2014

Debt Capacity Report

West Virginia State Treasurer's Office
John D. Perdue, Treasurer

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EXECUTIVE SUMMARY

The purpose of this report is to comply with the provision of West Virginia Code §12-6A-6 (e) which requires the Treasurer to annually submit a report that will examine:

The amount of net tax supported debt outstanding and debt authorized but not issued during the current and next fiscal year and annually for the following ten fiscal years;

Debt service requirements during the current and next fiscal year and annually for the following ten fiscal years based upon existing outstanding debt, previously authorized but unissued debt and projected bond authorizations;

Any information available from the budget office of the department of revenue in connection with projected revenues and anticipated capital expenditures projected for at least the next five fiscal years;

The amount of debt the state and its spending units may prudently issue;

What is needed to keep West Virginia within an average to low range of nationally recognized debt limits;

The debt ratios rating agencies and analysts use; and

The effect of authorizations of new tax supported debt on each of the considerations in this subsection.

Net tax supported debt outstanding - For purposes of this report and the examination of the state's debt capacity, the Treasurer's office includes the following debt obligations in the calculation of net tax supported debt:

General Obligation (GO) Bonds;

Lottery Revenue Bonds;

Bonds with debt service that is subject to an annual appropriation from the state's General Revenue Fund; and

Lease Obligations.

Table one (page two) shows the breakdown of the state's $1.74 billion in outstanding net tax supported debt as of June 30, 2013.

Table 1 - West Virginia Net Tax Supported Debt Outstanding as of June 30, 2013

Type of Debt		Principal Outstanding June 30, 2013
GENERAL OBLIGATION BONDS		
Safe Road Bonds	$ 245,365,000	
Infrastructure Improvement Bonds	197,284,763	
Total General Obligation Bonds		$ 442,649,763
REVENUE BONDS		
School Building Authority Capital Improvement Bonds	142,535,000	
Economic Development Authority, Lottery Revenue Bonds	148,250,000	
Economic Development Authority, Excess Lottery Revenue Bonds	173,070,000	
Higher Education Policy Commission, Excess Lottery Revenue Bonds	359,960,000	
Higher Education Policy Commission, Excess Lottery Revenue Bonds (BABs)	50,265,000	
School Building Authority, Lottery Revenue Bonds	67,360,000	
School Building Authority, Excess Lottery Revenue Bonds	108,060,000	
School Building Authority, Excess Lottery Revenue Bonds (QSCBs)	150,480,000	
Total Revenue Bonds		1,199,980,000
TOTAL LEASE OBLIGATIONS		322,874,298
GROSS TAX SUPPORTED DEBT		1,965,504,061
DEDUCTIONS FOR ESCROW/SINKING FUND/RESERVE FUNDS		
Economic Development Authority, Excess Lottery Revenue Bonds	(24,077,819)	
Higher Education Policy Commission, Excess Lottery Revenue Bonds	(124,585,000)	
Infrastructure Improvement Bonds, General Obligation Bonds	(10,810,000)	
School Building Authority Capital Improvement Revenue Bonds	(23,020,801)	
School Building Authority Lottery Revenue Bonds	(14,180,000)	
School Building Authority, Excess Lottery Revenue Bonds (QSCBs)	(30,877,898)	
Total Deductions		(227,551,518)
NET TAX SUPPORTED DEBT		$1,737,952,543

DISCLAIMER

The information contained in this report comes from various sources considered reliable. Every state agency, board and commission is to report quarterly to the Treasurer's Office on the status of all bonds and leases; however, this report is unaudited.

The debt service (principal and interest payments) on this $1.74 billion in net tax supported debt represented 5.42% of the state's General Revenue Fund receipts and 4.27% of all revenues for Fiscal Year 2013 (including the state road fund, lottery funds and certain dedicated severance taxes – see Appendix B for more information on the revenues included in this calculation). Both of these ratios are below the recommended caps. All of the recommended caps for various debt ratios are as follows:

Table 2 - Recommended Ratio Caps as of June 30, 2013

Ratio	Recommended Cap	June 30, 2013 Level	Projected Highest Level (FY14-24)
Net Tax Supported Debt Service as a percentage of the General Revenue Fund	6.00%	5.42%	5.06% (June 30, 2014)
Net Tax Supported Debt Service as a percentage of Revenues	5.00%	4.27%	4.05% (June 30, 2014)
Net Tax Supported Debt as a percentage of Personal Income	3.10%	2.62%	2.40% (June 30, 2014)
Net Tax Supported Debt Per Capita	$1,100	$934	$889 (June 30, 2014)
Net Tax Supported Debt as a Percentage of Assessed Valuation	2.0%	2.01%	1.86% (June 30, 2014)

Another important factor when determining debt capacity and the health of the state's debt is amortization – or how rapid is the state's debt maturing? With all things remaining constant, the state will see a 4.54% decrease in its net tax supported debt outstanding within the next year. It is estimated that there will be a 20.35% decrease within five years (2014-2018) and an additional 26.13% in the following five years (2019-2023). This is, of course, assuming that no new additional debt is issued.

Conclusion

The most important indicators of debt capacity include ratios which take into account the state's revenues and how much of those revenues are dedicated to make payments on the state's net tax supported debt. The state is currently below most of the recommended caps. The next five years will see a decrease in the state's GO debt of more than 39% ($432 million on June 30, 2013 to $261 million on June 30, 2018). The capacity to issue high-quality GO debt is there; however, as mentioned in previous reports - West Virginia should proceed with caution. The state's capacity for high quality GO debt should foster economic growth through infrastructure and economic development projects while remaining fiscally prudent.

Debt Capacity

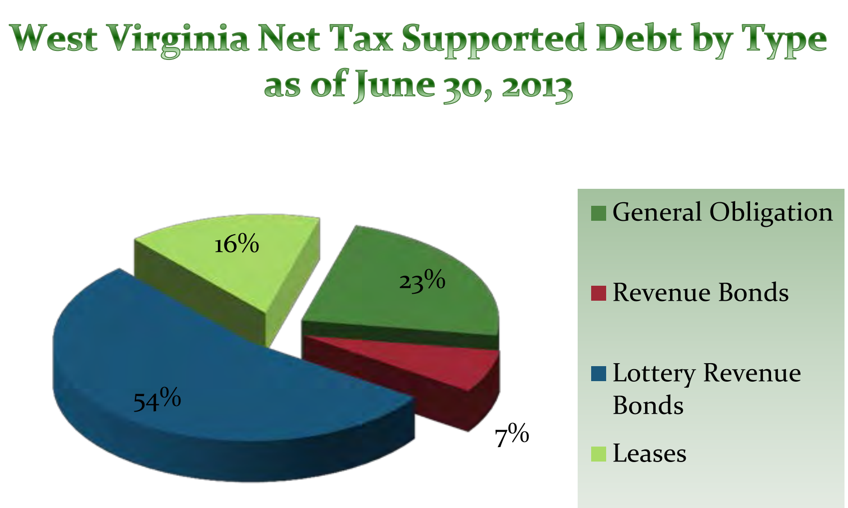
The legislative purpose of this report is to perform the following tasks:

1. determine the amount of net tax supported debt outstanding;
2. calculate key ratios that are commonly used to examine debt; and
3. make recommendations which will attempt to keep the state within an average to low range of national recognized debt limits.

1. Determine the amount of net tax supported debt outstanding

The calculation of net tax supported debt is shown in table one, page two. This $1.74 billion figure includes General Obligation (GO) Bonds, Revenue Bonds of the School Building Authority that are subject to an annual appropriation from the General Revenue Fund, Lottery Revenue Bonds and Lease Obligations of state agencies which also includes state colleges and universities.

The highest quality bonds that can be issued are GO Bonds because they pledge the full faith and credit of the state and are authorized only by a constitutional amendment. Currently, GO Bonds only constitute approximately 23% of the state's net tax supported debt outstanding (see chart below).The State of West Virginia has not had a "new money" GO Bond issue in more than 12 years when it issued the final $110 million authorized by the Safe Roads Amendment of 1996.



