waste Management Board	75	\$7,930,956
WV Insurance Commission	29	\$6,511,948
WV Insurance Commission – Self Insurance	13	\$14,988,000
WV State Treasurer's Off./Debt Mgmt.	1	\$24,000,000
WV State Treasurer's Off./Cash Mgmt.	3	\$114,241
WV Division of Highways	4	\$180,010
WV Dept of Admin./Purchasing Div.	8	\$670,299
WV Division of Forestry	1	\$45,000
WV Department of Revenue	3	\$1
WV Division of Natural Resources	1	\$31,000
Total	2,125	\$88,956,109

### **Policemen's and Firemen's Pension and Protection Relief Funds**

West Virginia code section 33-3-14d requires that an additional premium tax of 1% be levied on fire and casualty insurance policies. These funds are collected by the Insurance Commissioner and transferred to the State Treasurer's Office for distribution.

On September 1, 2008 \$17,079,868.29 (or 65% of the funds collected prior to applicable deductions totaling \$676,145.07) were allocated to Policemen's and Firemen's Pension and Protection Relief Funds. The total funds (including re-allocated funds in the amount of \$102,253.44) allocated to the pension funds represent a decrease of \$575,496.05 over September 1, 2007.

We allocated \$8,709,686 to all active employees. This year's allocation was to 1,716 employees. This amounted to \$5,077 per employee. We allocated \$7,694,037.4 to all retirees. This year's allocation was to 2,041 retirees. This amounted to \$3,770 per retiree.

The following pages contain the allocation of the Municipal Pension and Protection and Relief Fund on September 1, 2008.

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## State Treasurer's Office Allocation of Municipal Pension and Protection Fund Pursuant to West Virginia Code 33-3-14d Sep-08

Department	Eligible **			2005 ***	Eligible ****			Grand
	Members	Share	Subtotal	Re-allocation	Retirees	Share	Subtotal	Total
<b>Full-Time Police Departments</b>								
Beckley	43.17	\$5,076.55	\$219,154.66	\$2,382.48	43.75	\$3,769.94	\$164,934.88	\$386,472.02
Belle	4.00	\$5,076.55	\$20,306.20	\$219.28	4.00	\$3,769.94	\$15,079.76	\$35,605.24
Bluefield	21.92	\$5,076.55	\$111,277.98	\$1,190.14	21.50	\$3,769.94	\$81,053.71	\$193,521.83
Charleston	179.25	\$5,076.55	\$909,971.59	\$10,587.11	207.00	\$3,769.94	\$780,377.58	\$1,700,936.28
Charles Town	0.00	\$5,076.55	\$0.00	\$219.28	8.00	\$3,769.94	\$30,159.52	\$30,378.80
Chester	5.17	\$5,076.55	\$26,245.76	\$196.53	2.00	\$3,769.94	\$7,539.88	\$33,982.17
Clarksburg	39.75	\$5,076.55	\$201,792.86	\$2,211.16	40.92	\$3,769.94	\$154,265.94	\$358,269.96
Dunbar	12.58	\$5,076.55	\$63,864.30	\$583.45	9.00	\$3,769.94	\$33,934.02	\$98,381.77
Elkins	8.42	\$5,076.55	\$42,744.55	\$475.29	8.92	\$3,769.94	\$33,627.86	\$76,847.70
Fairmont	33.51	\$5,076.55	\$170,115.19	\$2,218.29	47.42	\$3,769.94	\$178,770.55	\$351,104.03
Grafton	7.00	\$5,076.55	\$35,535.85	\$356.33	6.00	\$3,769.94	\$22,619.64	\$58,511.82
Huntington	85.60	\$5,076.55	\$434,552.68	\$5,934.81	130.92	\$3,769.94	\$493,560.54	\$934,048.03
Logan	9.33	\$5,076.55	\$47,364.21	\$0.00	2.00	\$3,769.94	\$7,539.88	\$54,904.09
Martinsburg	45.67	\$5,076.55	\$231,846.04	\$2,202.12	34.67	\$3,769.94	\$130,703.82	\$364,751.98
Morgantown	56.58	\$5,076.55	\$287,231.20	\$2,898.61	49.17	\$3,769.94	\$185,367.95	\$475,497.76
Moundsville	15.50	\$5,076.55	\$78,686.53	\$806.40	13.92	\$3,769.94	\$52,477.56	\$131,970.49
Nitro	17.00	\$5,076.55	\$86,301.35	\$712.66	9.00	\$3,769.94	\$33,929.46	\$120,943.47
Oak Hill	12.58	\$5,076.55	\$63,863.00	\$454.46	4.00	\$3,769.94	\$15,079.76	\$79,397.22
Parkersburg	61.08	\$5,076.55	\$310,075.67	\$3,476.41	65.75	\$3,769.94	\$247,873.56	\$561,425.64
Princeton	18.08	\$5,076.55	\$91,784.02	\$1,011.70	18.83	\$3,769.94	\$70,987.97	\$163,783.69
Point Pleasant	8.50	\$5,076.55	\$43,150.68	\$0.00	5.92	\$3,769.94	\$22,318.04	\$65,468.72
Saint Albans	20.42	\$5,076.55	\$103,663.15	\$833.81	10.00	\$3,769.94	\$37,699.40	\$142,196.36
South Charleston	31.08	\$5,076.55	\$157,779.17	\$1,809.06	34.92	\$3,769.94	\$131,646.30	\$291,234.53
Star City	4.00	\$5,076.55	\$20,306.20	\$219.28	4.00	\$3,769.94	\$15,079.76	\$35,605.24
Vienna	16.58	\$5,076.55	\$84,169.20	\$728.56	10.00	\$3,769.94	\$37,699.40	\$122,597.16
Weirton	35.00	\$5,076.55	\$177,679.25	\$2,222.40	46.08	\$3,769.94	\$173,718.84	\$353,620.49
Welch	7.08	\$5,076.55	\$35,941.97	\$248.88	2.00	\$3,769.94	\$7,539.88	\$43,730.73
Weston	6.00	\$5,076.55	\$30,459.30	\$274.10	4.00	\$3,769.94	\$15,079.76	\$45,813.16
Westover	9.00	\$5,076.55	\$45,688.95	\$274.10	1.00	\$3,769.94	\$3,769.94	\$49,732.99
Wheeling	80.35	\$5,076.55	\$407,900.79	\$5,027.82	103.08	\$3,769.94	\$388,605.42	\$801,534.03
Williamson	6.00	\$5,076.55	\$30,459.30	\$356.33	7.00	\$3,769.94	\$26,389.58	\$57,205.21
<b>Full-Time Fire Departments</b>								
Beckley	39.75	\$5,076.55	\$201,792.86	\$2,386.86	47.33	\$3,769.94	\$178,431.26	\$382,610.98
Bluefield	19.42	\$5,076.55	\$98,586.60	\$1,553.32	37.25	\$3,769.94	\$140,430.27	\$240,570.19

# West Virginia State Treasurer's Fiscal 2008 Annual Report

Charleston	187.25	\$5,076.55	\$950,583.99	\$11,263.32	223.67	\$3,769.94	\$843,222.48	\$1,805,069.79
Clarksburg	42.00	\$5,076.55	\$213,215.10	\$2,750.05	58.33	\$3,769.94	\$219,900.60	\$435,865.75
Fairmont	40.40	\$5,076.55	\$205,092.62	\$2,754.16	60.08	\$3,769.94	\$226,498.00	\$434,344.78
Huntington	105.35	\$5,076.55	\$534,814.54	\$8,045.38	188.17	\$3,769.94	\$709,389.61	\$1,252,249.53
Martinsburg	30.17	\$5,076.55	\$153,159.51	\$1,649.26	30.00	\$3,769.94	\$113,098.20	\$267,906.97
Morgantown	46.83	\$5,076.55	\$237,734.84	\$2,734.15	52.92	\$3,769.94	\$199,505.22	\$439,974.21
Moundsville	4.58	\$5,076.55	\$23,250.60	\$591.51	17.00	\$3,769.94	\$64,088.98	\$87,931.09
Parkersburg	62.75	\$5,076.55	\$318,553.51	\$4,470.02	100.33	\$3,769.94	\$378,238.08	\$701,261.61
Weirton	22.42	\$5,076.55	\$113,816.25	\$1,018.83	14.75	\$3,769.94	\$55,606.62	\$170,441.70
Wheeling	93.96	\$5,076.55	\$476,992.64	\$5,995.94	124.79	\$3,769.94	\$470,450.81	\$953,439.39

## Full-Time/Part-Time Fire Departments

Dunbar	13.42	\$5,076.55	\$68,127.30	\$907.00	19.67	\$3,769.94	\$74,154.72	\$143,189.02
Elkins	3.00	\$5,076.55	\$15,229.65	\$246.69	6.00	\$3,769.94	\$22,619.64	\$38,095.98
Grafton	6.00	\$5,076.55	\$30,459.30	\$248.88	3.08	\$3,769.94	\$11,611.42	\$42,319.60
Logan	6.17	\$5,076.55	\$31,322.31	\$251.35	3.00	\$3,769.94	\$11,309.82	\$42,883.48
Nitro	9.75	\$5,076.55	\$49,496.36	\$568.76	11.00	\$3,769.94	\$41,469.34	\$91,534.46
Princeton	12.75	\$5,076.55	\$64,726.01	\$717.32	13.42	\$3,769.94	\$50,592.59	\$116,035.92
Saint Albans	19.00	\$5,076.55	\$96,454.45	\$1,098.59	21.08	\$3,769.94	\$79,470.34	\$177,023.38
South Charleston	39.92	\$5,076.55	\$202,655.88	\$2,218.02	41.00	\$3,769.94	\$154,567.54	\$359,441.44
Weston	3.58	\$5,076.55	\$18,174.05	\$175.70	2.83	\$3,769.94	\$10,668.93	\$29,018.68
Williamson	7.00	\$5,076.55	\$35,535.85	\$477.48	10.42	\$3,769.94	\$39,282.77	\$75,296.10
<b>Totals</b>	<b>1,715.67</b>		<b>\$8,709,685.82</b>	<b>\$102,253.44</b>	<b>2,040.89</b>		<b>\$7,694,037.40</b>	<b>\$16,505,976.66</b>

<b>Total Allocation</b>							\$26,276,720.45	
10%	<b>Allocation to Teachers Retirement Fund</b>						\$2,627,672.05	
25%	<b>Allocation To Volunteer Fire Departments</b>						\$6,569,180.11	
65%	<b>Allocation to Municipal Police and Fire Pension Funds</b>						\$16,403,723.22	*
65% Allocation			\$16,403,723.22	\$102,253.44			\$16,505,976.66	

**FY2009 Allocation** \$8,709,685.82  
**FY2009 Base Share** \$5,076.55

**FY2009 Retiree Allocation** \$7,694,037.40  
**FY2009 Retiree Base Share** \$3,769.94

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## Legend:

\* This year's allocation was decreased from \$17,079,868.29 to \$16,403,723.22. This decrease is for the 2007 calendar year services performed by Gabriel, Roeder, Smith & Company in the amount of \$253,362.50 as well as an additional \$422,782.57 that was inadvertently over-allocated to the policemen's and firemen's pension funds in the September 2007 allocation. Accordingly, the \$422,782.57 was deducted from this September 2008 allocation to adjust for the prior year's over-allocation.

\*\* For FY Ended 6/30/08 from Letter B on the Required Information Report for the September 2008 Allocation (FY Ended 6/30/09).\*\*\* Amounts from "Re-allocation Worksheet 2005"

\*\*\*\* For FY Ended 6/30/08 from Letter D on the Required Information Report for the September 2008 Allocation (FY Ended 6/30/09).



# West Virginia State Treasurer's Fiscal 2008 Annual Report

## Volunteer Fire Departments

West Virginia Code §33-3-33 requires that policyholders of any fire and casualty insurance policy pay a surcharge of .55% on their insurance premiums. The surcharge collected from policy holders is distributed to Volunteer Fire Departments that receive certification from the State Fire Marshal each quarter.

West Virginia Code §33-3-14d requires that an additional tax of 1% be levied on fire and casualty insurance policies. These funds are collected by the Insurance Commissioner and transferred to the State Treasurer's Office for distribution. Twenty-five percent (25%) of the 1% goes to the Volunteer Fire Departments.

	Sept 2007	Dec 2007	Mar 2008	Jun 2008	Total
Total Funds Distributed to Eligible Volunteer Fire Departments (VFD) and Part-Paid/Part Volunteer Fire Departments	4,597,385	5,101,823	4,343,501	3,611,861	\$17,654,570
Average Amount per VFD	11,163	12,448	10,445	8,859	\$42,915
Total funds transferred to the Volunteer Fire Department Audit Account	167,443	161,825	104,449	185,974	\$619,691

## Tax Collections to Political Subdivisions

### Coal Severance Tax Distribution

West Virginia Code §11-13A-6 provides for the collection and distribution of an additional coal severance tax. Seventy-five percent (75%) of the net proceeds of this additional tax on coal is distribution by the State Treasurer to coal producing counties. The remaining 25% of the net proceeds is distributed to all counties and municipalities of the state, without regard to coal having been produced therein. All Coal Severance Taxes distributed to counties and municipalities are sent via Direct Deposit, saving the state money as bank costs are reduced.

### Coal Severance Tax Distribution Fiscal Year 2008

25% Portion to Municipalities	\$2,434,876
25% Portion to Counties	\$4,406,156
75% Portion to Coal Producing Counties	\$20,523,095
Total	\$27,364,127

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## Oil and Gas Severance Tax Distribution

West Virginia Code §11-13A-5a provides for the collection and distribution of a severance tax on oil and gas production. Seventy-five percent (75%) of the net proceeds of this tax on oil and gas production is distribution by the State Treasurer to oil and gas producing counties. The remaining 25% of the net proceeds is distributed to all counties and municipalities of the state, without regard to oil and gas having been produced therein. All Oil and Gas Severance Taxes distributed to counties and municipalities are sent via Direct Deposit, saving the state money as bank costs are reduced.

### Oil and Gas Severance Tax Distribution Fiscal Year 2008

25% Portion to Municipalities	\$640,767
25% Portion to Counties	\$1,159,534
75% Portion to Oil and Gas Producing Counties	\$5,400,885
Total	\$7,201,186

## Wine, Liquor, and Private Club Tax Distribution

West Virginia Code sections §8-13-7, §60-3-9d, §60-3A-21, and §60-7-11 require the Tax Commissioner to collect various taxes on the sale of intoxicating liquors. After collection, the Tax Commissioner transfers these taxes to the State Treasurer for distribution to counties and municipalities. All Wine, Liquor, and Private Club Taxes distributed to counties and municipalities are sent via Direct Deposit, saving the state money as bank costs are reduced.

