

West Virginia
State of the Treasury

2016

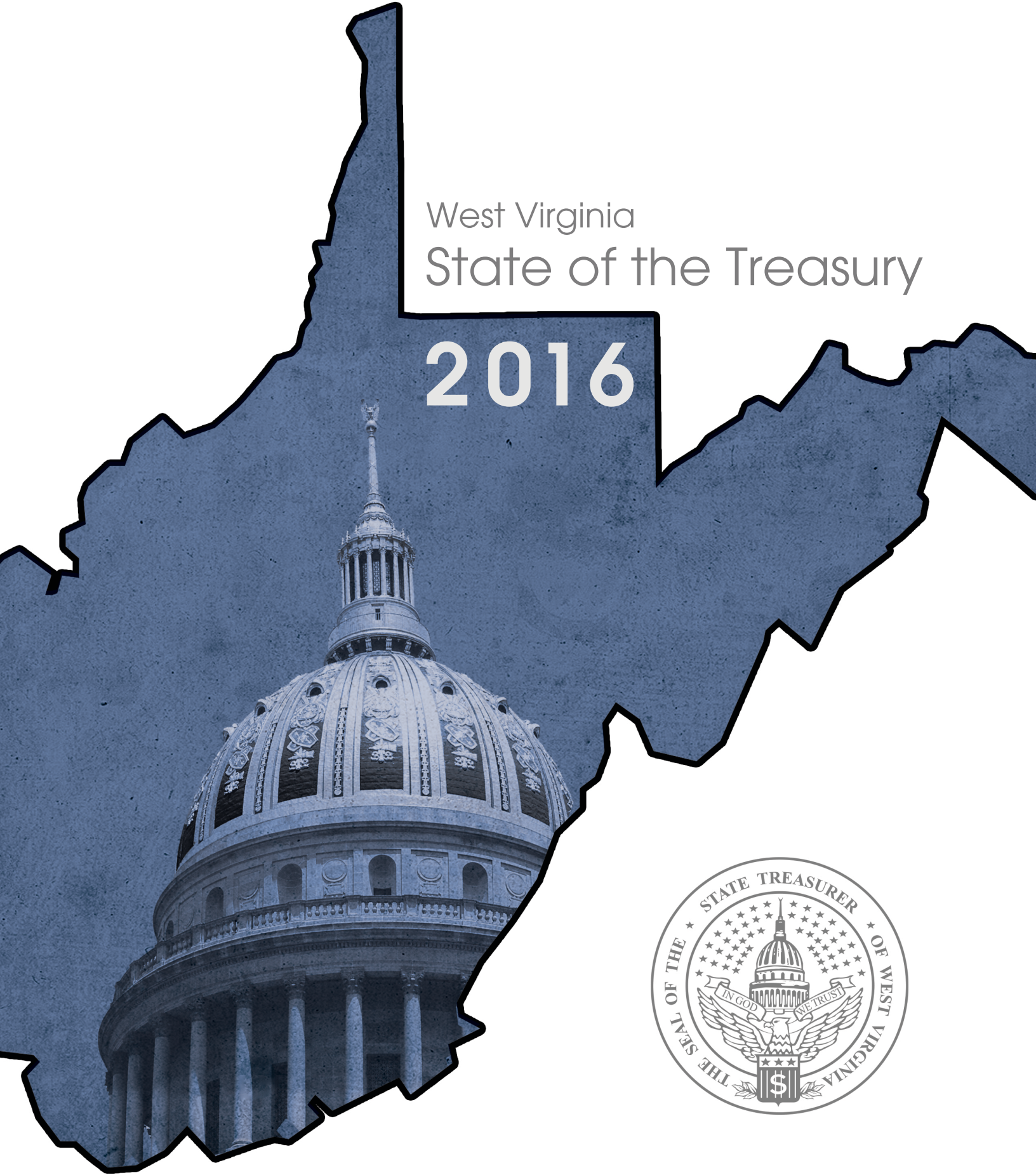


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This report details the daily operations of the West Virginia State Treasurer’s Office and highlights the many programs and initiatives the office offers the citizens of our state. As you will read in the following pages, the Treasurer’s Office stands strong with several successes in fiscal year 2016.

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John D. Perdue, State Treasurer

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A message from the Treasurer



Through the Storm

Fiscal year 2016 proved to be one of the most challenging in the state's history. Government shutdown loomed as lawmakers disagreed about the state budget. All constitutional offices and agencies realized even more spending cuts. Despite the storms of fiscal year 2016, the West Virginia Treasury continued to move forward with strong and meaningful programs.