The largest portion of the state's net tax supported debt consists of bonds which are backed by various pledges of revenue generated from the West Virginia Lottery.

Unfortunately, revenues from the West Virginia Lottery peaked in 2007. This is due, in large part, to interstate lottery/gaming competition from Maryland, Ohio and Pennsylvania. The negative growth for lottery revenue continues into fiscal year 2014 with revenues projected to be down almost 21% from fiscal year 2013.

Table 3
Various Revenue Bonds Outstanding
June 30, 2013

Entity	Principal Outstanding
Economic Development Authority	$1.8 billion
Fairmont State University	$54.8 million
Glenville State College	$34.6million
Higher Education Policy Commission	$93.1 million
Highways, Commissioner of	$77.0 million
Hospital Finance Authority	$1.5 billion
Housing Development Fund	$453.7 million
Infrastructure & Jobs Development Council	$113.9 million
Marshall University	$86.7 million
Parkway Authority	$54.8 million
*Regional Jail & Correctional Facilities Authority	$62.0 million
Shepherd University	$44.7 million
Tobacco Settlement Financing Authority	$835.8 million
Water Development Authority	$218.0 million
West Liberty University	$19.8 million
West Virginia State University	$11.7 million
West Virginia University	$482.2 million

*does not include lease-backed bonds issued by the Economic Development Authority. The lease-backed bonds are included in net tax supported debt as lease obligations.

Calculations of the net tax supported debt and debt service of the State of West Virginia for fiscal years 2008 through 2024 are contained in tables four and five (pages 6 – 9). Fiscal years 2008 through 2013 are included to show the historical perspective of the actual debt issued and the debt service requirements for those obligations. The current and next ten fiscal years, 2014 through 2024, are included to show expected debt levels as existing obligations mature.

There are also several agencies that had Revenue Bonds outstanding at June 30, 2013 (see table three). These Revenue Bonds are excluded from the calculation of net tax supported debt because they are self-supporting. The notes issued by the Commissioner of Highways are excluded since they are secured through pledged revenues of the Federal Highways Administration and the bonds issued by the Tobacco Settlement Financing Authority are excluded because the debt service is paid directly from tobacco settlement funds. The remaining debt is repaid from revenues of the projects financed.

Although certain bonds of the West Virginia Water Development Authority and the West Virginia Housing Development Fund are considered moral obligations of the state, they are currently self-supporting and are also excluded from the calculation of net tax supported debt.

Revenue information included in tables four and five was compiled and provided by the West Virginia Department of Revenue and is included in Appendix B. The projected values of personal income were obtained from Global Insight ("WV Annual Long-Term Forecast," November 2013) and the population estimates from the U.S. Census Bureau.

Table 4. NET TAX SUPPORTED DEBT OUTSTANDING FOR FISCAL YEARS 2008 - 2024

	6/30/2008 FY08	6/30/2009 FY09	6/30/2010 FY10	6/30/2011 FY11	6/30/2012 FY12	6/30/2013 FY13
General Obligation						
Safe Roads of 1996	401,190,000	371,105,000	339,515,000	305,460,000	270,595,000	245,365,000
(1) Infrastructure of 1994	243,176,320	232,339,607	221,415,041	210,353,971	198,082,386	186,474,763
Total General Obligation	644,366,320	603,444,607	560,930,041	515,813,971	468,677,386	431,839,763
Moral Obligations						
Economic Development Authority - Excess Lottery	214,125,000	206,480,000	198,590,000	190,415,000	181,920,000	173,070,000
Economic Development Authority - Lottery	-	-	-	153,705,000	151,020,000	148,250,000
(1) Higher Education Policy Commission - Excess Lottery	151,720,000	147,925,000	222,320,000	243,480,000	244,170,000	235,375,000
Higher Education Policy Commission - Excess Lottery (BABs)	-	-	-	50,265,000	50,265,000	50,265,000
(2) School Building Authority - Appropriation	214,125,000	201,045,000	187,380,000	173,090,000	158,160,000	142,535,000
(2) School Building Authority - Lottery	92,520,000	78,875,000	64,600,000	49,655,000	59,500,000	67,360,000
School Building Authority - Excess Lottery	-	99,310,000	95,940,000	116,590,000	112,420,000	108,060,000
School Building Authority - Excess Lottery (QSCBs)	-	-	78,200,000	150,480,000	150,480,000	150,480,000
State Building Commission - Lottery	25,465,000	16,805,000	7,690,000	-	-	-
Total Moral Obligations	697,955,000	750,440,000	854,720,000	1,127,680,000	1,107,935,000	1,075,395,000
Leases						
(3) Leases	387,493,000	364,657,000	442,823,000	417,257,010	346,986,152	322,874,298
Total Leases	387,493,000	364,657,000	442,823,000	417,257,010	346,986,152	322,874,298
Deductions for debt service reserve accounts						
Economic Development Authority - Excess Lottery	(18,990,000)	(18,990,000)	(18,990,000)	(18,990,000)	(23,501,000)	(24,077,819)
School Building Authority	(23,021,000)	(23,770,263)	(23,020,801)	(23,020,801)	(23,020,801)	(23,020,801)
School Building Authority - Lottery	(14,180,000)	(14,180,000)	(14,180,000)	(14,180,000)	(14,180,000)	(14,180,000)
School Building Authority - Excess Lottery (QSCBs) - debt service sinking fund	-	-	(3,565,725)	(12,488,006)	(21,682,952)	(30,877,898)
State Building Commission - Lottery	(2,600,000)	(2,400,000)	-	-	-	-
Net Tax Supported Debt Outstanding	1,671,023,320	1,659,201,344	1,798,716,515	1,992,072,174	1,841,213,785	1,737,952,543
Assessed value (in thousands)	74,791,919	78,065,268	79,555,133	79,498,082	81,895,714	86,578,234
Net tax supported debt as a percentage of assessed value	2.23%	2.13%	2.26%	2.51%	2.25%	2.01%
Income (in thousands)	56,993,730	57,698,030	58,950,092	62,737,373	65,090,872	66,324,300
Net tax supported debt as a percentage of personal income	2.93%	2.88%	3.05%	3.18%	2.83%	2.62%
Population	1,814,873	1,819,777	1,852,994	1,855,364	1,855,413	1,860,979
Net tax supported debt per capita	920.74	911.76	970.71	1073.68	992.35	933.89

Income and Assessed value information and projections provided by the West Virginia Department of Revenue
Population information obtained from the U.S. Census Bureau

(1) - Cash basis and net of escrowed bonds
(2) - Reported as paid from the School Building Authority to the Trustee
(3) - Compiled by the Division of Debt Management. Does not match the State's CAFR due to differences in materiality levels