### Wine, Liquor, and Private Club Tax Distribution Fiscal Year 2008

	Wine	Liquor	Private Clubs	Total
Counties/Municipalities	\$2,692,360	\$4,410,000	\$1,270,767	\$8,373,127

---

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## Waste Coal Tax Distribution

West Virginia Code sections §11-13A-3e provides for the collection and distribution of a waste coal tax to waste coal-producing counties for use in economic development and infrastructure improvements. The section provides for distribution of the net tax collected to waste coal-producing counties by the State Treasurer based on production tonnage in the county for the preceding year.

### Waste Coal Tax Distribution Fiscal Year 2008

County	Amount
Boone	\$139,972
McDowell	\$126,840
Mingo	\$13,298
Raleigh	\$24,312
Wyoming	\$21,360
Total	\$325,782

## Regional Jail Operations Partial Reimbursement Fund

West Virginia Code §31-20-10b provides for the collection and distribution of fees collected by magistrate courts in West Virginia. Revenues deposited into this fund shall be used to reimburse those counties and municipalities participating in the regional jail system for the cost of incarceration. The fund is administered by the State Treasurer's Office in cooperation with the Regional Jail and Correctional Facility Authority. All Regional Jail Fees distributed to counties and municipalities are sent via Direct Deposit, saving the state money as bank costs are reduced.

### Regional Jail Operations Partial Reimbursement Distribution Fiscal Year 2008

	Inmate Days	% of Total Days	Total
Counties/Municipalities	848,454	1.00000	\$4,249,886

# Debt Management

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## WEST VIRGINIA TAX SUPPORTED DEBT OUTSTANDING

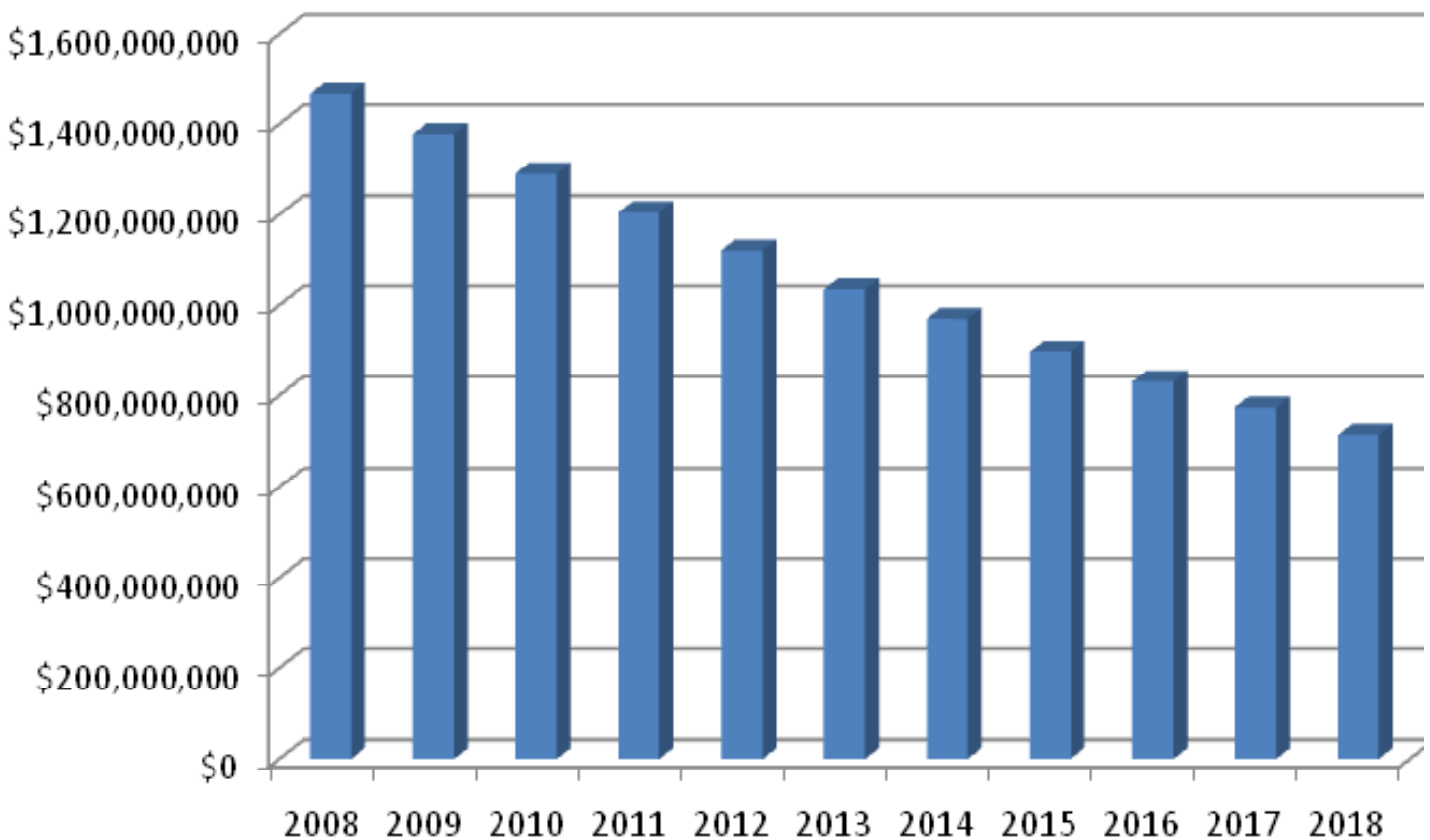
The State of West Virginia had a net tax supported debt of \$1.52 billion at June 30, 2008. The net tax supported debt calculation does not include claims and judgments, accrued compensated absences, pension costs, other post-employment benefit costs or other liabilities of the State of West Virginia. The net tax supported debt calculation includes General Obligation Bonds, Revenue Bonds of the School Building Authority which rely on an appropriation from the general revenue fund for debt service, Lottery Revenue Bonds, and lease obligations of various state agencies.

Type of Debt		Principal Outstanding June 30, 2008	Percentage of gross tax supported debt outstanding
<b>General Obligation Bonds</b>	State Road Bonds	\$ 706,100,000	51.2%
	Infrastructure Bonds	285,121,319	
<b>Revenue Bonds</b>	School Building Authority Capital Improvement Revenue Bonds	215,675,000	28.7%
	Economic Development Authority Lottery Revenue Bonds	214,125,000	
	School Building Authority Lottery Revenue Bonds	99,040,000	
	State Building Commission Lottery Revenue Bonds	25,465,000	
<b>Lease Obligations</b>	All agencies	389,256,294	20.1%
<b>Gross Tax Supported Debt</b>		<b>\$ 1,934,782,613</b>	<b>100.0%</b>
Deductions for Escrow Accounts	GO Safe Road Bonds	304,910,000	
	GO Infrastructure Bonds	41,945,000	
Deductions for Debt Service Reserve Funds	School Building Authority Capital Improvement Revenue Bonds	23,021,000	
	Economic Development Authority Lottery Revenue Bonds	18,990,000	
	School Building Authority Lottery Revenue Bonds	14,180,000	
	State Building Commission Lottery Revenue Bonds	2,600,000	
<b>Net Tax Supported Debt</b>		<b>\$ 1,529,136,613</b>	

# West Virginia State Treasurer's Fiscal 2008 Annual Report

The following chart shows the state's net tax supported debt outstanding for Fiscal Year 2008 and projects that figure for the next 10 fiscal years.

**Net Tax Supported Debt Outstanding  
Fiscal Year 2008 – 2018 (projected)**



# West Virginia State Treasurer's Fiscal 2008 Annual Report

## GENERAL OBLIGATION BONDS

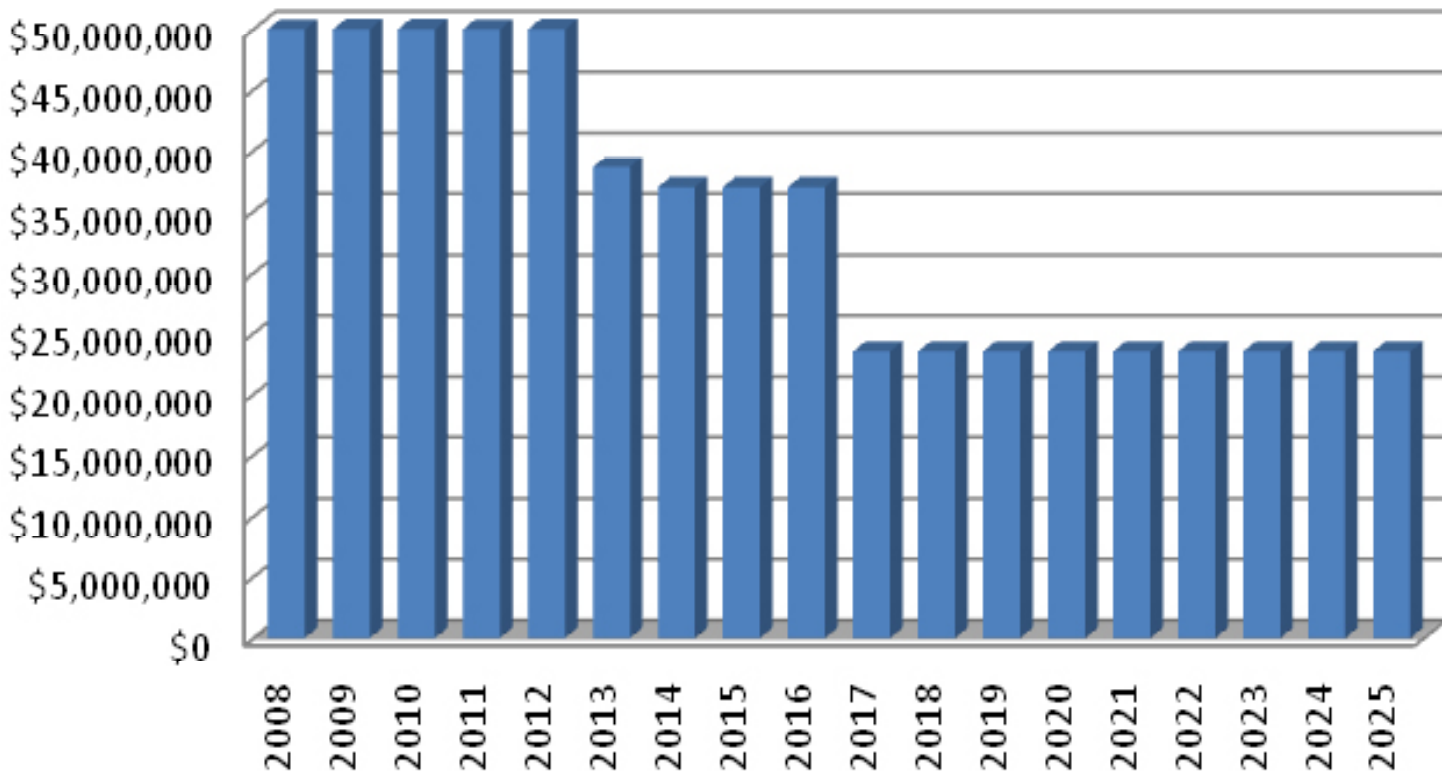
Approximately \$667 million (net of escrowed bonds) of West Virginia's \$1.52 billion in outstanding tax supported debt as of June 30, 2008 consisted of General Obligation (GO) bonds. Over the years, West Virginia's GO bonds have been issued for road construction, school construction, veterans' bonuses and infrastructure development. All of these bonds carry a pledge of the state to levy taxes if funds are insufficient to meet debt service. Outstanding GO bonds include road bonds and infrastructure improvement bonds.

### ROAD BONDS

The Safe Roads Amendment of 1996 had \$401 million outstanding (net of escrowed bonds) as of June 30, 2008. All GO road bonds that were authorized by the Safe Roads Amendment have been issued. There are currently no remaining authorizations for the issuance of GO road bonds.

The combined debt service on all Safe Road bonds is approximately \$50 million dollars through fiscal year 2012. The debt service drops to approximately \$36 million for fiscal years 2013 through 2016 and then levels out at \$23.5 million for fiscal year 2017 through the final maturity in 2025.

**General Obligation Road Bonds Debt Service  
As of June 30, 2008**



# West Virginia State Treasurer's Fiscal 2008 Annual Report

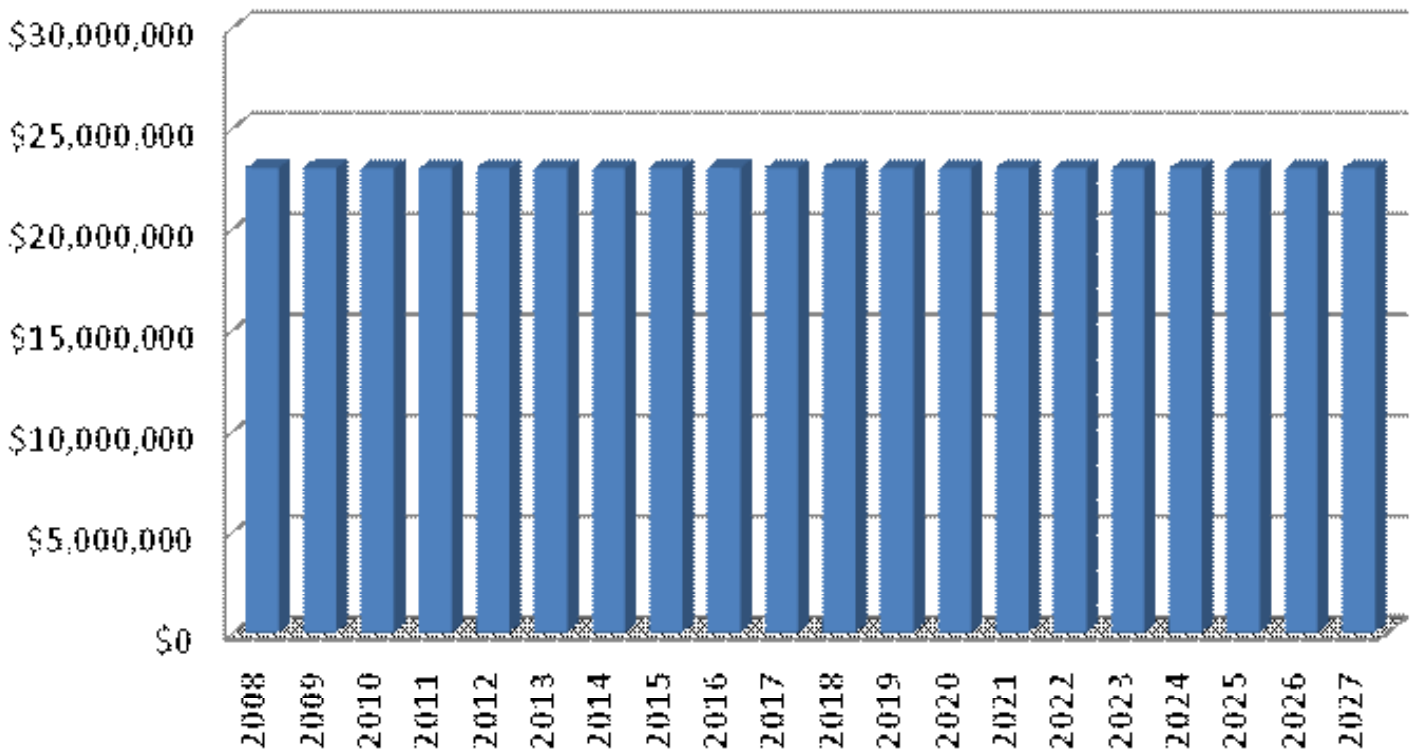
## GENERAL OBLIGATION BONDS

### INFRASTRUCTURE IMPROVEMENT BONDS

The principal outstanding at June 30, 2008, for the Infrastructure Improvement Amendment bonds was \$243 million (net of escrowed bonds). The Division of Debt Management reports these bonds on a cash basis; however, there is one series of bonds that were issued as Capital Appreciation Bonds (CABs). All of the bonds are repaid from a dedication of the first \$24 million of coal severance taxes and the taxing pledge of the state to meet any deficiencies. All GO infrastructure bonds that were authorized by the Infrastructure Improvement Amendment have been issued. There are currently no remaining authorizations for the issuance of GO infrastructure bonds.