This past year I fought for citizens' rights in the legislature. The result was a new law that sets out requirements for life insurance companies to search for deceased insureds using Social Security's Death Master file. Companies must now use Social Security's Death Master File to make that determination, just as they do when cutting off an annuity. About 20 other states already had such legislation. This is an issue I brought to light many years ago through our unclaimed property program and took all the way to the State Supreme Court.

Speaking of unclaimed property, we turned in another banner year. Life insurance remittances are up since we initiated legal action, and holders turned over more than \$29 million in assets this year. As for returning unclaimed funds, we gave back \$13.9 million to rightful owners during fiscal year 2016.



Alum Creek Elementary School student learns from Spend, Save, Share activity.

I've always believed you are never too young or too old to learn how to manage and grow your money. That's why I am so proud to offer programs like the *Get a Life* budget simulation to students across the state. We take this activity to schools around the state each year, giving students the opportunity to manage a monthly household budget and truly get a taste of what it's like to live in the real world.

Technological advances in Treasury functions continue to make doing business in West Virginia easier every day. This year the e-Government program processed \$497.5 million, a six percent growth from the 2015 fiscal year. The e-Government program is a way for both residents and state agencies to conduct financial transactions online through debit, credit or automated clearinghouse.

The Board of Treasury Investments exceeded expectations for the fiscal year, managing \$2.8 billion in assets and providing state agencies and local governments with a reliable option to keep funds both safe and accessible. While many financial institutions struggle, the BTI was able to end fiscal year 2016 with a budget surplus.

SMART529, the state's officially sanctioned college savings plan, claims more than \$2.2 billion dollars in assets. The program continues to grow in account holders thanks to initiatives such as the SMART 5.29K run/walk, a race held the last two years through the East End of Charleston and designed to raise college funds for children adopted from West Virginia's foster care system. The race experienced an 18 percent increase in participants from its inaugural year to the next.



Treasurer Perdue stands with a recipient of the SMART 5.29K awards.

Our other savings initiative, West Virginia Retirement Plus, achieved another milestone. The plan has tripled to more than 16,000 members since my office assumed stewardship in 2006. More than 290 cities, counties and political subdivisions now offer the plan.

I have mentioned just some of the highlights of the past year. Please take some time to read this report and learn about the programs and public services the State Treasury offers. My staff and I are proud of our accomplishments and we are dedicated to moving our state forward with you.

John D. Perdue

West Virginia State Treasurer

About the Office



Treasury History

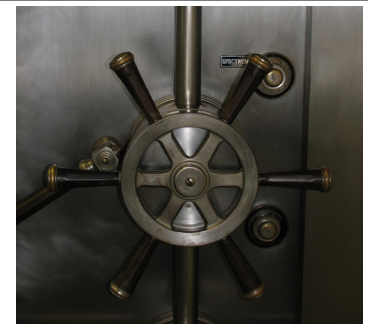
The Office of the West Virginia State Treasurer was established at the Constitutional Convention held in Wheeling in 1863 after the western counties of Virginia split to become West Virginia. The Treasurer's Office is one of six constitutionally mandated offices in West Virginia.

The State Treasurer is the chief financial officer for the state and is responsible for overseeing the state's operating funds, monitoring the state's debt and performing additional banking and accounting duties as prescribed by state law. The Treasurer also serves as a member of the major financial decision-making boards throughout state government.

Over the years, the office has widened its scope of duties beyond basic treasury functions. The State Treasurer now advocates for citizens' rights through several programs mandated by state code and other valuable initiatives. This annual report details many of these accomplishments.

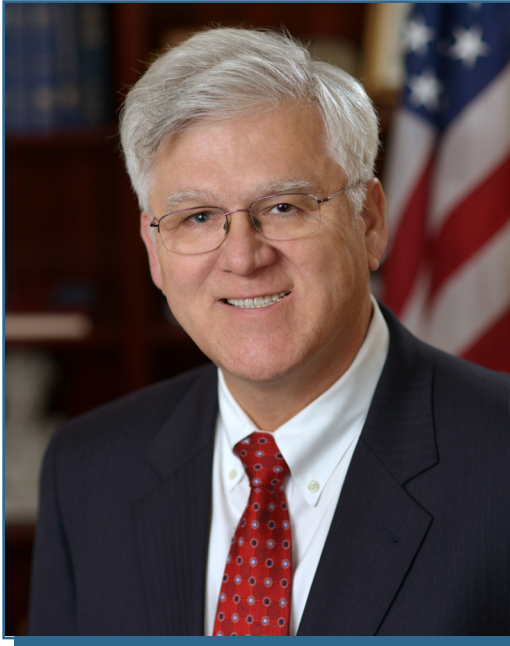
Did You Know?