6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
220,525,000	194,435,000	167,040,000	151,740,000	135,675,000	118,905,000	101,365,000	83,015,000	63,810,000	43,725,000	22,395,000
174,735,493	162,783,538	150,539,132	138,025,959	125,115,144	111,737,634	98,962,884	85,881,968	72,513,844	58,764,103	44,817,275
395,260,493	357,218,538	317,579,132	289,765,959	260,790,144	230,642,634	200,327,884	168,896,968	136,323,844	102,489,103	67,212,275
163,830,000	154,170,000	144,065,000	133,415,000	122,195,000	110,370,000	97,910,000	84,780,000	70,940,000	56,260,000	40,690,000
145,370,000	142,360,000	139,230,000	135,940,000	132,555,000	129,000,000	125,290,000	121,430,000	117,375,000	113,120,000	108,675,000
227,675,000	219,640,000	211,255,000	203,650,000	195,675,000	187,310,000	178,550,000	169,390,000	159,780,000	149,720,000	139,175,000
50,265,000	50,265,000	50,265,000	50,265,000	50,265,000	50,265,000	50,265,000	50,265,000	50,265,000	50,265,000	50,265,000
126,190,000	109,075,000	91,040,000	72,105,000	52,220,000	31,370,000	9,465,000	1,910,000	-	-	-
58,670,000	47,170,000	44,245,000	41,210,000	38,055,000	34,675,000	31,340,000	27,755,000	23,995,000	20,050,000	15,900,000
103,520,000	98,780,000	93,830,000	88,655,000	83,245,000	77,605,000	71,690,000	65,475,000	58,950,000	52,090,000	44,910,000
150,480,000	150,480,000	150,480,000	150,480,000	150,480,000	150,480,000	150,480,000	150,480,000	150,480,000	150,480,000	120,480,000
-	-	-	-	-	-	-	-	-	-	-
1,026,000,000	971,940,000	924,410,000	875,720,000	824,690,000	771,075,000	714,990,000	671,485,000	631,785,000	591,985,000	520,095,000
325,000,000	330,000,000	340,000,000	350,000,000	360,000,000	360,000,000	360,000,000	360,000,000	360,000,000	360,000,000	365,000,000
325,000,000	330,000,000	340,000,000	350,000,000	360,000,000	360,000,000	360,000,000	360,000,000	360,000,000	360,000,000	365,000,000
(24,077,819)	(24,077,819)	(24,077,819)	(24,077,819)	(24,077,819)	(24,077,819)	(24,077,819)	(24,077,819)	(24,077,819)	(24,077,819)	(24,077,819)
(23,020,801)	(23,020,801)	(23,020,801)	(23,020,801)	(23,020,801)	(23,020,801)	(9,465,000)	(1,910,000)	-	-	-
-	-	-	-	-	-	-	-	-	-	-
(40,072,844)	(49,267,790)	(58,462,736)	(67,657,682)	(76,852,628)	(86,047,574)	(95,242,520)	(104,437,466)	(113,632,412)	(122,827,358)	(101,822,304)
-	-	-	-	-	-	-	-	-	-	-
1,659,089,029	1,562,792,128	1,476,427,776	1,400,729,657	1,321,528,896	1,228,571,440	1,146,532,545	1,069,956,683	990,398,613	907,568,926	826,407,152
89,192,700	92,680,100	96,303,900	100,069,400	103,982,100	108,047,800	112,272,500	116,662,400	121,223,900	125,963,800	130,889,000
1.86%	1.69%	1.53%	1.40%	1.27%	1.14%	1.02%	0.92%	0.82%	0.72%	0.63%
69,203,060	72,051,360	75,376,500	78,824,540	82,226,290	85,580,930	88,951,930	92,281,170	95,750,440	99,289,290	103,086,000
2.40%	2.17%	1.96%	1.78%	1.61%	1.44%	1.29%	1.16%	1.03%	0.91%	0.80%
1,860,979	1,860,979	1,860,979	1,860,979	1,860,979	1,860,979	1,860,979	1,860,979	1,860,979	1,860,979	1,860,979
891.51	839.77	793.36	752.68	710.13	660.17	616.09	574.94	532.19	487.68	444.07

Table 5. NET TAX SUPPORTED DEBT SERVICE FOR FISCAL YEARS 2008 - 2024

	6/30/2008 FY08	6/30/2009 FY09	6/30/2010 FY10	6/30/2011 FY11	6/30/2012 FY12	6/30/2013 FY13
General Obligation Debt Service						
Safe Roads of 1996	49,993,481	49,995,529	49,995,200	47,798,658	49,779,756	38,402,531
Infrastructure of 1994	23,033,314	23,031,736	23,021,864	23,020,648	22,730,117	22,755,699
Total General Obligation Debt Service	73,026,795	73,027,265	73,017,064	70,819,306	72,509,873	61,158,230
Moral Obligation Debt Service						
Economic Development Authority - Excess Lottery	18,886,178	18,865,029	18,845,344	18,829,686	18,811,894	18,794,224
Economic Development Authority - Lottery	-	-	-	7,998,060	9,995,363	9,999,813
Higher Education Policy Commission - Excess Lottery	11,191,560	11,190,810	11,189,550	16,821,958	18,678,994	19,238,324
Higher Education Policy Commission - Excess Lottery (BABs)	-	-	-	1,040,889	3,823,673	3,823,673
School Building Authority - Appropriation	11,874,675	23,345,075	23,308,825	23,313,425	23,298,475	23,308,645
School Building Authority - Lottery	17,995,443	17,999,768	17,996,623	17,997,510	17,999,416	19,165,511
School Building Authority - Excess Lottery	-	7,088,341	8,208,431	10,072,817	9,799,781	9,797,631
School Building Authority - Excess Lottery (QSCBs)	-	-	3,565,725	8,922,281	9,194,946	9,194,946
State Building Commission - Lottery	9,772,688	9,769,588	9,757,994	7,891,863	-	-
Total Moral Obligation Debt Service	69,720,544	88,258,611	92,872,491	112,888,488	111,602,542	113,322,767
Lease Debt Service						
Leases	43,286,000	50,826,000	41,409,000	53,867,501	47,049,081	45,368,773
Total Lease debt service	43,286,000	50,826,000	41,409,000	53,867,501	47,049,081	45,368,773
Net Tax Supported Debt Service	186,033,339	212,111,875	207,298,555	237,575,295	231,161,496	219,849,770
General revenue fund (expressed in thousands)	3,928,288	3,901,552	3,758,372	4,063,786	4,103,305	4,059,121
Debt service as a percentage of general revenue fund	4.74%	5.44%	5.52%	5.85%	5.63%	5.42%
Revenue (expressed in thousands and as defined in the rule)	5,115,438	4,980,808	4,796,521	5,148,666	5,285,853	5,150,746
Debt as a percentage of revenue (as defined in the rule)	3.64%	4.26%	4.32%	4.61%	4.37%	4.27%

Revenue information provided by the West Virginia Department of Revenue (see Appendix B).

6/30/2014 FY14	6/30/2015 FY15	6/30/2016 FY16	6/30/2017 FY17	6/30/2018 FY18	6/30/2019 FY19	6/30/2020 FY20	6/30/2021 FY21	6/30/2022 FY22	6/30/2023 FY23	6/30/2024 FY24
36,756,900	36,764,900	36,765,400	23,300,650	23,300,650	23,202,400	23,198,750	23,199,200	23,206,850	23,199,600	23,516,250
22,769,275	22,773,238	22,769,684	22,757,322	22,765,453	22,759,028	22,761,963	22,750,713	22,767,869	22,753,446	23,010,719
59,526,175	59,538,138	59,535,084	46,057,972	46,066,103	45,961,428	45,960,713	45,949,913	45,974,719	45,953,046	46,526,969
18,778,390	18,764,110	18,714,645	18,702,373	18,685,164	18,671,405	18,654,353	18,632,974	18,566,102	18,540,520	18,512,433
9,999,013	9,995,513	9,995,113	9,998,613	9,994,913	9,995,663	9,996,113	9,997,713	9,999,713	9,996,963	9,996,213
19,012,939	18,784,515	18,652,970	17,466,531	17,462,509	17,457,183	17,465,771	17,456,396	17,461,508	17,452,152	17,454,240
3,823,673	3,823,673	3,823,673	3,823,673	3,823,673	3,823,673	3,823,673	3,823,673	3,823,673	3,823,673	3,823,673
23,308,582	23,312,770	23,423,270	23,421,520	23,424,770	23,420,520	23,433,020	7,987,770	1,990,220	-	-
9,728,673	13,887,124	5,008,550	5,015,200	5,013,800	5,015,700	5,011,450	5,016,050	5,011,800	5,008,800	5,016,550
9,797,581	9,798,831	9,796,831	9,801,731	9,801,656	9,798,269	9,801,019	9,801,244	9,797,119	9,798,494	9,801,438
9,194,946	9,194,946	9,194,946	9,194,946	9,194,946	9,194,946	9,194,946	9,194,946	9,194,946	9,194,946	8,994,946
-	-	-	-	-	-	-	-	-	-	-
103,643,796	107,561,481	98,609,998	97,424,587	97,401,430	97,377,359	97,380,344	81,910,765	75,845,081	73,815,548	73,599,492
46,000,000	46,500,000	47,000,000	47,500,000	47,500,000	48,250,000	48,250,000	48,250,000	48,250,000	48,000,000	48,000,000
46,000,000	46,500,000	47,000,000	47,500,000	47,500,000	48,250,000	48,250,000	48,250,000	48,250,000	48,000,000	48,000,000
209,169,971	213,599,619	205,145,082	190,982,559	190,967,533	191,588,787	191,591,057	176,110,678	170,069,800	167,768,594	168,126,461
4,136,001	4,271,251	4,411,926	4,661,795	4,818,755	4,952,375	5,125,700	5,305,100	5,490,800	5,683,000	5,881,900
5.06%	5.00%	4.65%	4.10%	3.96%	3.87%	3.74%	3.32%	3.10%	2.95%	2.86%
5,159,850	5,304,991	5,459,383	5,715,954	5,863,403	6,018,023	6,186,715	6,368,815	6,557,215	6,752,115	6,953,715
4.05%	4.03%	3.76%	3.34%	3.26%	3.18%	3.10%	2.77%	2.59%	2.48%	2.42%