The combined debt service on the GO infrastructure bonds is a level debt service of \$23 million through their maturity in 2027.

**General Obligation Infrastructure Improvement Bonds Debt Service  
As of June 30, 2008**





# West Virginia State Treasurer's Fiscal 2008 Annual Report

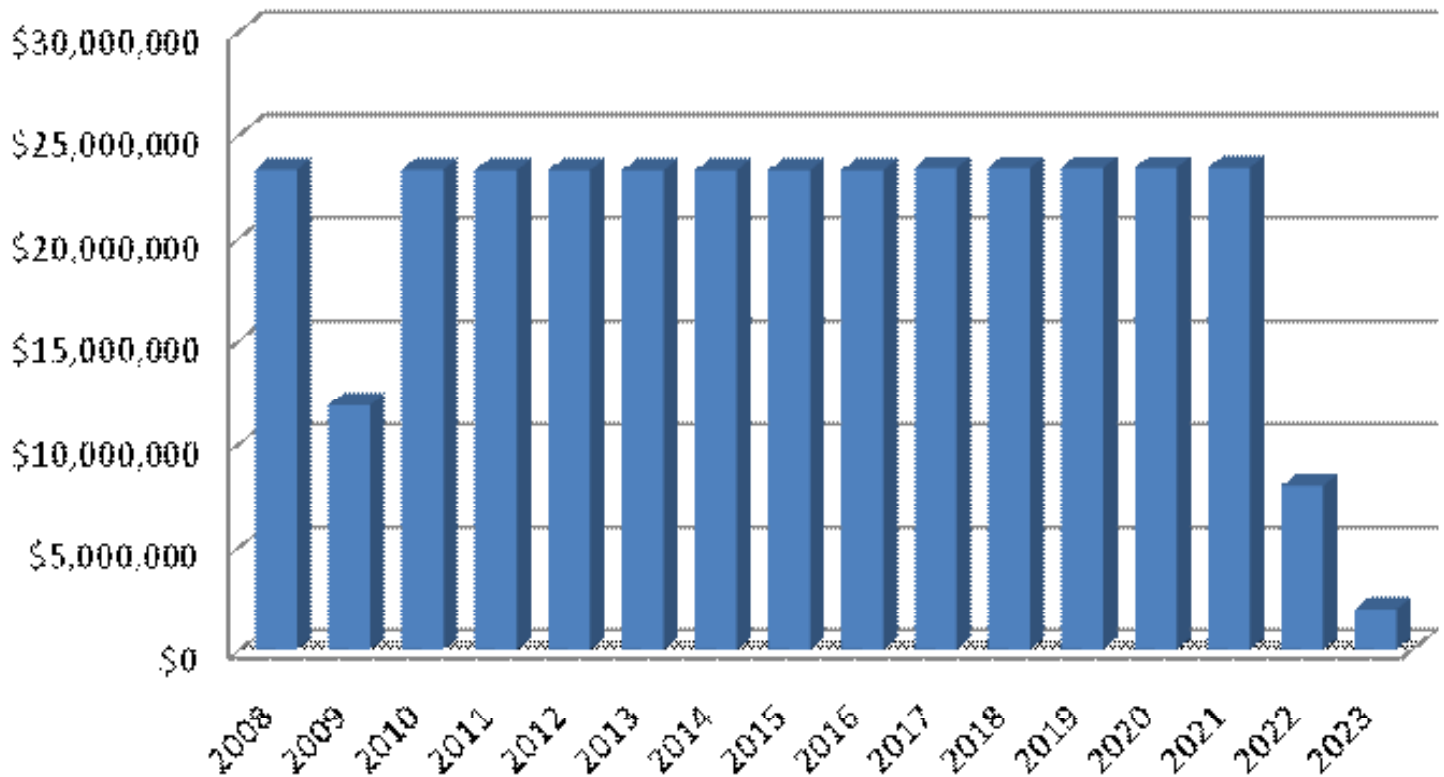
## Revenue Bonds

### SCHOOL BUILDING AUTHORITY CAPITAL IMPROVEMENT REVENUE BONDS

The School Building Authority Capital Improvement Revenue bonds which utilize General Revenue appropriations for repayment consists of two refunding issuances. The principal outstanding on these bonds totaled \$215.6 million as of June 30, 2008. No "new money" bonds may be issued utilizing General Revenue appropriations for repayment.

The combined debt service on the School Building Authority Capital Improvement Revenue bonds falls to \$11.8 million for fiscal year 2009 but remains level at approximately \$23 million for fiscal years 2010 through 2021. The two final years of debt service, fiscal years 2022 & 2023, falls to \$8 million and \$2 million respectively.

**School Building Authority Capital Improvement Revenue Bonds Debt Service  
As of June 30, 2008**



# West Virginia State Treasurer's Fiscal 2008 Annual Report

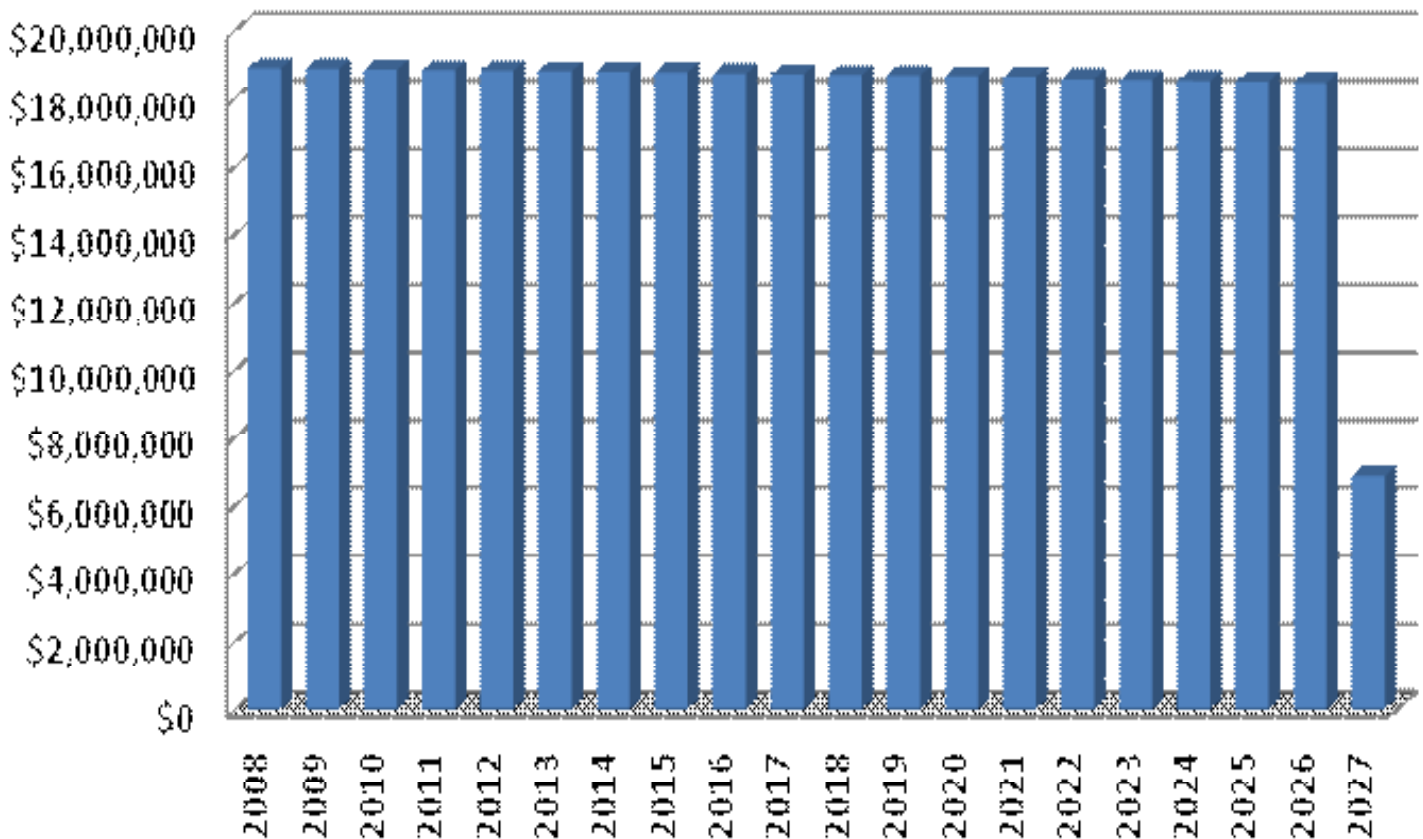
## Revenue Bonds

### ECONOMIC DEVELOPMENT AUTHORITY LOTTERY REVENUE BONDS

In January 2004, the Economic Development Authority issued more than \$249 million in Lottery Revenue Bonds (Federally Taxable) to provide funds for various economic development projects, capital improvement projects and infrastructure projects which promote economic development in West Virginia. The principal outstanding on these bonds totaled \$214.1 million as of June 30, 2008.

These bonds are secured through a pledge of revenues from the State Excess Lottery Revenue Fund. This \$19 million pledge is annually transferred to the Economic Development Project Fund to pay the debt service on the bonds. The bonds have a level debt service of approximately \$19 million until they mature in Fiscal Year 2027.

**Economic Development Authority Lottery Revenue Bonds Debt Service  
As of June 30, 2008**



# West Virginia State Treasurer's Fiscal 2008 Annual Report

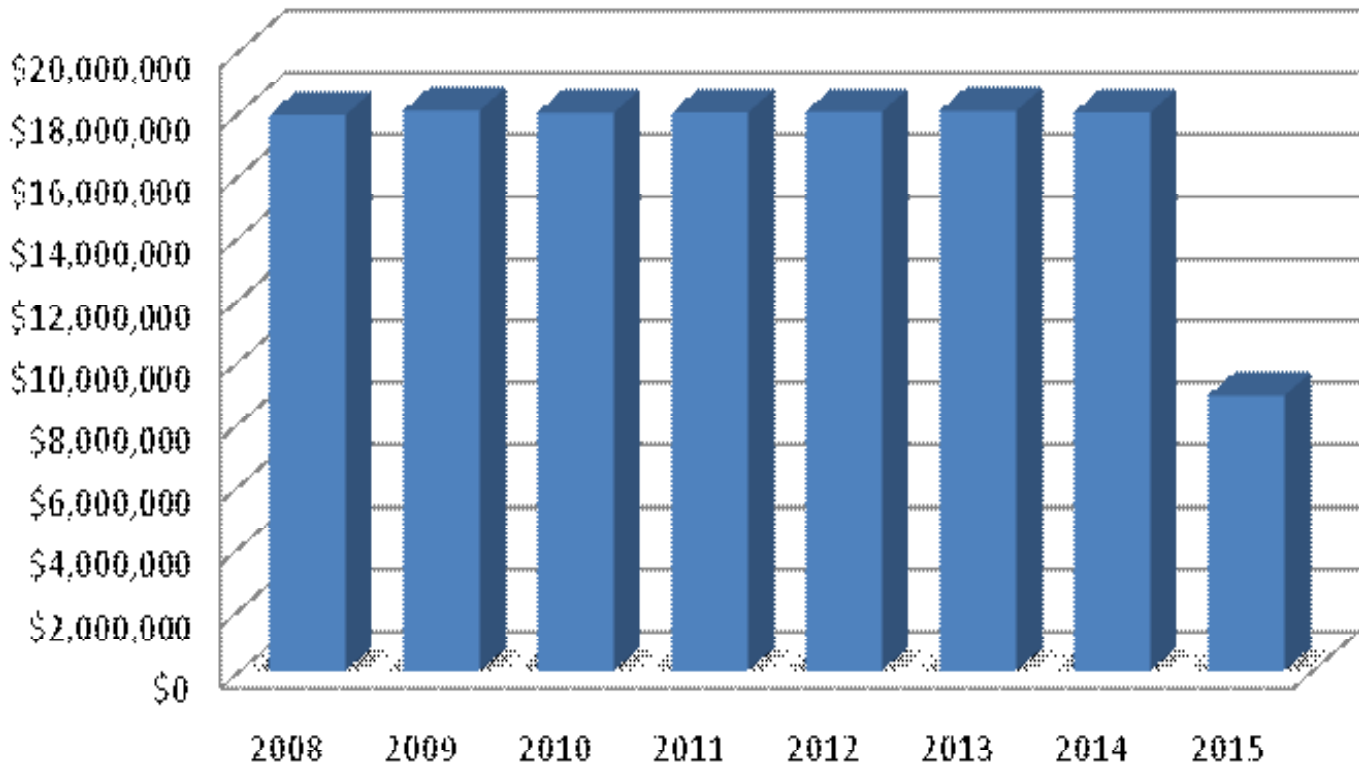
## Revenue Bonds

### SCHOOL BUILDING AUTHORITY LOTTERY REVENUE BONDS

The West Virginia School Building Authority was the first state agency to issue bonds backed by revenues from the West Virginia Lottery. The first Lottery Revenue Bonds were issued in 1994 in the amount of \$135.6 million. Those bonds matured in 2004. The School Building Authority then issued another series of bonds in 2004 which will mature in Fiscal Year 2015. The principal outstanding on the bonds totaled \$99 million as of June 30, 2008 and are secured by a first lien pledge on net profits from the West Virginia Lottery. The bonds have a level debt service of approximately \$18 million until they mature on July 1, 2014.

The West Virginia School Building Authority is planning to issue approximately \$100 million in revenue bonds during Fiscal Year 2009. These bonds would be backed by certain funds from the State's Excess Lottery Revenue Fund.