General Obligation Bounds

Safe Roads Amendment of 1996

Principal outstanding: $245,365,000
No remaining authorization for "new money" debt

Infrastructure Improvement Amendment of 1994

Principal outstanding (cash basis): $186,474,763
No remaining authorization for "new money" debt

Authorized but unissued

Vietnam Veterans Bonus Amendment of 1973, Veterans Bonus Amendment of 1992 and Veterans Bonus Amendment of 2004 – These amendments authorized the sale of bonds of not more than $40 million, $4 million and $8 million, respectively, for the purpose of paying a bonus to the veterans serving in foreign conflicts. General Revenue funds were used to pay all of these bonuses and no bonds were issued.

Qualified Veterans Housing Bonds Amendment of 1984 – This amendment authorized the sale of bonds to provide financing for owner-occupied residences for persons determined by the Legislature to be qualified veterans. The amount of bonds that may be issued is limited to bonds in which the annual principal and interest do not exceed a total of $35 million in any fiscal year.

Components of net tax supported debt as of June 30, 2013 General obligation Bonds

Safe Road Amendment of 1996 – This amendment authorized bonds to be issued in an amount not to exceed $550 million. All of the "new money" and refunding bonds will be completely retired by June 1, 2025.

The Safe Road Bonds are paid from the state's road fund. The following table shows the debt service burden on the road fund which peaked during fiscal year 2009. The debt service burden is expected to fall to 3.30% within the next 5 years.

Table 6 – Debt Service Burden, State Road Fund

Fiscal Year	Debt Service	Road Fund Revenue	Debt Service as % of Road Fund
2008	49,993,481	661,961,000	7.55%
2009	49,995,529	626,434,000	7.98%
2010	49,995,200	628,157,000	7.96%
2011	47,798,658	663,309,000	7.21%
2012	49,779,756	665,602,000	7.48%
2013	38,402,531	688,327,000	5.58%
2014	36,756,900	699,945,000	5.25%
2015	36,764,900	701,588,000	5.24%
2016	36,765,400	708,896,000	5.19%
2017	23,300,650	715,598,000	3.26%
2018	23,300,650	706,233,000	3.30%
2019	23,202,400	727,233,000	3.19%
2020	23,198,750	722,600,000	3.21%
2021	23,199,200	725,300,000	3.20%
2022	23,206,850	728,000,000	3.19%
2023	23,199,600	730,700,000	3.17%
2024	23,516,250	733,400,000	3.21%

Infrastructure Improvement Amendment of 1994 – This amendment authorized bonds to be issued in an amount not to exceed $300 million for water supply and sewage treatment systems and economic development sites. The bonds are secured by the first $23 million in severance tax collections. All of the bonds issued will be retired by November 1, 2026.

Components of net tax supported debt as of June 30, 2013 Revenue Bonds

Bonds subject to an annual appropriation from the General Revenue Fund (School Building Authority) – There are currently two outstanding issues which utilize this funding source for repayment; each issue is a refunding. All of these bonds will mature by July 1, 2022.

Lottery Revenue Bonds – Revenue Bonds backed by certain funds of the West Virginia Lottery have been issued for various reasons, such as economic development grants and "brick & mortar" projects at various primary and secondary schools and at various colleges and universities. Lottery Revenue Bonds account for more than half of the state's net tax supported debt outstanding. The following table shows the debt service burden that Lottery Revenue Bonds place on lottery funds (Lottery fund numbers provided by the Department of Revenue and are net of transfers to the state's General Revenue Fund).

Table 7 – Debt Service Burden, Lottery Fund

Fiscal Year	Debt Service	Lottery Fund Revenue	Debt Service as % of Lottery Fund
2008	57,845,869	501,190,000	11.54%
2009	64,913,536	428,822,000	15.14%
2010	69,563,666	385,992,000	18.02%
2011	89,575,063	397,571,000	22.53%
2012	88,304,067	492,946,000	17.91%
2013	90,014,122	380,298,000	23.67%
2014	80,335,214	300,904,000	26.70%
2015	84,248,711	309,152,000	27.25%
2016	75,186,728	315,561,000	23.83%
2017	74,003,067	315,561,000	23.45%
2018	73,976,660	315,415,000	23.45%
2019	73,956,839	315,415,000	23.45%
2020	73,947,324	315,415,000	23.44%
2021	73,922,995	315,415,000	23.44%
2022	73,854,861	315,415,000	23.42%
2023	73,815,548	315,415,000	23.40%
2024	73,599,492	315,415,000	23.33%

Revenue Bonds

Bonds subject to an annual appropriation from the General Revenue Fund (School Building Authority)

Principal outstanding: $142,535,000
No remaining authorization for "new money" debt

Lottery and Excess Lottery Revenue Bonds – Economic Development Authority

Principal outstanding (net): $297,242,181
Remaining authorization is dependent upon legislation and available revenues

Lottery and Excess Lottery Revenue Bonds – Higher Education Policy Commission

Principal outstanding (net): $285,640,000
Remaining authorization is dependent upon legislation and available revenues

Lottery and Excess Lottery Revenue Bonds – School Building Authority

Principal outstanding (net): $280,842,102
Remaining authorization is dependent upon legislation and available revenues

Lease Obligations

Various Lease Obligations

Principal outstanding: $322,874,298

Remaining authorization is dependent upon legislation and available revenues

Top 10 Agencies with Leases Outstanding (dollar value outstanding) as of June 30, 2013

1. *Secretary of Administration: $163.6 million*
2. *State Building Commission: $41.8 million*
3. *Department of Health & Human Resources: $24.3 million*
4. *Department of Environmental Protection: $21.6 million*
5. *Travel Management: $16.2 million*
6. *WVU: $14.6 million*
7. *Veterans Affairs: $8.4 million*
8. *WVU-Tech: $8.1 million*
9. *IS&C: $5.5 million*
10. *Concord University: $4.5 million*

Components of net tax supported debt as of June 30, 2013 Lease obligations

Approximately $8 million of new leases were entered into during fiscal year 2013. This is down more than 62% from fiscal year 2012 which had a volume of $21 million (excluding refinancings). The total amount of leases outstanding in this report ($323 million) will differ from the figure reported in the state's Comprehensive Annual Financial Report (CAFR). This is due to several factors, including materiality levels and the fact that this report includes state colleges and universities.

Components of net tax supported debt as of June 30, 2013 Debt Service Reserve & Other Funds

Table 8 (below) shows debt service reserve, escrow and sinking funds which are available to pay debt service on various issues which are part of the state's net tax supported debt.

Table 8 - Escrow/Sinking Funds/ Debt Service Reserve Accounts as of June 30, 2013

Issue	Type of Account	Value at June 30, 2013
Economic Development Authority Lottery Revenue	Reserve	$24,077,819
GO Infrastructure Bonds	Escrow	$10,810,000
Higher Education Policy Commission	Escrow	$124,585,000
School Building Authority Appropriation Bonds	Reserve	$23,020,801
School Building Authority Lottery Revenue Bonds	Reserve	$14,180,000
School Building Authority Lottery Revenue (QSCBs)	Sinking Fund	$30,877,898

2. Calculate key ratios that are commonly used to examine debt

Key ratios establish benchmarks that the municipal bond industry and others use to provide a measurement of a state's outstanding debt and the servicing (principal and interest payments) of that debt. Ratios are useful tools since they provide quantifiable measurements which are used when analyzing a state's fiscal position. Ratios can also provide insight into economic trends and a state's reliance on debt financing.

According to calculations based on net tax supported debt, revenue projections, personal income projections and population estimate the ratios as of June 30, 2013 are as follows:

Net Tax Supported Debt Service as a % of the General Revenue Fund

5.42%

Net Tax Supported Debt Service as a % of Revenues

4.27%

Net Tax Supported Debt as a % of Personal Income

2.62%

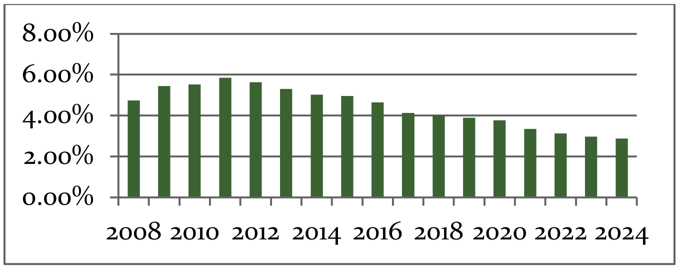
Net Tax Supported Debt Per Capita

$934

Net Tax Supported Debt as a % of Assessed Value

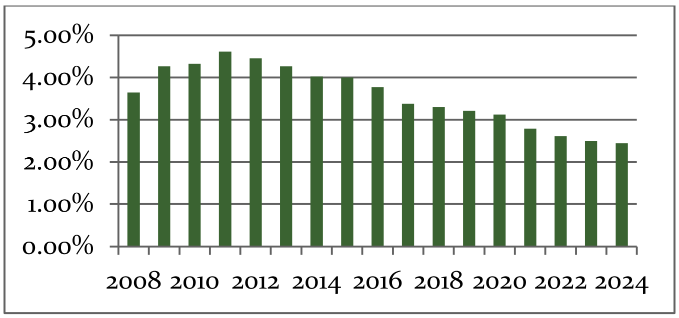
2.01%

Historically, all of these ratios reached their peak at the end of fiscal year 2011; and are expected to continue declining in the coming years. This is, of course, dependent on future issuance of debt. The future projections do not include the issuance of any additional GO or Revenue Bond debt and only modest increases in lease obligations outstanding for fiscal years 2014 to 2018. The following charts show the historical and future projections of these ratios.



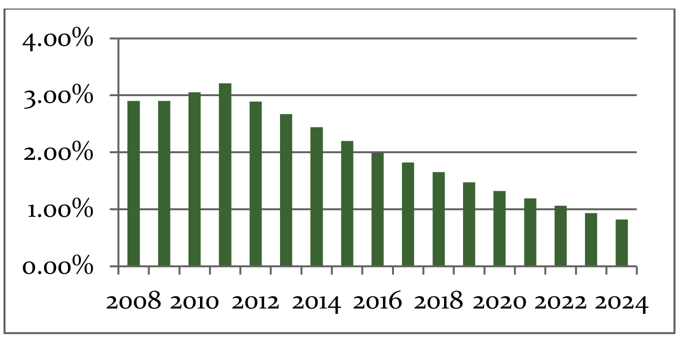
Net Tax Supported Debt Service as a Percentage of General Revenue Fund

Current Percentage: 5.42%



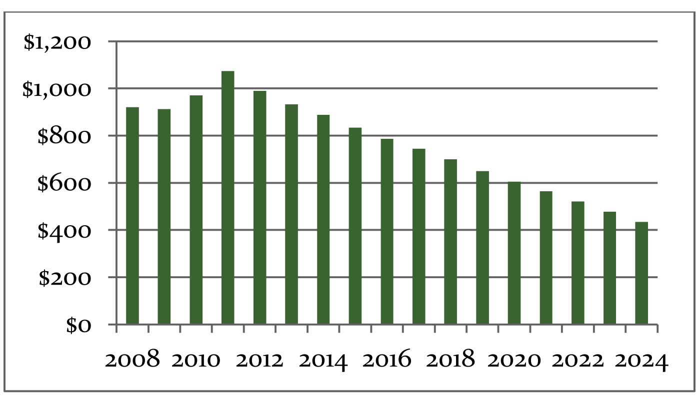
Net Tax Supported Debt Service as a Percentage of Revenues

Current Percentage: 4.27%



Net Tax Supported Debt as a Percentage of Personal Income

Current Percentage: 2.62%



Net Tax Supported Debt Per Capita

Current Level: $934

3. Make recommendations which will attempt to keep the state within an average to low range of nationally recognized debt limits.

The final step in this analysis is making recommendations based on keeping the state within a certain range of debt ratios. Most ratios are easily accessible; therefore, making comparisons to other states and making recommendations of keeping the state in the average to low range is relatively easy. There are also certain industry practices that have been recognized as prudent fiscal management. For example, many states have constitutional or statutory caps on how much of their General Fund can be obligated toward debt repayment. Other states use a combination of ratios with various parameters.

Each year, Moody's Investors Service produces a report in which they rank states according to various debt ratios. The "2013 State Debt Medians Report," shows the average (or "mean"), the high and the low for two of the ratios examined in this report. This comparison is made to West Virginia ratios in order to carry out the legislative intent of this report, which is to make recommendations with the aim of keeping the state in the "average to low range of national recognized debt limits." The average debt per capita of the 50 states for 2013 was $1,416. The average debt as a percentage of personal income was 3.4%

Table 9 – Various Statistics from Moody's Publication, "2013 State Debt Medians"

Ratio	Average	Highest	Lowest	West Virginia Ranking*
NTSD per capita	$1,416	$5,185 Connecticut	$14 Nebraska	$1,118 #23
NTSD as a % of Personal Income	3.4%	10.0% Hawaii	0.0% Nebraska	3.3% #19
Total NTSD	$10.3 billion	$97.6 billion California	$25.4 million Nebraska	$2.1 billion #37

** As reported by Moody's in May 2013. These figures do not necessarily agree with the amounts stated in this report by the West Virginia State Treasurer's Office, generally due to timing and the inclusion of certain obligations. For our specific calculations, see tables 4 and 5, pages 6 through 9.*

Net Tax Supported Debt Service as a Percentage of the General Revenue Fund

Recommended Caps:
At June 30, 2013 the net tax supported debt service as a percentage of the General Revenue Fund was 5.42% which is below the recommended cap of 6.00%. This report recommends a cap on this particular ratio each year. The following are the recommended caps in past reports and actual levels at the time the report was issued:

2008
Recommended cap: 5.50%
Actual Ratio: 4.74%

2009
Recommended cap: 5.50%
Actual Ratio: 5.44%

2010
Recommended cap: 6.00%
Actual Ratio: 5.52%

2011
Recommended cap: 6.00%
Actual Ratio: 5.85%

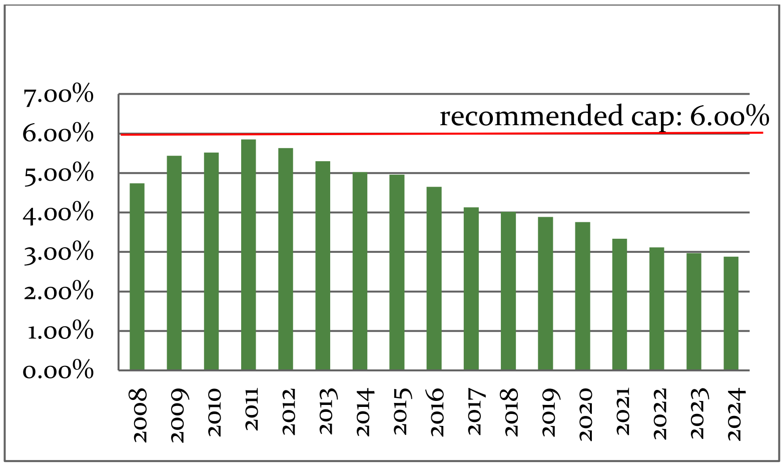
2012
Recommended cap: 6.00%
Actual Ratio: 5.63%

Net Tax Supported Debt Service as a Percentage of the General Revenue Fund

This is perhaps the most important ratio measurement since it shows the potential strain on the General Revenue Fund if, for some reason, all other funds are insufficient to pay debt service.