**School Building Authority Lottery Revenue Bonds Debt Service  
As of June 30, 2008**



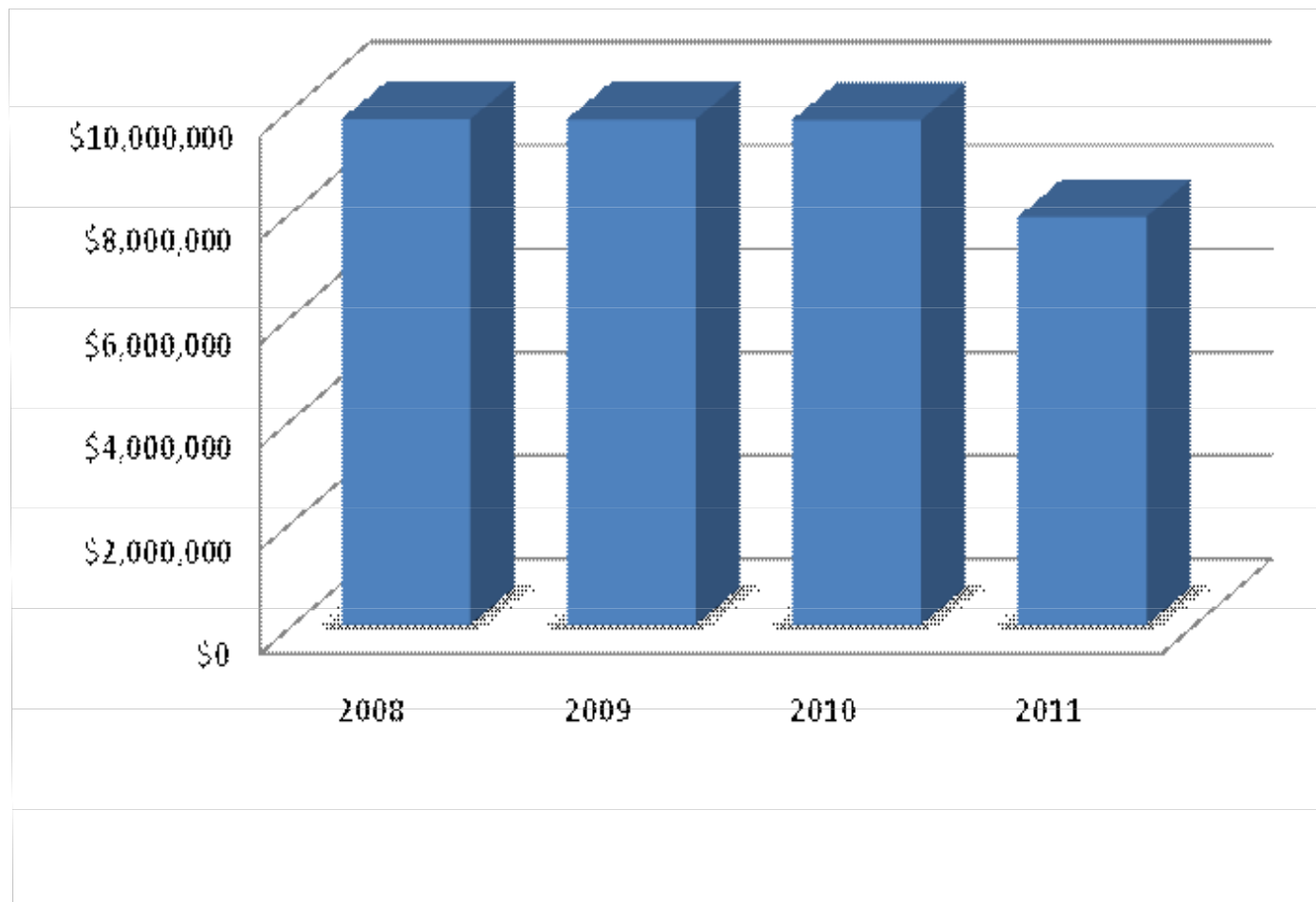
# West Virginia State Treasurer's Fiscal 2008 Annual Report

## Revenue Bonds

### STATE BUILDING COMMISSION LOTTERY REVENUE BONDS

In 1997, the State Building Commission was given the authority to issue revenue bonds which were backed by certain revenues of the West Virginia Lottery. These bonds were issued to promote education, arts, science and tourism. The bonds had a principal outstanding of \$25.4 million as of June 30, 2008 and will completely mature on July 1, 2010.

**State Building Commission Lottery Revenue Bonds Debt Service  
As of June 30, 2008**



# West Virginia State Treasurer's Fiscal 2008 Annual Report

## Revenue Bonds

### OTHER BONDS BACKED BY FUNDS FROM THE WEST VIRGINIA LOTTERY

There have been three other Revenue Bond issues which utilize lottery funds for some percentage of their revenue stream; however, they are not classified as Lottery Revenue Bonds. They are as follows:

- The Economic Development Authority issued \$6.2 million in bonds for the construction of a parking garage at the state capitol in November 1999. This issue is secured through a lease agreement, which includes a non-funding clause, with the Secretary of Administration. Lottery funds in the amount of \$500,000 per year are appropriated to the Parking Garage Fund. This obligation is classified as a lease agreement.
- In August 2004, the Higher Education Policy Commission issued \$167.2 million in bonds for various capital improvements and projects at the state's colleges and universities. This 30 year obligation currently has a 2nd priority lien on certain monies of the Excess Lottery Revenue Fund (the 1st priority lien goes to the bonds of the Economic Development Grant Committee which were issued by the Economic Development Authority). Approximately 35% of the debt service on the bonds is paid from lottery funds.
- Another issue which utilizes lottery revenues for debt service is the \$10 million dollar issue of the West Virginia Hospital Finance Authority which was issued in March 2004. This issue is secured through a lease agreement, which also includes a non-funding clause, with the Secretary of Administration. The proceeds were used to construct a 120 bed long-term nursing home facility in Clarksburg, West Virginia. The annual debt service on the bonds is approximately \$660,000 and is payable from net profits from the sale of Veterans Benefit Game lottery tickets. The remaining funds needed to complete the project, approximately \$16.3 million, were provided from a grant from the United States Department of Veterans Affairs.

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## Revenue Bonds

### OTHER REVENUE BONDS

There are various agencies and authorities which have statutory authority to issue Revenue bonds. Since these bonds are self-supporting and derive their debt service payments from revenues of a particular program or project, the principal amount is not included when calculating West Virginia's net tax supported debt. The following charts show each issuer and the net amount outstanding as of June 30, 2008.

#### Fairmont State University

- Principal outstanding at June 30, 2008 - \$66.4 million.
- Final Maturity - June 1, 2032
- Five issues for various capital and infrastructure improvements.

#### Glenville State College

- Principal Outstanding at June 30, 2008 - \$5.4 million
- Final Maturity - October 1, 2037
- Two issues for various capital improvements.

#### Highways, Commissioner of

- Principal Outstanding at June 30, 2008 - \$98.8 million
- Final Maturity - September 1, 2015
- Two issues for highways construction on Route 35.

#### Higher Education Policy Commission

- Principal Outstanding at June 30, 2008 - \$216.3 million
- Final Maturity - April 1, 2034
- Five issues for various capital improvement to West Virginia colleges and universities.

#### Marshall University

- Principal outstanding at June 30, 2008 - \$42.8 million.
- Final Maturity - May 1, 2031
- One issue for residence hall complex and other projects.

#### Regional Jail & Correctional Facilities Improvement Authority

- Principal Outstanding at June 30, 2008 - \$85.9 million
- Final Maturity - July 1, 2021
- Three issues for various correctional facility projects.



# West Virginia State Treasurer's Fiscal 2008 Annual Report

## Revenue Bonds

### OTHER REVENUE BONDS (CONTINUED)

Shepherd University	West Liberty State College	West Virginia State University	West Virginia University
<ul style="list-style-type: none"><li>•Principal Outstanding at June 30, 2008 - \$50.3 million</li><li>•Final Maturity - June 1, 2037</li><li>•Four issues for various capital and infrastructure projects.</li></ul>	<ul style="list-style-type: none"><li>•Principal outstanding at June 30, 2008 - \$12.6 million.</li><li>•Final Maturity - June 1, 2028</li><li>•Three issues for various capital improvements.</li></ul>	<ul style="list-style-type: none"><li>•Principal Outstanding at June 30, 2008 - \$7.1 million</li><li>•Final Maturity - September 1, 2026</li><li>•Two issues for dormitory renovation and the James C. Wilson College Union.</li></ul>	<ul style="list-style-type: none"><li>•Principal Outstanding at June 30, 2008 - \$287.3 million</li><li>•Final Maturity - October 1, 2035</li><li>•Five issues for various capital and infrastructure projects.</li></ul>

### LEASE OBLIGATIONS

The State of West Virginia depends on lease obligations to finance many projects relating to capital improvements. This is evidenced through the issuance of Lease Revenue bonds. Most of the Lease Revenue bonds of the State of West Virginia are issued by the West Virginia Economic Development Authority, such as the bonds issued for the parking garage at the capitol complex. The bonds are then secured by a lease agreement, typically with the Secretary of Administration. There was approximately \$387 million in lease obligations outstanding as of June 30, 2008.

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## West Virginia Non-Tax Supported Debt Outstanding

There are approximately 10 authorities or boards that have legislative authorization to issue bonds which are not counted as part of the state's direct debt burden. This debt is considered "non-tax supported debt." West Virginia had a non-tax supported debt of approximately \$4.2 billion outstanding as of June 30, 2008.

### Non-Tax Supported Debt Outstanding at June 30, 2008

Issuer	Principal Outstanding June 30, 2008	Percentage of Total Debt Outstanding
Economic Development Authority	\$ 927,508,479	21.7%
Hospital Finance Authority	1,123,877,704	26.3%
Housing Development Authority	756,180,000	17.7%
Infrastructure & Jobs Development Council	124,530,000	2.9%
Parkway Authority	97,080,000	2.3%
Public Energy Authority	83,490,000	2.0%
Tobacco Settlement Finance Authority	898,821,503	21.1%
Water Development Authority	254,715,000	6.0%
Total	\$ 4,266,202,686	100.0%



# Cash Management

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## Cash Management

The State Treasurer oversees the cash management of West Virginia government. Among these duties are receiving and disbursing the state budget which includes writing approximately two million checks per year and electronic transfers of money; filing and retaining all paid checks and various bonds issued by the state; collecting the crime victim's compensation, law enforcement training, regional jail authority and litter control fund fees; and handling various other banking and accounting functions that deal with state finances.

- In fiscal 2008, the Treasurer's office processed more than \$7.8 billion in disbursements by electronic funds transfer.
- When Treasurer Perdue took office, the state was writing 4.5 million checks. Now the number of checks is down to 1.7 million.
- ACH disbursements are also roughly 2.3 million. ACH means automated clearing house, or automatic, electronic drafts into and out of state coffers.
- Equality of checks and ACH numbers is a milestone for the office. In the future, the state will be doing more electronic business as opposed to dealing with paper checks.
- The office continues its "lock box" operation, accepting deposits on behalf of various state agencies. This amounts to keeping post office boxes open on behalf of state entities and depositing the contents daily, with the Federal Reserve in Cincinnati. Such quick turnaround earns the state valuable overnight interest.
- The Cash Management Division collected \$22.2 million in fiscal 2008, which amounts to a portion of fines collected by magistrate, circuit and municipal courts. Leading the way were three different funds collected on behalf of the Regional Jail Authority, totaling \$13 million.

# E-Government

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## E-GOVERNMENT DIVISION

The West Virginia e-Government Services Program is an initiative of the State Treasurer's office to provide an electronic payment system for goods and services offered by state agencies, colleges, universities, and boards & commissions. In Fiscal Year 2008, this office allowed these services to be made available to the local governments, a program we now call L-Government. West Virginia counties, cities, school boards and public service districts can now use the State Treasurer's payment system.

Public demand for government services via the Internet is increasing dramatically. Customer service is the key to e-Government and many of our state agencies and local government entities need assistance in the development and implementation. The concept of cooperation and visionary leadership will help us to provide better, more effective service to our citizens...our customers.

In 1999, with the passage of "Financial Electronic Commerce" legislation (code §12-3A) in the legislative session, the State Treasurer's Office began to implement its provisions. The three pilot programs for accepting payments over the Internet were the State Treasurer Office's Prepaid College Program; subscriptions to the Division of Natural Resources "Wonderful West Virginia" magazine; and Marshall University tuition and fees payments. This has expanded until currently; there are 43 state agencies using over 100 active connections that are accepting payments through the Treasurers' Office system.

E-Government and L-Government services offer all of us the opportunity to reduce costs while providing better service to our customers, the citizens of West Virginia. To meet the challenges, state and local governments must focus on these basics:

- Think customer service first – for citizens, businesses, vendors, and other governments
- Provide all state agencies and local governments with available technology expertise and tools
- Use technology to cut costs and increase savings
- Operate as a "single enterprise"

### Program Benefits

- Improved Cash Management – reduced collection risks and delays associated with other payment types such as personal checks
- Lower processing costs and enhanced efficiencies over the long term
- Enhanced operational efficiencies – less paper processing and saves time
- Better customer/citizen service – convenience, easy to use and 24/7 access
- Faster investment and quicker interest earnings

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## What payment types are accepted?

- Credit cards – VISA, MasterCard, Discover, and American Express
- Internet and traditional point of sale (POS)
- Electronic check – electronic fund transfers (ACH debits & credits)
- Lock Box – check payments mailed to a post office box

## How are payments over the Internet occurring?

Most state agencies accepting payments over the Internet only accept credit cards. In doing so, the Treasurer's Office prepays the merchant fee which varies by card type, and the agency must reimburse the Treasurer's Office at a rate of 2.25% of the total sale. Some agencies pass this charge on to the users in the form of a convenience fee for using the website. If the agency chooses to charge a convenience fee, the charge must be the same amount regardless of the total of the sale. Depending on the activity, some agencies may also have the option of allowing their payers to use their checking account numbers to deduct the amount directly from their bank. If payment is processed by an electronic check (ACH), the agency must pay the Treasurer's Office a service fee of five cents per transaction.

Local Governments that use our system have their deposits made directly into their investment account with the Board of Treasury Investments. These funds earn interest from the day they are received, and the local government can withdraw the funds as they desire. To pay the processing costs, they either charge a convenience fee to the website user, or they allow us to deduct the entire fee from their investment account.

## 2008 Fiscal Year

There was growth and new development in 2008. Our programmers worked very hard to maintain compliance with the Payment Card Industry (PCI) security standards. We made major changes in our hardware and software and we continue to work toward better, more efficient, and user friendly system.