This year's recommended cap remains at 6.00%; however, the recommendation comes with several warnings. The projected growth of the state's General Revenue Fund from fiscal year 2013 to 2014 is only at 1.9%. The projected growth from fiscal year 2014 to 2015 is currently at 3.3%; however, according to a presentation given by Mark B. Muchow, Deputy Secretary of Revenue for the State of West Virginia, fiscal years 2014 and 2015 will be marked with continued volatility tied to energy. Also, Medicaid will continue to increase the state's expenditures. (MARK MUCHOW, 2014 WEST VIRGINIA ECONOMIC OUTLOOK CONFERENCE). The state has been combating these problems with budget cuts. Some state agencies are facing a mid fiscal year 2014 budget reduction and face another budget reduction of a projected 7.5% for fiscal year 2015.

Keeping the potential debt service burden on the state's General Revenue Fund below 6.00% is prudent fiscal management, especially in the face of uncertain economic conditions.

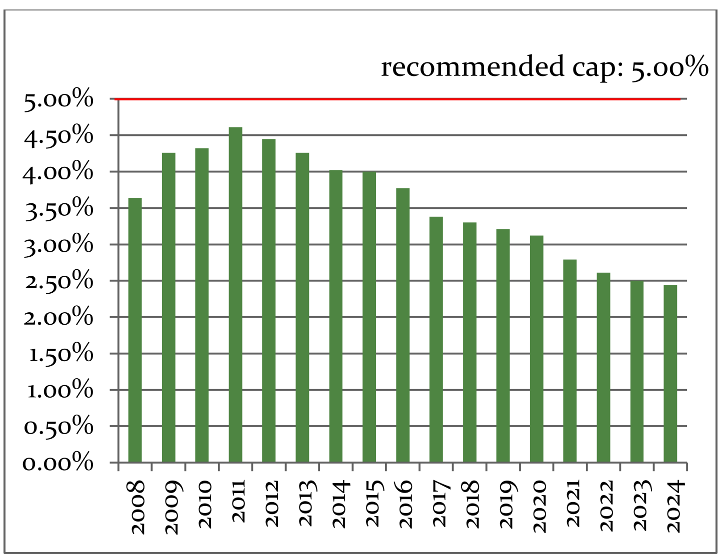


Net Tax Supported Debt Service as a Percentage of Revenues

The definition of revenues includes not only the General Revenue Fund but also the state's Road Fund, Lottery Fund and the dedicated stream of $23 million of the state's coal severance tax collections. The current and projected revenues are contained in table five, pages eight and nine, and also in Appendix B.

The recommended level for this year's report remains at 5.00%. This cap also comes with several warnings. As mentioned in previous reports, the amount of bonds backed by a pledge of lottery revenue remains at a high level with just over $1 billion (gross) as of June 30, 2013. Standard and Poor's voiced their concerns on School Building Authority Bonds backed by lottery revenues in a ratings report in December 2013.

The debt service on existing Lottery Revenue Bonds peaked at $90 million during fiscal year 2013 and is expected to level out to approximately $74 million for fiscal years 2017 through 2024. This continued debt service burden on lottery revenues comes at a time when West Virginia is faced with growing interstate lottery gaming/competition.



Net Tax Supported Debt Service as a Percentage of Revenues

Recommended Caps:
At June 30, 2013 the net tax supported debt service as a percentage of Revenues was 4.27% which is below the recommended cap of 5.00%. This report recommends a cap on this particular ratio each year. The following are the recommended caps in past reports and actual levels at the time the report was issued:

2008
Recommended cap: 4.00%
Actual Ratio: 3.64%

2009
Recommended cap: 4.00%
Actual Ratio: 4.26%

2010
Recommended cap: 5.00%
Actual Ratio: 4.32%

2011
Recommended cap: 5.00%
Actual Ratio: 4.61%

2012
Recommended cap: 5.00%
Actual Ratio: 4.37%

Net Tax Supported Debt as a Percentage of Personal Income

Recommended Caps:
At June 30, 2013 the net tax supported debt as a percentage of Personal Income was 2.62% which is below the recommended cap of 3.10%. This report recommends a cap on this particular ratio each year. The following are the recommended caps in past reports and actual levels at the time the report was issued:

2008
Recommended cap: 3.00%
Actual Ratio: 2.93%

2009
Recommended cap: 3.00%
Actual Ratio: 2.88%

2010 (personal income figures revised)
Recommended cap: 3.10%
Actual Ratio: 3.05%

2011 (personal income figures revised)
Recommended cap: 3.10%
Actual Ratio: 3.18%

2012 (personal income figures revised)
Recommended cap: 3.10%
Actual Ratio: 2.83%

Net Tax Supported Debt as a Percentage of Personal Income

This has been a ratio that has historically plagued West Virginia because the measurement of personal income has been well below the national average. According to information obtained from the West Virginia Economic Outlook Conference in October 2013, West Virginia's per capita personal income saw little to no growth because of the change in the payroll tax break. According to a projection given at the conference, West Virginia's per capita personal income is expected to grow at an annual rate of approximately 3.0% over the next four years.

According to Moody's "2013 State Debt Medians Report," the average of this particular ratio is 3.4% with the median being 2.8%. Comparing states that have a similar Moody's rating to that of West Virginia (Aa1), West Virginia is the fourth highest within the average range of this particular ratio (see page 19).

Historically, this report has recommended a cap of 3.00% for this particular ratio. It was raised slightly in 2010 due to an increase in the national average. Although the current national average is at 3.4%, it is not recommended that the cap be raised this year. Until West Virginia is able to see a greater increase in its personal income and begins to close the gap with the national average, careful attention should be paid to this important economic indicator.

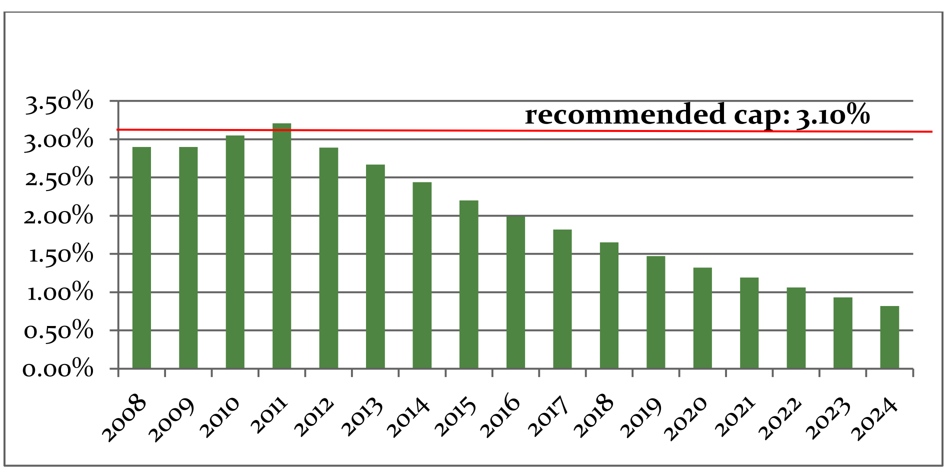
The recommended cap for this ratio remains at 3.1%. According to calculations from table four, pages six and seven, West Virginia was below the recommended cap at June 30, 2013 (2.62%).