The total dollar activity for the 2008 fiscal year was over \$136 million dollars, an increase of more than 48% over FY2007 figures. West Virginia University collected over \$56 million of their tuition dollars over the Internet. Another \$28 million dollars were processed for Marshall, Fairmont, and Shepherd Universities. State Agencies like the Municipal Bond Commission added \$12 million to their online activity and the Consolidated Public Retirement Board's activity generated around \$25 million dollars. DNR's Hunting and Fishing Licenses still had the highest volume with nearly 50 thousand licenses sold online. We were proud to add the Public Employees Insurance Agency to our online agencies. The Insurance Commission increased their online presence by adding new activity, and the Division of Labor started collecting their contractor's licensing renewals and other fees online. The Women's Commission and WVNET were also rolled out in FY2008.

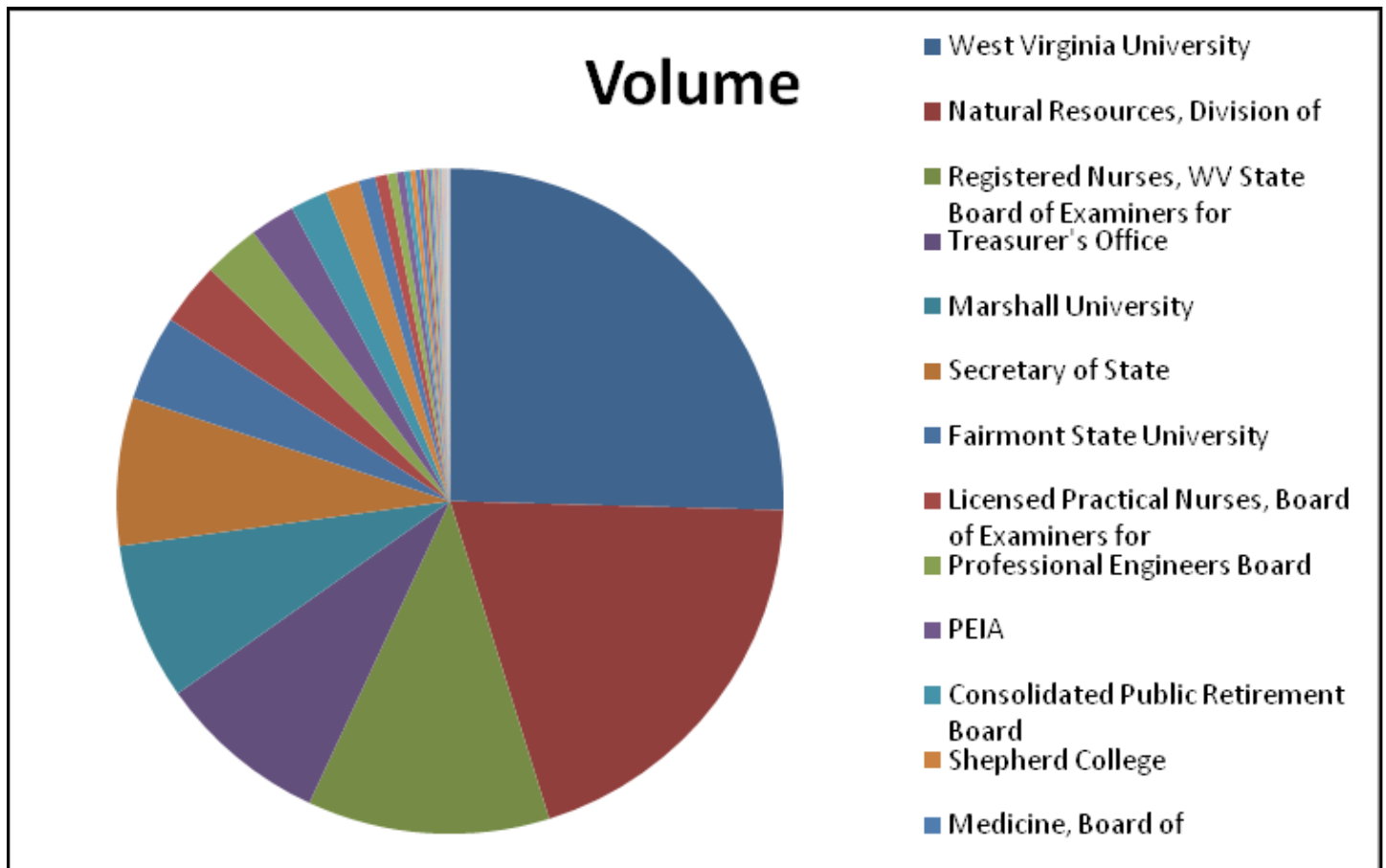
Public demand for government services via the Internet requires a major effort by the state to fulfill this demand. Customer service is the key to e-Government and many of our government agencies will need assistance in the development, implementation and improvement in websites. There is no "cookie-cutter" solution that will fit all the agency's needs. Each case must be evaluated and studied, and improvements must be

# West Virginia State Treasurer's Fiscal 2008 Annual Report

planned and programmed. Funding for these improvements will be an important factor. The success of our efforts will require additional investment in acquiring the proper infrastructure, tools and trained personnel.

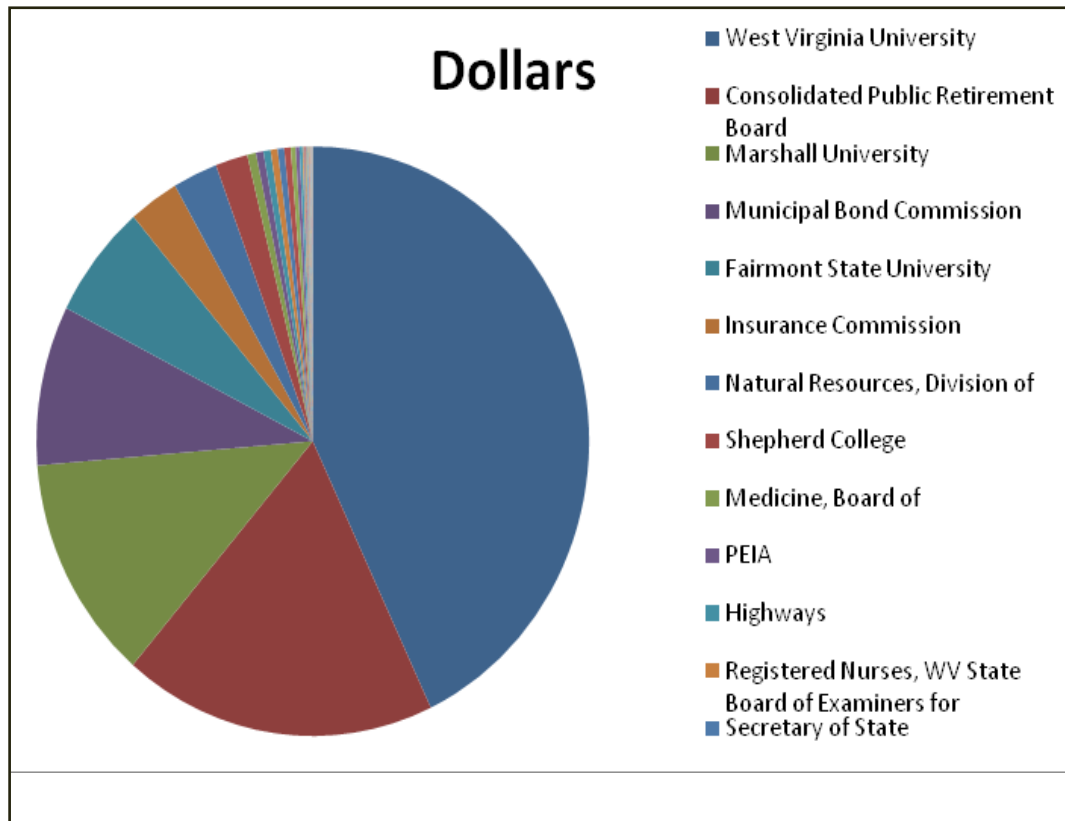
The Treasurer's Office desires to expand its services by continuing to work with state agencies and local governments. We will continue to provide the service and security that the agencies and citizens have come to rely upon. Our goal and focus is to provide the best, most secure, most efficient, and least costly cash management services to all the governments and citizens of West Virginia.

## E-Government Activity by Volume July, 2007 to June, 2008



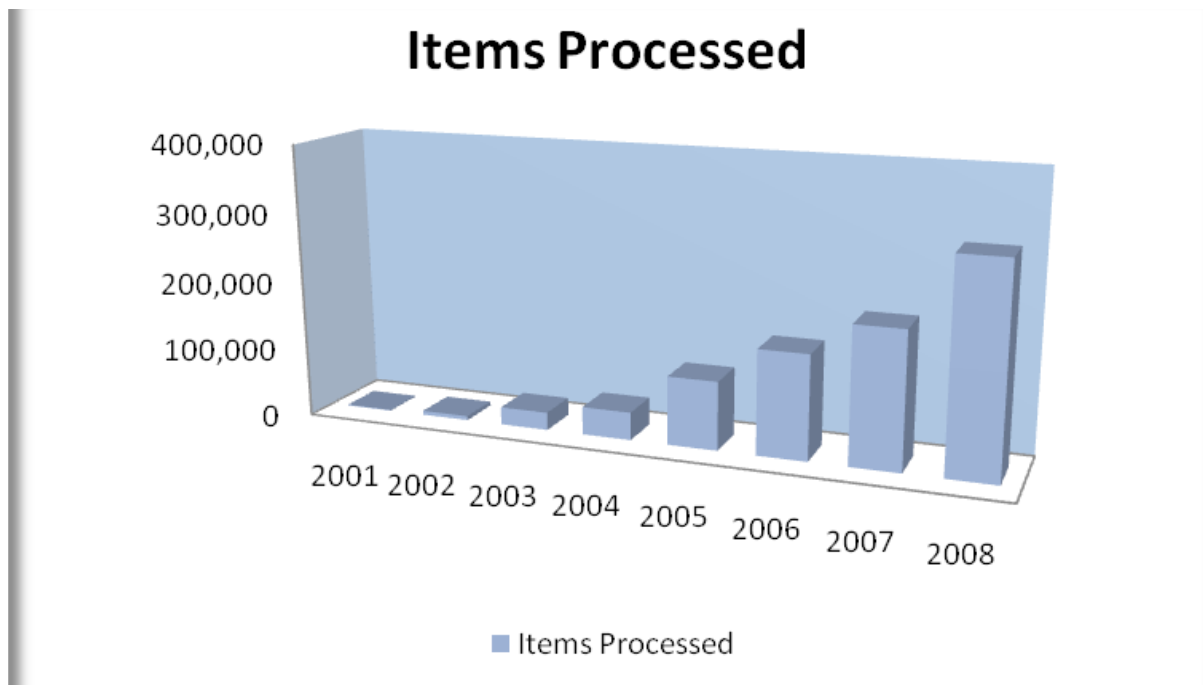
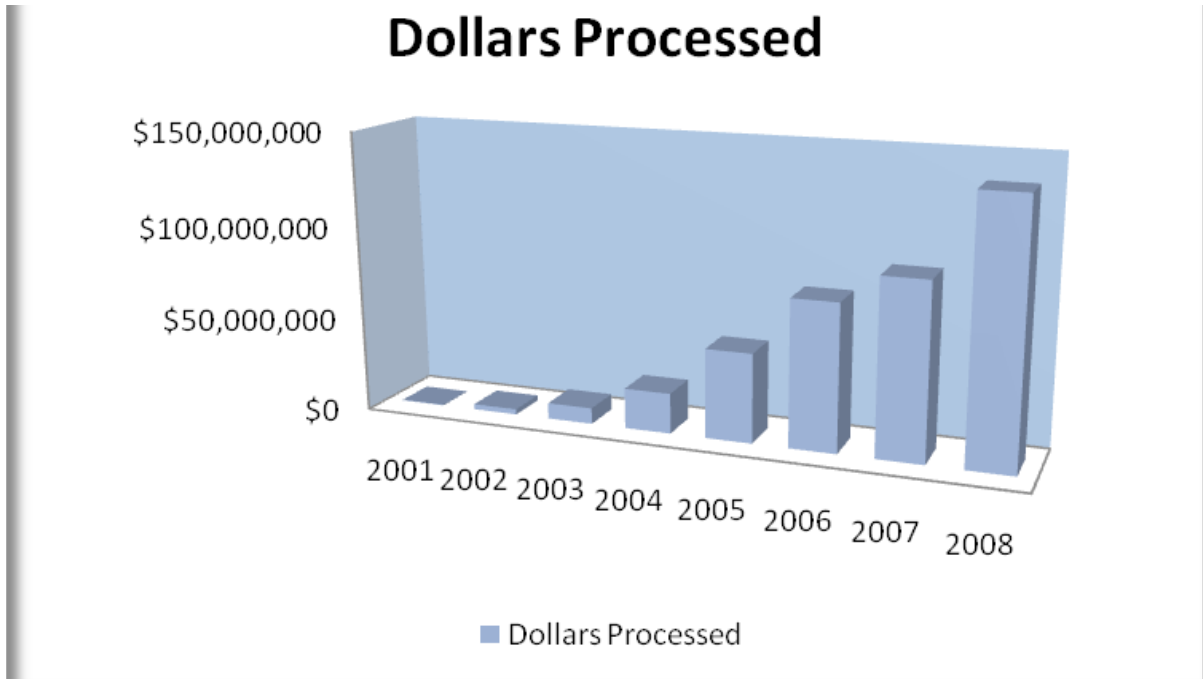
# West Virginia State Treasurer's Fiscal 2008 Annual Report

## E-Government Activity by Dollar Amounts July, 2007 to June, 2008



# West Virginia State Treasurer's Fiscal 2008 Annual Report

## Growth in E-Government Activity FY01-FY08



Note: TOTAL E-GOVERNMENT ACTIVITY to date is over \$ 387,000,000.



# Audit Division

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## Audit Division

To assist the Treasurer in achieving honest, efficient management and full accountability throughout the office. Treasurer John Perdue created the position of Internal Auditor in July 1997. In May 1999, the Internal Audit Division was created with the hiring of one full-time and one part-time staff auditor. In fiscal year 2002, the role of the Internal Audit Division was expanded to include oversight of Unclaimed Property compliance audits and information security for the office. With the increase in responsibilities, the division was renamed to the Audit Division to better reflect its role. During 2008, a new Director was hired to supervise three auditors, making a total staff of four for the division.

The Audit Division has the following duties and responsibilities:

1. To review and test the effectiveness and efficiency of internal control structures
2. To review compliance with rules, regulations and internal office procedures
3. To report the results of such reviews, with related recommendations, to the Audit Committee
4. To research and report on compliance, internal control or other issues as required
5. To assist the Unclaimed Property Division in the enforcement and administration of the Uniform Unclaimed Property Act by providing audit services and oversight of six contract field audit vendors

For the fiscal year ended June 30, 2008, the Internal Audit Division has audited various aspects of the operations of the Treasurer's Office. The major projects worked on during the year were:

1. Audited the fiscal year 2007 Cash Management Improvement Act (CMIA) Annual Report. Reviewed revised policies and procedures related to the gathering of information for the preparation of the CMIA Annual Report. Assisted external auditors with their review.
2. Audited the 2009 Treasury State Agreement in preparation of the 2008 CMIA Annual Report. The staff worked closely with Cash Management and the Department of Transportation to resolve an outstanding Single Audit finding.
3. Conducted a first time risk assessment audit of the WV College Prepaid Tuition and Savings Plan.
4. Reviewed payments made to national unclaimed property contract audit vendors.
5. Tested and assisted with Unclaimed Property new Wager's system conversion including as a consultant on new procedures.
6. Participated in unclaimed property holder workshops throughout the state.
7. Reviewed unclaimed property claim files for compliance with internal procedures and applicable provisions of the WV Code.

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## INTERNAL AUDIT DIVISION -MAJOR ACCOMPLISHMENTS

- Audited the fiscal year 2007 CMIA Annual Report and the related procedures for gathering information for the preparation of the annual report. This information is used by the State's auditors and assists in controlling the overall statewide Single Audit costs.
- Supervised contract audit vendors in performance of Unclaimed Property compliance audits. Audits have resulted in the identification of \$5,531,983.24 in unreported unclaimed property, \$3,781.76 in unclaimed property that will become reportable in 2008 to the rightful owners through due diligence work by holders under audit.
- Developed Internal Control Module Questionnaires & Assessment of Controls work sheet for Unclaimed Property Auditing.
- Developed procedures and implemented production of the Wagers Audit Module for management and tracking of voluntary and involuntary unclaimed property examinations.
- Recorded all past Unclaimed Property examinations since 1996 into the Wagers Audit Module to reflect audit scope, findings, deposits, and status.
- Participated in unclaimed property holder workshops held across the state in order to increase awareness of, and compliance with, the Uniform Unclaimed Property Act.
- Designed and conducted a presentation for the WV Supreme Court of Appeals Circuit Clerk Conference to promote the idea of Unclaimed Property as a Consumer Protection Act and highlight the benefits of the HRS Pro system.
- Purchased and began the implementation of the Paisley Auto Audit work paper system.
- Reactivated the STO Audit Committee including new audit charter, audit policy and job descriptions and Strategic plan for 2009-2013.
- Provided the Treasurer's Office staff with advice in the development and improvement of policies and procedures in other areas of the office.

# **Information and Technical Services Division**

# West Virginia State Treasurer's Fiscal 2008 Annual Report

The Information and Technical Services Division (ITS) of the State Treasurer's Office is responsible for keeping the divisions of the office up to date with the latest technology, maintain the technology installed in the office, and to apprise the State Treasurer of the latest technology available. This division operates in two sections Networking and Programming.

In the year 2008 the ITS division has accomplished many tasks set forth by both its own department and STO needs and the desires of the State Treasurer. Listed below are those accomplishments.

## **ITS Hardware:**

- The WVSTO went through a process to replace older technology with newer and faster technology. One of those areas in which we replaced equipment revolves around our security efforts. The WVSTO ITS department now has a system in place which allows real time alerts on all systems and Internet traffic. These systems have the ability to record crucial data that will allow the WVSTO to better handle anyone who attempts to gain access to our systems.
- In an effort to help employees of the WVSTO safely surf the Internet the WVSTO put in place a filtering agent. The WVSTO already had a simple filtering system in place however we found issue with the robustness of the system. The overall cost of the system was also reduced.
- In an effort to better handle both support and business continuity the WVSTO moved everyone in the office from a traditional desktop to a laptop. This allows the support of those systems to be easily handled since the ITS department will now only need to support two different models. It has also allowed the WVSTO to have a better business continuity program since now employees can take their systems home in the case of most emergencies.
- The WVSTO migrated all employees to a new fax server solution. This solution allows employees to send and receive faxes via their e-mail system. This has also reduced the overall costs to the office by removal of many traditional fax systems.

## **ITS Software:**

- Due to the changes in the credit card PCI standards the WVSTO made the decision to completely re-write the E-Government system in a more secure manner. This effort was also to help ensure the public that every effort was being made to secure any information the WVSTO collected in the effort to support online transactions. The system was completed July 1, 2008 and went into production shortly afterwards. The project was a huge success and only one hour of downtime was required to switch the systems.
- In an effort to better streamline the WVSTO the ITS department set forth a project to better handle leave information. The WVSTO has had a paperless system in place for over four years. We have extended this application to any outside agency within the state of West Virginia who would like to use the system to better handle their leave requests. ABCA was the first agency to go live with the system in July 2008. With the help of

# West Virginia State Treasurer's Fiscal 2008 Annual Report

the WVSTO ITS department we were able to transition their historical information along with employee information. PEIA and the Department of Agriculture are planning to use the system in FY 2009.

- With the help of the Legislature the WVSTO was able to begin to offer E-Government services to the local governments. Our pilot project for this effort was the town of Hurricane PSD. The WVSTO built a system to handle their utility payments online. With the success of this new system we are now offering it to other PSDs. We are currently working with two other PSD, within the state and hope to have them on the system by the end of the year.
- With the help of the Department of Health and Human Resources the ITS worked closely with their ITS department and found Unclaimed Property which belonged to individuals who owed the state in back child support. This process is now a quarterly process in which the WVSTO reserves those funds found with people who still owe child support.

# Employee Development Division

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## Employee Development Division

In today's business world, technology advances at an astounding rate. As technology changes, the tools of our offices change. The Employee Development Division ensures that the Treasurer's office staff not only stays aware of the latest business tools but also has every opportunity to learn how to use the tools he provides. We also reach out to state agencies to provide training free of charge. Following through on the Treasurer's commitment to education, we offer the following classes each and every quarter:

- Microsoft Excel 2003 & 2007 (beginning, intermediate, advanced and expert topics)
- Microsoft Word 2003 & 2007 (beginning, intermediate, advanced and expert topics)
- Microsoft PowerPoint 2003 & 2007 (beginning, intermediate, advanced and expert topics)
- Microsoft Access 2003 & 2007 (beginning, intermediate advanced and expert topics)
- Microsoft Outlook 2003 & 2007 (beginning, intermediate, advanced and expert topics)

Offering these classes translates into more efficient workers and government savings in travel and training.

### FY 2008 Accomplishments:

- Over 70 classes facilitated at a savings of over \$81,300
- Facilitated over 2,900 hours of training

### Overall Accomplishments:

- Delivered 17,324 hours of training to state employees equal to \$445,410 in estimated government savings
- Delivered over 3,866 hours of training to STO employees equal to \$102,330 in estimated STO savings

In addition, the Employee Development Division works with the Information Technologies staff to develop training for any new hardware or software that's implemented in the office. I also serve as technical support for most of the office's applications and their users. This work includes:

### Specialized Courses:

- Fax server training
- Blackberry Training
- Content Management Web Site Training

### Information Media:

- E-gov DVD "Introduction to E-government"
- E-gov DVD "E-government Services"
- E-gov DVD "E-pay System Training Guide"
- State Fair Kiosk
- Office Overview/Field Presentation



# Unclaimed Property Division

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## **Mission Statement**

The West Virginia State Treasurer's Office Unclaimed Property Division's mission is to effectively and efficiently comply with the Uniform Unclaimed Property Act provisions, in order to protect the rightful owner's property and relieve the holders of their unclaimed property liability.

## **Unclaimed Property Staffing**

Unclaimed Property has three departments: Receipts, Claims, and Compliance. The Receipts Department processes holder reports and verifies the information reported on the property and apparent owners are submitted according to the Unclaimed Property Act and regulations. The Claims Department processes claim forms submitted to verify the funds are returned to the rightful owners according to the Unclaimed Property Act and Regulations. The Compliance Department provides a monitoring program to ensure accountability within Unclaimed Property Division according to Uniform Unclaimed Property Act, Regulations and internal division procedures. Compliance also assists in ensuring that outside entities are in compliance with Unclaimed Property Act and Regulations.

## **Unclaimed Property Accomplishments**

This year, the division acquired a new unclaimed property system, the Wagers UPS2000™ System, representing a major advance in streamlining the receipt of unclaimed property and the return of property to its rightful owner. Wagers has established an unclaimed property system that is used successfully by 41 other states. The UPS2000™ has detailed reporting, tracking and auditing functions. It is compatible with Microsoft Windows and is able to easily integrate and interface with popular SQL databases (Microsoft SQL Server, Oracle, RDBMS) and other existing accounting programs. The UPS2000™ is able to generate extensive financial reports; facilitate claims processing, management and payment; create detailed auditing and balancing reports; track holder reports, property, claims, payments and other such entries; automatically note and correct duplications; monitor and update investments; provide camera-ready output for advertising; and has extensive, reliable and secure data import/export capabilities.

In addition to acquiring and implementing the Wagers system, the division also:

- Conducted eight regional holder education seminars
- Enhanced customer service to holders by sending reminder and follow-up letters
- Collected more than \$21.6 million gross revenue
- Returned \$5.6 million to rightful owners of unclaimed property, constituting 43% of all net unclaimed property reported in 2008
- Transferred \$1 million into the Prepaid Tuition Trust Escrow Fund, and \$47,557 to the Deferred Compensation Matching Fund, both pursuant to W.Va. Code § 36-8-13
- Served as custodian for over 858,258 unclaimed property accounts that total more than \$178 million in unclaimed funds

# West Virginia State Treasurer's Fiscal 2008 Annual Report

- Implemented new legislation requiring electronic holder reporting
- Obtained legislation authorizing electronic sales of tangible property (EBay)
- Developed a streamlined process to allow the Bureau of Child Support Enforcement to claim unclaimed property belonging to delinquent child support obligors
- Mailed out approximately 4,000 post cards to potential unclaimed property owners
- Instituted a dedicated call center for claimants, following unclaimed property newspaper ads
- Completed in-house training for HIPAA, HRS Pro and Accurint
- Completed fraud and unclaimed property training provided by the Pennsylvania Treasury Department's Certified Fraud Examiner
- Increased communications with Local Government Specialists staff, check processing department and within our department
- Created a new Claims Checklist consolidating four different checklists to one
- Posted a new booklet on our UP website
- Updated the STO website with interactive reporting forms and new laws and regulations
- Updated to an Electronic Database Request System saving paper, time and money
- Each staff member completed at least one Microsoft Office 2007 training class
- Implemented and revised Unclaimed Property Division procedures and guidelines
- Implemented periodic compliance audits to ensure claims and receipts are free from error
- Liquidated over \$1.6 million in stock and mutual funds
- Created a monthly claims/receipts reconciliation, and a securities cash reconciliation for both custodian accounts. Completed and updated reconciliations from 10/2006 through 6/2008
- Completed Change Request System and eliminated paper copies
- Streamlined the receipts process and entered all current year reports by July 1st

## Legal Section

The Unclaimed Property Division has an Assistant General Counsel assigned to assist in resolving Unclaimed Property reporting, claims, auditing, education, contract and compliance issues, and act on issues involving the Division of Cash Management.

**Unclaimed Property Reporting issues:** Counsel provided research and opinions where necessary and recommended and drafted internal guidelines addressing the following issues: collection of ERISA-related property; federal credit union reporting; university student card reporting; and hospitals reporting tangible property.

**Claims issues:** Counsel analyzed various unclaimed property inquiries involving complex legal and factual issues, including obtaining additional documents from outside sources when necessary, that allowed further processing of claims. Examples of types of claims researched involved: child support claims issues (both interstate and local); heir finder issues; issues regarding stock certificates in safe deposit box; issues of spouse disclaiming interest in properties; and issues regarding an estate administrator's authority to granting a power of attorney to claim property.

## West Virginia State Treasurer's Fiscal 2008 Annual Report

Unclaimed Property auditing: Counsel represented the Division and the State Treasurer's Office in various unclaimed property audits to resolve issues where holders disputed the findings of unclaimed property auditors.

**Education:** Counsel and Internal Audit staff developed and presented training for 574 attendees from 456 businesses at eight regional holder seminars throughout the state. Counsel and Audit staff obtained West Virginia State Bar and Certified Public Accountants accreditation so that attorneys and accountants attending the seminars could obtain continuing legal and professional education. Counsel also developed and presented training at the National Association of State Treasurers Management Conference and the West Virginia Association of School Board Officials. Counsel also provided various in-house training sessions on Wagers, claims, marketing, electronic reporting and audit.

**Contract issues:** Counsel assisted in procurement for Unclaimed Property, through drafting and negotiation of contracts, and through resolution of various legal issues regarding those contracts.

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## Receipts

The table below shows the total receipts of the Unclaimed Property Division by each fiscal year. Receipts peak during our annual May, September and November reporting periods. Due to the average dormancy period of five years, the numbers will fluctuate accordingly (i.e. 2004 and 2008 are comparable totals).