Table 10 - Debt as a Percentage of Personal Income (similarly rated states) as Presented in 2013 State Debt Medians Report by Moody's Investors Service

State	Debt as a % of Personal Income*
North Dakota	0.7%
Montana	0.9%
Arkansas	1.2%
Colorado	1.2%
Idaho	1.6%
New Hampshire	1.9%
Alabama	2.5%
Ohio	2.8%
Florida	2.8%
Kansas	2.8%
Minnesota	3.0%
West Virginia	3.3%
Oregon	5.2%
Washington	6.4%
Massachusetts	9.3%

** As reported by Moody's in May 2013. These figures do not necessarily agree with the amounts stated in this report by the West Virginia State Treasurer's Office, generally due to timing and the inclusion of certain obligations. For our specific calculations, see tables 4 and 5, pages 6 through 9.*

West Virginia Debt as a percentage of personal income Fiscal Years 2008-2013, 2014-2024(projected)



Net Tax Supported Debt Per Capita

Recommended Caps:
At June 30, 2013 the net tax supported debt per capita was $934 which is below the recommended cap of $1,100. This report recommends a cap on this particular ratio each year. The following are the recommended caps in past reports and actual levels at the time the report was issued:

2008
Recommended cap: $1,000
Actual Ratio: $921

2009
Recommended cap: $1,000
Actual Ratio: $912

2010
Recommended cap: $1,100
Actual Ratio: $971

2011
Recommended cap: $1,100
Actual Ratio: $1,074

2012
Recommended cap: $1,100
Actual Ratio: $992

Net Tax Supported Debt Per Capita

The national average for this particular ratio has risen from $838 in 2003 to $1,416 in 2013. That is approximately 69% in 10 years. West Virginia's net tax supported debt per capita has risen approximately 15% in that same time frame, $811 in 2002 to $934 in 2013 (as calculated by the West Virginia State Treasurer's Office).

Although West Virginia's debt per capita has risen less than one-fifth the national average over the last 10 years, the population has only risen 3.4% during that same period. West Virginia's population in 2002 was estimated at 1,803,000 and in 2013 at 1,861,000

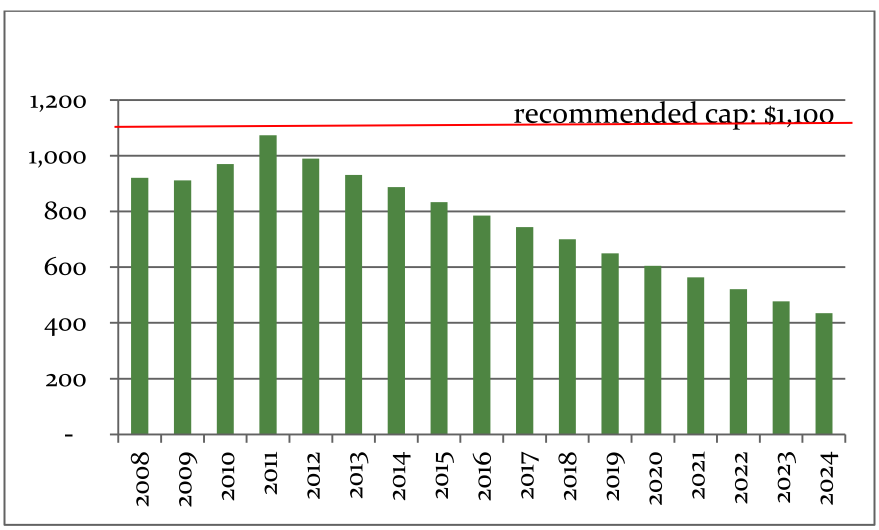
The recommended cap of net tax supported debt per capita remains at $1,100 as of June 30, 2013. This is well below the national average of $1,416. According to Moody's, the net tax supported debt per capita for West Virginia was $1,118 which was the fifth highest ratio among other states with a Moody's rating of Aa1 (See page 21). This figure is different than the figure calculated by the West Virginia State Treasurer's Office (see note on page 21).

Table 11 - Debt Per Capita
(similarly rated states)
as Presented in 2013 State Debt Medians Report by Moody's Investors Service

State	Debt Per Capita*
North Dakota	$292
Montana	$311
Arkansas	$404
Idaho	$515
Colorado	$525
New Hampshire	$862
Alabama	$867
Ohio	$1,047
Florida	$1,087
Kansas	$1,112
West Virginia	$1,118
Minnesota	$1,315
Oregon	$1,945
Washington	$2,817
Massachusetts	$4,968

** As reported by Moody's in May 2013. These figures do not necessarily agree with the amounts stated in this report by the West Virginia State Treasurer's Office, generally due to timing and the inclusion of certain obligations. For our specific calculations, see tables 4 and 5, pages 6 through 9.*

West Virginia Debt Per Capita
Fiscal Years 2008-2013, 2014-2024(projected)



Other Debt Ratios

Net Tax Supported Debt as a Percentage of the Assessed Value of Taxable Property - Historically, the Debt Capacity Report has suggested a cap of 2.00% for this particular ratio. This recommendation has not been based on any particular research but rather on the relationship to the other current debt ratios of the state. At June 30, 2013, the ratio was 2.01%.

Net Tax Supported Debt as a percentage of Gross State Domestic Product – This is a ratio which Moody's began publishing in their "State Debt Medians Report" in 2010. According to Moody's, "This ratio is useful when comparing U.S. State credits to sovereign and non-U.S. subsovereign credits. . ." (2011 State Debt Medians Report, Moody's Investors Service, June 3, 2011).

West Virginia had a net tax supported debt as a percentage of gross state domestic product of 3.35%. The state with the highest ratio was Massachusetts at 8.37% while Nebraska was the lowest with 0.03%. The State Treasurer's Office will continue to monitor this ratio and will make recommendations once more data has been compiled and analyzed.

Summary

Although severance tax revenues helped West Virginia through one of the deepest economic recessions in recent history, it is still considered a volatile revenue source. West Virginia also faces continued competition for gaming dollars and federal policies on Medicaid, Education, Highways, etc. which are putting a further strain on the state's funds. In January 2014, Governor Tomblin issued an Executive Order calling for a mid-year budget cut, citing revenue shortfalls in several taxes including Personal Income Tax, Consumer Sales and Use Tax (even after the final 1% elimination), Business and Occupation Tax and the Insurance Premium Tax. All of these factors combined require the state to maintain fiscal prudence.

The recommendations made in this report are meant to help the state maintain a "moderate-to-low" debt burden. This burden does not take into account the state's "soft" debts such as pension liabilities or other post-employment benefits, but it does consider those debts for which the state's citizens and its lawmakers have authorized the issuance of bonds and committed future financial resources to pay our debtors. Therefore, it is important to maintain fiscal prudence.

West Virginia is below most of the recommended caps on all of the ratios examined in this report. This does allow the state some flexibility when examining the feasibility of future debt issuances. Of course, each proposed new debt issuance should be carefully examined in the light of current economic trends, particularly when utilizing lottery revenues. Projects which will foster economic growth will provide future generations with a debt burden that is manageable.

Summary of Recommended Caps

Net Tax Supported Debt Service as a % of the General Revenue Fund 6.00%	Net Tax Supported Debt Service as a % of Revenues 5.00%
Net Tax Supported Debt as a % of Personal Income 3.10%	Net Tax Supported Debt Per Capita $1,100

Net Tax Supported Debt as a % of Assessed Value
2.00%

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Appendix A

West Virginia State Code §12-6A

ARTICLE 6A. THE DEBT MANAGEMENT ACT

§12-6A-1. Short title.

This article shall be known and may be cited as "The Debt Management Act".

§12-6A-2. Legislative findings and declaration of public necessity.

The Legislature hereby finds and declares that in order to maintain the strong financial management of the state, to meet the fiscal needs of state government and to facilitate financing essential capital projects at the lowest possible cost to the citizens of the state, the state must regularly monitor the amount of debt issued by the state and its spending units, ensure the state and its spending units meet all debt service requirements, monitor the credit rating of the state and analyze the acceptance of debt issued by the state and its spending units. The Legislature further finds that in order to meet these important goals, the Division of Debt Management needs to be continued.

§12-6A-3. Division of Debt Management continued; director.

(a)The Division of Debt Management is continued in the office of the State Treasurer.