<b>Receipts</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>July</b>	320,050	2,043,889	492,191	456,046	701,351
<b>August</b>	1,280,329	782,263	746,255	536,898	799,498
<b>September</b>	1,063,165	1,156,681	589,330	2,275,331	705,190
<b>October</b>	4,607,071	2,225,784	2,011,647	3,007,772	3,780,946
<b>November</b>	7,694,772	5,292,112	5,217,739	3,618,446	8,142,154
<b>December</b>	866,856	516,243	8,667,348	401,004	340,126
<b>January</b>	679,188	1,185,205	6,394,058	700,626	610,692
<b>February</b>	372,471	435,605	385,318	440,030	441,795
<b>March</b>	533,316	304,248	2,341,552	923,500	733,377
<b>April</b>	1,023,150	866,808	565,942	1,112,914	1,431,574
<b>May</b>	1,514,128	1,767,544	1,289,902	1,827,187	3,718,001
<b>June</b>	3,277,664	3,467,817	1,131,936	314,568	282,911
<b>Total</b>	\$23,232,160	\$20,044,199	\$29,833,218	\$15,614,322	21,687,615

# West Virginia State Treasurer's Fiscal 2008 Annual Report

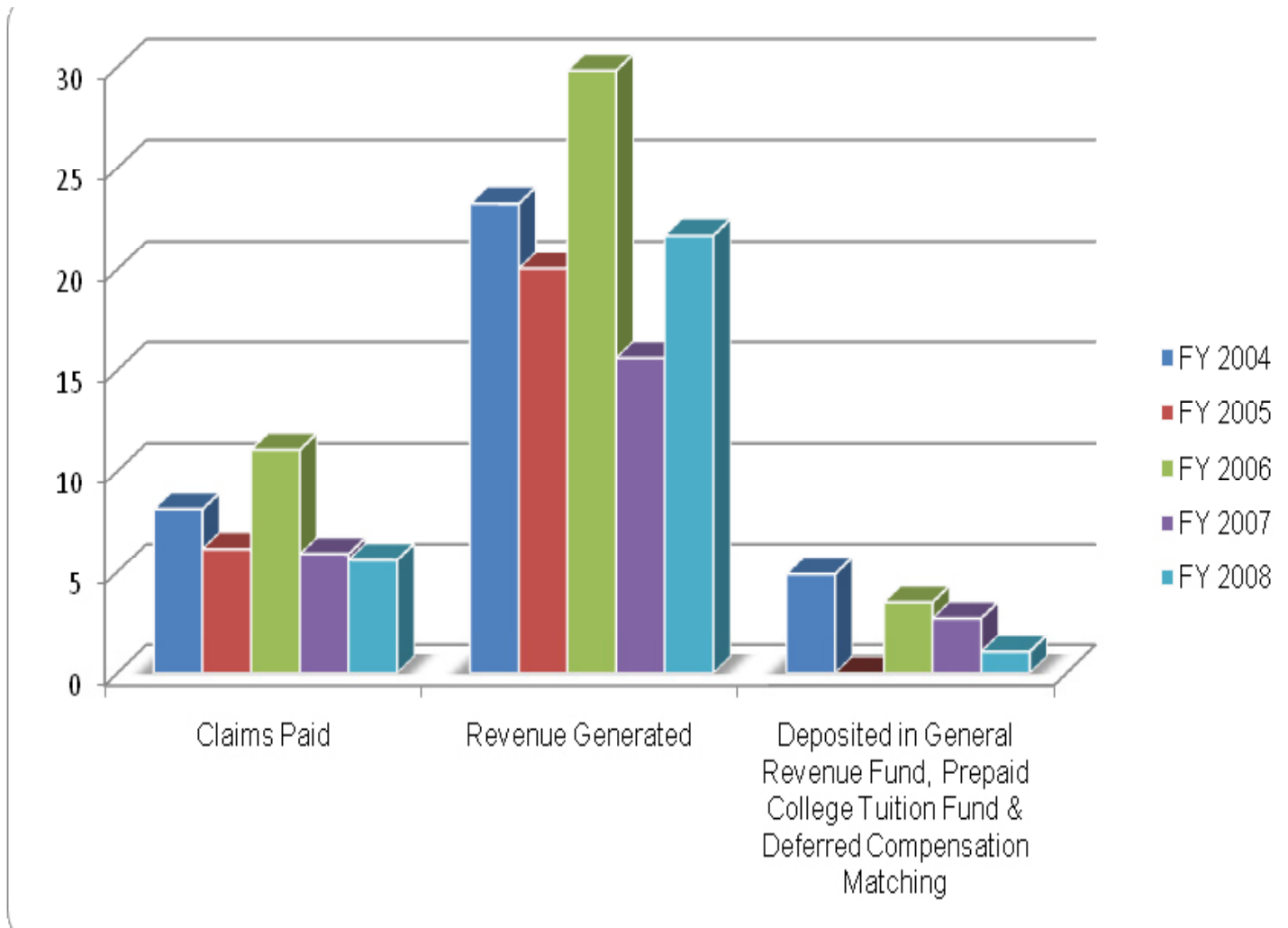
## Claims

The Unclaimed Property Division claim area is responsible for returning property to its rightful owners. Throughout the year, the Division receives correspondence, forms and supporting evidence from potential claimants. Correspondence volume increases during the Division's "peak" advertisement period that occurs. In Fiscal Year 2008, the division paid more than \$5.59 million in claims resulting in a 43% rate of return to owners of unclaimed property.

<b>Claims</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>July</b>	1,113,668	887,653	277,717	716,148	552,158
<b>August</b>	1,411,053	294,434	757,481	827,224	572,494
<b>September</b>	409,257	969,155	655,889	647,959	219,823
<b>October</b>	1,073,358	536,756	2,001,099	885,033	276,212
<b>November</b>	205,026	510,843	655,580	410,746	395,681
<b>December</b>	364,355	367,682	929,920	377,850	530,466
<b>January</b>	726,131	468,910	1,570,902	140,536	610,869
<b>February</b>	651,446	304,648	655,568	230,638	597,239
<b>March</b>	800,032	505,635	1,097,092	253,810	349,726
<b>April</b>	389,718	277,800	793,349	480,108	340,941
<b>May</b>	413,166	385,394	1,288,266	439,629	368,965
<b>June</b>	541,437	637,995	379,562	475,655	780,821
<b>Total</b>	\$8,098,647	\$6,146,905	\$11,062,425	\$5,885,336	\$5,595,395

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## West Virginia State Treasurer's Office Unclaimed Property Division Fiscal Year Data 2004 thru 2008 (in millions)



# West Virginia State Treasurer's Fiscal 2008 Annual Report

## Revenue

Holder Cash Remittance	\$15,159,969
Citigroup Security Liquidation	1,619,555
Citigroup Interest	39,989
Security Dividends	42,430
Security Liquidation	1,168,400
Redeposit Claim Checks	35,149
Stale Dated Checks (Includes Workers' Compensation)	3,620,863
Huntington National Bank Principal/Interest	1,261
<b>Total Gross Receipts</b>	<b>\$21,687,615</b>

## Revenue Transfers

Prepaid College Tuition Fund (WV Code 18-30-6 (I) 3)	47,557
Deferred Compensation Matching ((WV Code 5-10B-10A (G))	1,000,000
<b>Total Revenue Transfers</b>	<b>\$1,047,557</b>

## Claims Paid

Claims Paid	5,595,395
<b>Total Claims Paid</b>	<b>\$5,595,395</b>

## Net Receipts

**\$15,044,663**

### Percentage of Property Returned Ratio Analysis

Holder Cash Remittance	\$15,159,969
Less Aggregate Accounts of \$50 or Less	(\$799,446)
Less Non Aggregate Accounts of \$50 or Less	(\$524,831)
Less Accounts with "Unknown" Owner over \$50	(\$651,787)
Less Accounts with No Owner over \$50	(\$65,059)
Net Revenue - Holder Remittances	\$13,118,846
Total Claims Paid	\$5,595,395
Percentage of Property Returned	43%

Note: Percent of property returned to owners is based on claims paid from net holder remittance.

## Receipts

Number of Holder Reports Received	2,951
Number of New Properties Received	66,060

## Claims

Number of Claims Paid	7,671
-----------------------	-------



# **Law Enforcement and Safe Deposit Boxes**

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## **Law Enforcement**

Total Reports Received: 135

Total Weapons Reported for Escheatment to the State Treasurer's Office: 435

Total Weapons Reported for Law Enforcement Agency Appropriation: 26

Total Weapons Reported for Law Enforcement Agency Trade-Ins: 171

Total Weapons Destroyed: 279

Total US Money Reported for Escheatment (Cash Deposited): \$16,266.60

Total Other Property Reported for Escheatment: 88

Total Property Reported for Law Enforcement Agency Public Sale: 182

Total Other Property Reported for Law Enforcement Agency Appropriation: 28

Total Other Property Reported for Law Enforcement Agency Donation to a Non-Profit  
Organization: 394

## **Safe Deposit Boxes**

Total Holder Reports Received: 31

Total Individual Safe Deposit Boxes Reported: 302

# College Prepaid Tuition and Savings Program

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## College Prepaid Tuition and Savings Program

As authorized in §18-30 of the West Virginia Code, the State Treasurer administers all the programs of the nine-member Board of Trustees of the West Virginia College Prepaid Tuition and Savings Program and serves as board chairman. The Board conducts its business at quarterly meetings and its records are maintained at the State Treasurer's Office in Charleston.

The Board of Trustees has contracted the Hartford Life Insurance Company to provide program management services for both its Prepaid Tuition Plan and College Savings Plan. The Program uses the SMART529 brand name for all the various college savings products it offers.

## SMART529 Savings Plan Progress

The SMART529 college savings plan made gains in the marketplace during the 2008 fiscal year. The Savings Plan Trust ended the year with 93,769 participant accounts valued at \$1,112,176,401. This compares to 2007, which ended with 86,224 accounts at a total market value of \$1,065,617,216. Participants made \$197,028,611 in contributions during the year, and \$66,643,789 was withdrawn by participants for college expenses, rollovers and refunds.

## Prepaid Tuition Plan Continues

The Prepaid Tuition Plan ended FY 2008 with 7,376 active accounts and assets valued at \$95.0 million on June 30, 2008. Participants on monthly payment plans continued their contributions to the plan. During the fiscal year, nearly 2,500 prepaid tuition benefit distributions used to pay college expenses were processed totaling more than \$7.1 million. This was up from the \$6.3 million in tuition benefits distributed during the previous fiscal year.

## Escrow Account

As of June 30, 2008, \$2,254,008 has been transferred to the Prepaid Tuition Trust Escrow Account from the State Unclaimed Property Trust Fund. The funds are invested with the West Virginia Investment Management Board and have had a net investment gain of \$265,608, bringing the account balance to \$2,519,616 at June 30, 2008.

## Outreach Efforts

A wide variety of advertising and grass roots promotional efforts were completed during the fiscal year. The SMART529 Select website (SMART529select.com) was redesigned to be more user-friendly and host the same material as SMART529.com. Television ads ran from mid-September to mid-April. A special "gift" themed newspaper ad ran statewide in December. Fall outreach activities included field staff visiting elementary schools to make SMART529 announcements at PTA/PTO meetings.

The first annual SMART529 "When I Grow Up" essay contest was held during the fall enrollment

# West Virginia State Treasurer's Fiscal 2008 Annual Report

campaign. Fifteen regional winners were chosen and a grand prize winner was announced at a press conference held in December. All 15 winners and about 60 family members attended the event. The event received TV news coverage on most stations around the state.

In May, a special direct mail piece reminding those receiving federal stimulus package checks to think about college savings was mailed to 50,000 households with young children. The College Day at Preschool program was again conducted in May and included distribution of SMART529 packets explaining college savings to parents of graduating preschoolers. The 126 participating preschools agreed to distribute the packet to the parents of approximately 2,400 five-year-old students.

Throughout the year the program utilized the assistance of various promotional partners. The Newborn program distributed 2,500 SMART529 pamphlets in baby bottle coin banks to 23 participating hospital birth centers across the state that in turn presented the banks to new parents. The SMART529 Employer Partner program recruited 37 large West Virginia employers to distribute SMART529 information to their 5,500 employees.

In June, 50 West Virginia investment professionals were selected to the 2008 SMART529 Honor Roll that recognizes those who have excelled in helping West Virginia families save for college during the past 12 months. Each was presented a West Virginia-made, pottery piggy bank.

Other promotions included sponsorships and exhibits at a variety of events and activities that attracted parents with young children. Sponsorships included the Mountain State Coal Classic Basketball Tournament (Beckley), Regional Charleston Newspapers Spelling Bee (Charleston), United Way Putt-Putt Tournament (Huntington) and the Smart Family Expo (Huntington), which featured a variety of health & wellness information. SMART529 exhibits were also staffed at about 40 children/parent-oriented events in various locations during the year.

## **Financial Summary**

### **Annual Actuarial Valuation of Prepaid Trust**

An independent actuary performed an actuarial valuation of the Fund as of June 30, 2008. It was determined that the Prepaid Tuition Trust Fund had a funded ratio of 84.3%. The Fund had total assets of nearly \$99.0 million and total liabilities of \$117.4 million. The actuarial deficit was \$18.4 million, as compared to \$2.5 million the previous year. The fund finished the fiscal year with a net loss of \$15.0 million primarily attributed to investment losses and changes in actuarial assumptions.

### **Annual Audit**

On January 24, 2008, the Board of Trustees Audit Committee received the Program's annual financial statements for the year ended June 30, 2007 which action was ratified at the Board of Trustees quarterly meeting on March 19, 2008. As in past years, the Program received an unqualified opinion that the statements present fairly, in all material respects, the financial position of the Program and the results of its operations and its cash flows for the year, in conformity with accounting principles generally accepted in the United States.

The Program's Comprehensive Annual Financial Report was submitted to the Government Financial Officers Association for review and is expected to be again awarded a Certificate of Achievement for Excellence in Financial Reporting.

# Financial Education Programs

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## Financial Education Programs

### Adult Programs

The Treasurer's Money Conferences are designed to educate and motivate West Virginians to improve their lives through good money management skills. During the 2008 fiscal year, Money Conferences were held in Princeton, Logan and Morgantown and were attended by 675 people. Over the last seven years, 20 Money Conferences have been offered reaching nearly 7,500 citizens.

The conferences featured nationally known financial author and speaker Dee Lee. The West Virginia State Bar; the West Virginia Social Workers Board; and, the West Virginia Board of Accountancy offered continuing education credits for attending the Treasurer's Money Conferences.

Through the West Virginia Financial Education Foundation, sponsors have continued their support throughout the years which has allowed the program to be provided free of charge to citizens. Additionally, financial services firms and agencies are encouraged to become exhibitors at the conferences. Some of this year's sponsors and exhibitors were: BB&T, CHASE, United Bank, The Hartford and SMART529 College Savings Plans, West Virginia Lottery Commission, Mountaineer Race Track & Gaming Resort, West Virginia Social Security Administration, Merrill Lynch, Morgan Stanley, Monongalia General Hospital, West Virginia Division of Parks & Recreation, Consumer Credit Counseling Service, and WV Women's Commission.

### Teacher and Youth Programs

The year was an active one for STO financial education programs for schools and youth. The two more structured programs include the Bank at School Program, which has an elementary school focus, and the NEFE High School Financial Planning Program. Many additional activities were conducted that generally fall into one of four core functions:

1. **School Visits** – assessing interest in and promoting the incorporation of financial education lessons in the classroom.

- High school students received approximately 15,000 ABCs of Credit Card Finance lesson booklets provided by the Center for Student Credit Card Education.
- Over 11,000 copies of The Budget Game were distributed to middle school students. The Budget Game demonstrates how to make decisions on family budgeting, estimate monthly expenses, differentiate between wants and needs, and understand the need for planning for emergencies
- A total of approximately 10,000 copies of Dragons Decide lesson books were distributed to elementary schools across the state in FY2008. The booklets are provided jointly by the West Virginia Housing Development Fund and the WVSTO.
- Our most recent surveys have identified 138 schools reporting that they conduct banking/savings activities at school. Field surveys identified 109 bank branches that were conducting Bank-At-School type activities in schools.

# West Virginia State Treasurer's Fiscal 2008 Annual Report

2. **Free Resource Identification** – 173 resources were located, assessed and promoted as some of the best free educational resources available to use with youth and in the classroom. Samples of many of the resources are kept at the State Treasurer's warehouse and they are used in trainings.

3. **Teacher Training** – includes a variety of activities to train classroom teachers and other business and community youth workers on how to teach personal finance topics and how to use the exciting free resources that are available. During FY 2008 a total of eight West Virginia State Treasurer's Office teacher training classes were held in the following counties: Berkeley, Kanawha, Harrison, Logan, Mason and Ohio where 94 people attended and 53 registered for graduate credit. In addition, customized teacher training classes were conducted at the request of Kanawha County Schools (SIFE), where 40 teachers attended with nine receiving graduate credit, and the EITC southern coalition where 19 program facilitators were trained.

A West Virginia State Treasurer's Office employee continued to serve on the national advisory committee of the National Endowment for Financial Education and on the national advisory committee for the financial education programs of Visa USA. Employees also participated in the Association for Financial Counseling Planning and Educators Conference.

4. **Partnership Building** – recruiting and working collaboratively with other organizations in financial education efforts. Active cooperative programs were continued or established with sixty (60) organizations.

- AAA Fair Credit Foundation
- AARP
- Bayer Heritage Federal Credit Union
- Centra Bank
- Chase Bank
- CitiGroup
- Concord University
- Consumer Credit Counseling Services
- Eastern Panhandle Community Federal Credit Union
- EITC
- Fairmont State University
- Family and Consumer Credit Counseling
- FDIC
- Federal Reserves of Richmond, Cleveland, Pittsburgh
- Fifth Third Bank
- GEAR-UP, Fairmont State
- Greenbrier Valley Housing Authority
- IRS
- Jump\$art Coalition
- Lillian James Learning Center
- Maine State Treasurer's Office
- Marshall University
- Massachusetts Financial Literacy Initiative & WIB
- Montana Guaranteed Student Loan Program, High School Coordinator
- North Central WV Community Action
- Ohio Valley Bank



# West Virginia State Treasurer's Fiscal 2008 Annual Report

- Ohio Valley Saves
- Ohio State Treasurer's Office
- Pennsylvania Office of Financial Education
- President's Council on Financial Literacy
- Pretera Center - Charleston
- Raleigh County ABE
- Raleigh County Community Action
- Rutgers University Extension
- Southern WV Community & Tech College
- State Farm Insurance
- Stock Market Game
- Terrell Ellis Associates
- U.S Treasury Office of Financial Education
- University of Charleston—SIFE
- University of Illinois
- University of Rhode Island
- Vermont—Treasurer and Director of Financial Literacy
- Virginia Tech
- Visa USA
- WISER Rural Retirement Project
- WV Housing Development Fund
- WV Bankruptcy Court
- WV Credit Union League
- WV Department of Education—Superintendent's Office
- WV Federal Credit Union
- WV Insurance Associates
- WV Library Commission
- WV School Counselors
- WV State Auditor's Office
- WV State Extension
- WV Wesleyan—SIFE
- WVDE Social Studies-Social Studies Fair
- WVU
- WVU Extension Service

## Outside presentations and meetings

The West Virginia State Treasurer's Office was invited as presenters at nine local, state and national events: Gear-Up Conference, WV Adult Education Association Conference, OACHE Conference, WV Council for Social Studies and Geography Teachers Conference, Family and Consumer Science Teachers Association Conference, Workforce WV Conference, WV Council of Teachers of Math Conference, WV School Counselors Conference, and Ohio Valley Saves Affordable Housing Workshop.

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## Publications

We continue to publish THE STATEMENT, a periodic financial education newsletter for teachers, specialized lesson plans for elementary and secondary schools that are correlated with West Virginia Content Standards Objectives, The Budget Game, and web listing of high-quality, free financial education teaching materials.

The Teacher and Youth Resources section of the Treasurer's website was updated several times during the year. Now teachers use it to find up to date listing of training events and free educational resources appropriate for use in the classroom.

## New Programs Offered

1. **The Game of Life.** During the fall of 2007, a special financial education edition of The Game of Life was used as a special tool for getting young people involved in financial education. WVSTO provided copies of the game to 218 West Virginia middle schools and to 174 West Virginia public libraries. The game, which was produced by Visa USA and Hasbro to promote financial literacy education, was provided at no cost to the state.

The West Virginia State Treasurer's Office staff trained teachers and other youth workers in how to use the game in an educational context and also for tournament play. Extra copies of the game were made available so that schools and youth groups could hold Game of Life tournaments. Some who participated were Gear-Up participants, West Virginia librarians, and Mercer County business teachers.

2. **Personal Finance Education Project.** In early 2008, the State Treasurer, working cooperatively with the State Superintendent of Schools, proposed a major new personal finance education initiative that would significantly improve and expand personal finance education in the state's public schools. They secured initial funding from the state legislature and project planning was well under way by the end of the fiscal year.

# **West Virginia Retirement Plus**

# West Virginia State Treasurer's Fiscal 2008 Annual Report

West Virginia Retirement Plus is a 457 deferred compensation plan that employees of the state, cities, counties, and other political subdivisions can participate in to help them save more for retirement. The plan is designed to supplement your pension, Social Security and other personal retirement savings, and it helps to complete a full circle of retirement planning.

The State Treasurer's Office has partnered with ING Financial Services, as third party administrator, to transform West Virginia Retirement Plus into one of the premier 457 plans in the nation. The plan is similar to a 401k plan in structure except it is designed to complement your primary retirement plan.

## Contribution Matching Program

Fiscal Year 2008 marked the first year of our contribution matching program for eligible Plan participants. More than 4,000 participants met the criterion for the matching program with over \$400,000 in matching funds due to those participants.

## Investments

Following a detailed analysis by our investment consultant, the plan's investment menu was revamped to provide quality options to our participants. The following were some key accomplishments in this area:

- Implemented an Investment Policy outlining and establishing investment option standards and benchmarks
- Created a new investment menu with improved Morningstar ratings, lower fees and superior return history

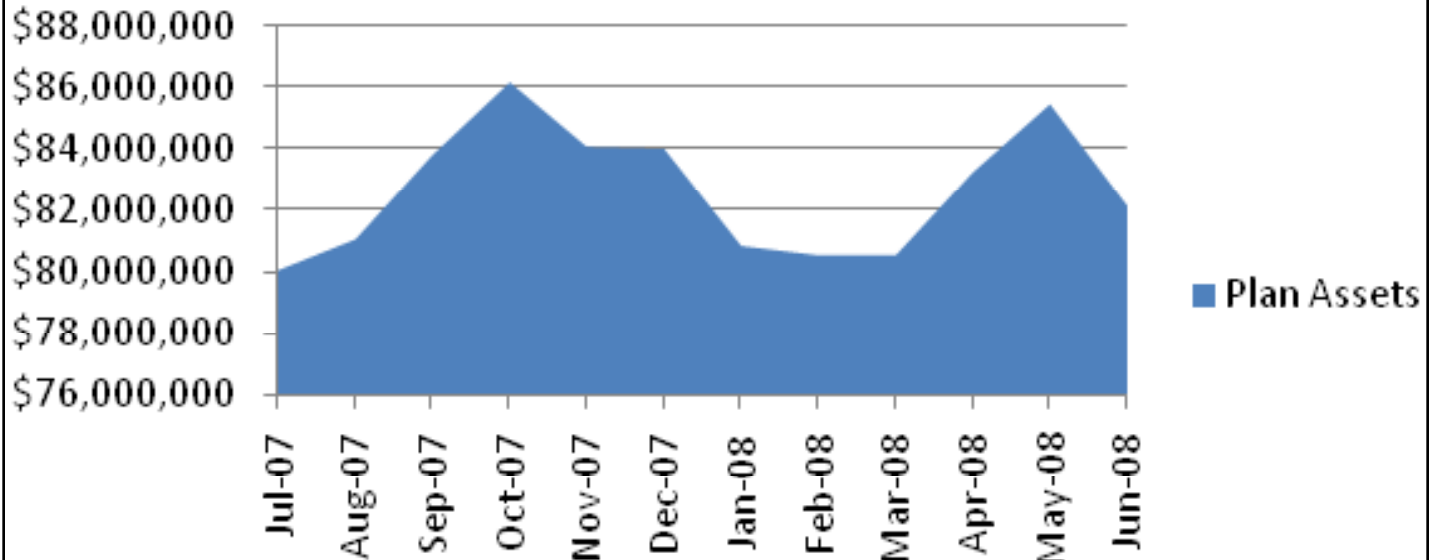
## Outreach

An effective outreach strategy is imperative to adding new participants and increasing total plan assets. In order to improve outreach effectiveness, staff time was dedicated to analyzing public employee data and establishing outreach targets. Outreach strategies were then developed and implemented to reach and educate all plan stakeholders. The following are some key accomplishments in this area:

- Met with key public officials and department managers to educate them on the benefits of the plan and facilitate employee enrollment meetings at their office locations
- Conducted two state benefit/payroll coordinator training seminars educating 175 participants
- Implemented a local government market entry plan increasing membership to more than 40 entities
- Conducted over 200 enrollment meetings, presentations and booths at key public employee venues
- Updated the plan's website providing an informative, educational, and "user friendly" interface
- Increased assets by \$2 million as total Plan assets grew to \$82 Million (Graph 1)
- Completed a detailed marketing plan resulting in more than 2,000 new enrollees (Graph 2)
- Increased participant base from less than 6,000 to nearly 8,000 members (Graph 3)

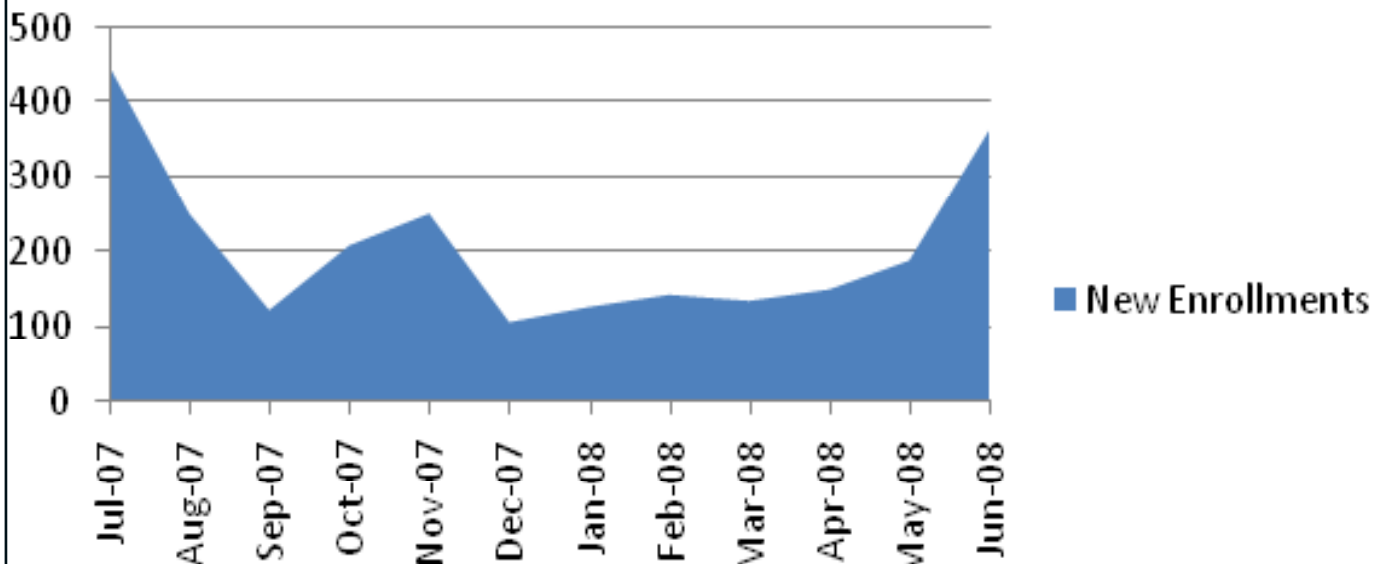
### Plan Assets FY 2008

Graph 1



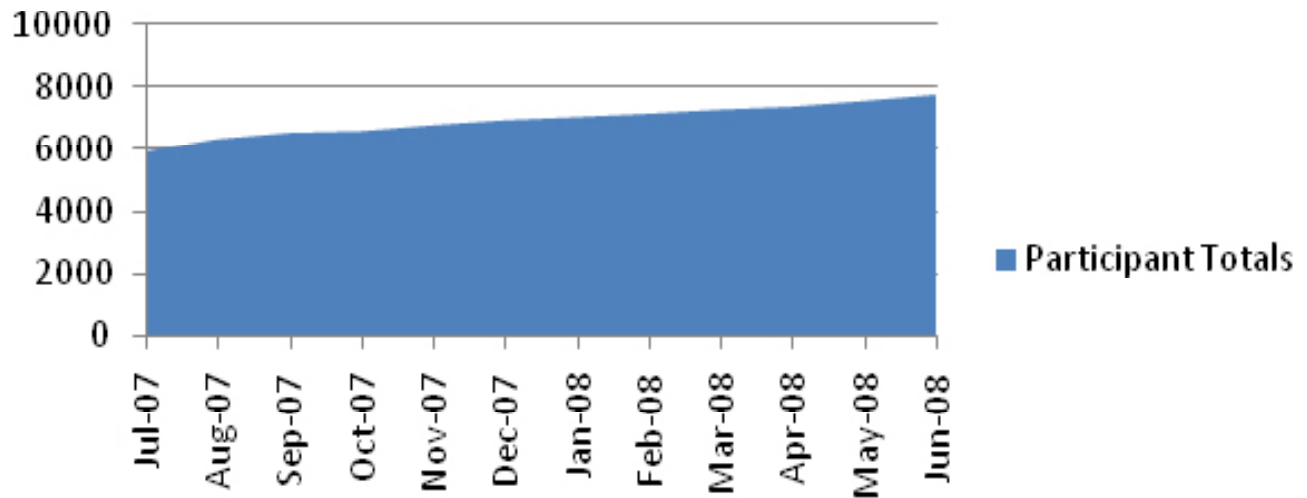
### New Enrollments FY 2008

Graph 2



### Participant Totals FY 2008

Graph 3



# **Board of Treasury Investments**

# West Virginia State Treasurer's Fiscal 2008 Annual Report

## Board of Treasury Investments

The West Virginia Board of Treasury Investments (BTI) serves as an investment vehicle for the operating cash of West Virginia State agencies and authorities, local governments such as cities and counties, and other political subdivisions throughout the state. The various investment pools and individual investment accounts managed by the BTI are collectively known as the Consolidated Fund. The Consolidated Fund's investment pools and accounts contain short-term fixed income instruments that are managed for the sole benefit of the participants.

### Savings

Under budget

- \$329,000 FY 2006
- \$238,000 FY 2007
- \$163,000 FY 2008
- \$727,000 Total ½ of savings have been passed on to participants

\$35,000 savings from renegotiated Custodial Agreement

5% increase in earnings on renegotiated Securities Lending Fees

\$40,000 savings from Investment Consultant contracts – New Investment Consultant hired (Mercer)

### Accomplishments

#### Growth of Fund

\$2.243 B July 2005

\$3.365 B July 2008

Increase of \$28 M in Local Government Accounts

#### Major Achievements

Center for Public Finance

Unqualified Audit Opinion with no Management Letter Comments

GFOA Certificate of Achievement

AAAm Rating

Hired new Investment for Short Term Bond Pool

#### CD Auction Program

\$379 M Placed with WV Banks

\$8.1 M Interest Earnings



### Local Government Investment Balances (in Thousands)