(b) The Division shall serve as a central information source concerning the incurrence, recording and reporting of debt issued by the state and its spending units, and shall prepare reports pertaining to the capacity of the state and its spending units to issue debt.

(c) The Treasurer shall appoint a director, qualified by reason of exceptional training and experience in the field of activities of his or her respective Division, and who shall serve at the will and pleasure of the Treasurer.

§12-6A-4. Definitions.

For the purpose of this article:

"Debt" means bonds, notes, certificates of participation, certificate transactions, capital leases, debentures, lease purchases, mortgages, securitizations and all other forms of securities and indebtedness obligations evidencing specific amounts owed and payable on demand or on determinable dates.

"Debt impact report" means a report prepared by the division which includes information pertaining to a proposed issuance of debt by the state or its spending units.

"Division" means the Division of Debt Management.

"Moral obligation bond" means a debt obligation for which the state or a spending unit has made a nonbinding covenant to make up any deficiency in debt service.

"Net tax supported debt" means the amount of tax supported debt less any applicable refundings, defeasances, escrow accounts, reserve requirements and sinking funds.

"State" means the State of West Virginia.

"Spending unit" means a state department, agency, board, commission, committee, authority or other entity of the state with the power to issue and secure debt. Spending unit does not include local political subdivisions.

"Tax-supported debt" means: (1) General obligation bonds of the state; (2) moral obligation bonds of the state or a spending unit; (3) capital leases, installment purchases, lease purchases, mortgages, certificates of participation and any other similar debt financing transaction extending beyond one year issued by the state or its spending units; and (4) any other debt issued by the state or a spending unit which is not self-supporting. Debt issued by the West Virginia housing development fund, economic development authority, hospital finance authority, parkway authority, public energy authority, solid waste management board and water development authority, with the exception of debt secured by lottery revenues or secured by a lease with the Secretary of Administration, is not tax-supported debt.

§12-6A-5. Powers and duties.

The Division of Debt Management shall perform the following functions and duties:

(1) Continuously evaluate the current and projected debt and debt service requirements of the State and its spending units.

(2) Evaluate cash flow projections relative to proposed and existing revenue bond issues.

(3) Issue a debt impact report if requested by the Governor, the President of the Senate or the Speaker of the House of Delegates. The Division may request any additional information needed to issue a debt impact report. A debt impact report shall in no way restrict the Governor, the Legislature or the spending unit.

(4) Act as liaison with the Legislature on all debt matters, including, but not limited to, new debt issues and the status of debt issued by the State and its spending units.

(5) Assist the State and its spending units regarding the issuance of debt if requested.

(6) Establish reporting requirements for the issuance of debt by the State and its spending units pursuant to the provisions of this article.

(7) Monitor continuing disclosure requirements and post-issuance compliance issues with federal and state tax and securities law, including, without limitation, arbitrage, rebate and remedial measures.

(8) Make and execute contracts and other instruments and pay the reasonable value of services or commodities rendered to the division pursuant to those contracts.

(9) Contract, cooperate or join with any one or more other governments or public agencies, with any political subdivision of the State, or with the United States, to perform any administrative service, activity or undertaking which the contracting party is authorized by law to perform, charge for providing services and expend any fees collected.

(10) Do all things necessary or convenient to effectuate the intent of this article and to carry out its powers and functions.

§12-6A-6. Reporting.

(a) Within fifteen days following the end of each calendar quarter, each state spending unit shall provide the division and the Legislative Auditor, in the manner provided by this article and in such form and detail as the State Treasurer may require, a report including, but not limited to, the name of the state spending unit, the amounts and types of debt incurred during the calendar quarter and outstanding at the end of the calendar quarter, the cost and expenses of incurring the debt, the maturity date of each debt, the terms and conditions of the debt, the current debt service on the debt, the interest rate on the debt, the source of the proceeds utilized for repayment of the debt, the amounts of repayment during the calendar quarter, the repayment schedule and the security for the debt. A state spending unit having no outstanding debt shall not be required to provide the quarterly report but shall file an annual report, on forms established by the Division of Debt Management: *Provided,* That the state spending unit shall immediately notify the Division of Debt Management of any change in the spending unit's outstanding debt or financial condition.

(b) Not less than thirty days prior to a proposed offering of debt by the state or a state spending unit, written notice of the proposed offering and the terms thereof shall be given to the Division by the state spending unit in the form as the Division may require.

(c) Within thirty days after closing on an offering, the responsible spending unit shall report to the division the information pertaining to the offering required by the division in the form the division may require.

(d) On or before January 31 and July 31 of each year, the division shall prepare and issue a report of all debt of the State and its spending units and of all proposed debt issuances of which the division has received notice and shall furnish a copy of the report to the Governor, the President of the Senate, the Speaker of the House of Delegates, the members of the Joint Committee on Government and Finance, the Legislative Auditor and upon request to any other legislative committee and any member of the Legislature. The report shall be kept available for inspection by any citizen of the state. The division shall also prepare updated reports of all debt of the state and its spending units as of March 31 and September 30 each year, which shall be available for inspection at the office of the state Treasurer within thirty days of the end of the respective calendar quarter.

(e) On or before January 15 each year, the division shall report to the Governor and to the Legislature on the capacity of the state to issue additional debt. In preparing its annual review and estimate, the division shall, at a minimum, consider:

(1) The amount of net tax supported debt outstanding and debt authorized but not issued during the current and next fiscal year and annually for the following ten fiscal years;

(2) Debt service requirements during the current and next fiscal year and annually for the following ten fiscal years based upon existing outstanding debt, previously authorized but unissued debt and projected bond authorizations;

(3) Any information available from the budget office of the department of revenue in connection with projected revenues and anticipated capital expenditures projected for at least the next five fiscal years;

(4) The amount of debt the state and its spending units may prudently issue;

(5) What is needed to keep West Virginia within an average to low range of nationally recognized debt limits;

(6) The debt ratios rating agencies and analysts use; and

(7) The effect of authorizations of new tax supported debt on each of the considerations in this subsection.

§12-6A-7. Promulgation of rules.

The Treasurer shall propose rules for legislative approval relating to the reporting requirements and duties under this article in accordance with the provisions of article three, chapter twenty-nine-a of this code.

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Appendix B

Revenue Information

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Revenue & Revenue Projections
(thousands)
2014 - 2025 (projected)

Year	General Revenue	Road Fund	**Lottery	Infrastructure Bond Fund	Total
2007	3,752,722	611,085	514,902	24,000	4,902,709
2008	3,928,288	661,960	501,190	24,000	5,115,438
2009	3,901,552	626,434	428,822	24,000	4,980,808
2010	3,758,372	628,157	385,992	24,000	4,796,521
2011	4,063,786	663,309	397,571	24,000	5,148,666
2012	4,103,305	665,602	492,946	24,000	5,285,853
2013	4,059,121	688,327	380,298	23,000	5,150,746
*2014	4,136,001	699,945	300,904	23,000	5,159,850
*2015	4,271,251	701,588	309,152	23,000	5,304,991
*2016	4,411,926	708,896	315,561	23,000	5,459,383
*2017	4,661,795	715,598	315,561	23,000	5,715,954
*2018	4,818,755	706,233	315,415	23,000	5,863,403
*2019	4,952,375	727,233	315,415	23,000	6,018,023
*2020	5,125,700	722,600	315,415	23,000	6,186,715
*2021	5,305,100	725,300	315,415	23,000	6,368,815
*2022	5,490,800	728,000	315,415	23,000	6,557,215
*2023	5,683,000	730,700	315,415	23,000	6,752,115
*2024	5,881,900	733,400	315,415	23,000	6,953,715
*2025	6,087,700	737,100	315,415	23,000	7,163,215

FY2013 Actuals do not included $45 million transfer from Income Tax Refund Reserve Account
Revenue information provided by the West Virginia Department of Revenue
* Estimates
** Net of Transfers to the General Revenue Fund
Lottery fund do not include any Revenue added to General State Revenue fund

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West Virginia State Treasurer's Office
John D. Perdue, Treasurer