The Treasurer's vault, located in the East Wing of the State Capitol building in Charleston, weighs 16 tons and is secured with an intricate lock system.



The Seal of the State Treasurer of West Virginia contains a combination of symbolic images including 50 stars representing the 50 states, plus five additional stars, for a total of 55, representing the 55 counties of West Virginia.

Your State Treasurer



John D. Perdue, State Treasurer

The honorable John D. Perdue is the 24th State Treasurer of West Virginia and is currently serving his fifth term in office. Elected in 1996, Treasurer Perdue is West Virginia's longest-serving state treasurer.

In addition to his banking duties, Treasurer Perdue oversees the state's Board of Treasury Investments, the West Virginia Retirement Plus deferred compensation plan, the SMART529 college savings program and the Unclaimed Property program.

On the national level, Treasurer Perdue is a past president of both the National Association of State Treasurers (NAST) and the National Association of Unclaimed Property Administrators (NAUPA). Treasurer Perdue was also given NAUPA's lifetime achievement award.

Office Accomplishments

- The Board of Treasury Investments received Standard and Poor's AAAm rating, the highest principal stability rating available from the agency.
- The SMART529 college savings program continues to grow. The program currently has assets totaling more than \$2.2 billion.
- The NetWorth financial education initiative provides resources to thousands of West Virginians through various workshops, seminars, lesson plans and activities.
- The Get a Life budget simulation helps middle and high school students around the state learn the basics of personal money management.
- The Unclaimed Property program has returned more than \$160 million to current and former state residents over the past 20 years.
- The West Virginia Retirement Plus program has grown to more than 16,000 participants and more than \$193.7 million in total assets.

LAST YEAR

THE TREASURER'S OFFICE RETURNED

\$13.9

MILLION

IN UNCLAIMED PROPERTY

THAT'S

\$26.46

A MINUTE

Unclaimed Property



Leading the Way

The West Virginia State Treasurer's Office is a national leader in its efforts to return unclaimed property to rightful owners. The office works hard to educate small businesses and individuals about the importance of pursuing and recovering unclaimed property. Since taking office, Treasurer John Perdue has returned approximately \$160 million to rightful owners.

Unclaimed property is any financial asset from which an individual has become unintentionally separated. Examples are left-behind utility deposits, forgotten final paychecks, unredeemed stocks, and abandoned safe deposit box items. Unclaimed property does not include real estate.

People can go online to search the unclaimed property database and to file a claim. Searches and claims are free through the State Treasurer's Office. Go to www.wvtreasury.com or call toll free at 1-800-642-8687 to find out more!

Millions Returned

The Treasury's Unclaimed Property Division returned \$13.9 million to rightful owners in fiscal year 2016. The total is just shy of the record returned in 2009 totaling more than \$14 million. Remittances, or the amount holders report each fiscal year, came in at \$29 million this year.

"We take returning unclaimed property seriously," Treasurer Perdue said. "This is the second year in a row that our end-of-year totals have eclipsed the previous fiscal year's numbers. I credit that to letters my office mailed to rightful owners, website maintenance, field representatives' hard work and the twice-a-year publication of names in newspaper inserts."

During fiscal year 2016, the Unclaimed Property division implemented a pilot project for owner outreach. Owner addresses were updated using a subscription database. Letters were sent to the new addresses informing owners that a match to their name was found in the unclaimed property database.

A Legislative Victory

A new state law passed in 2016 reinforced Treasurer Perdue's long-time battle to protect West Virginia consumers who are due unclaimed funds from life insurance companies.

Governor Earl Ray Tomblin signed into law House Bill 4739, a bipartisan effort to clarify the obligation insurance companies have in identifying eligible beneficiaries. The final version of the bill requires life insurance companies to regularly search for deceased insureds using the Social Security Administrations Death Master File (DMF). Companies must then pay out claims or turn funds over to the state's Unclaimed Property program.

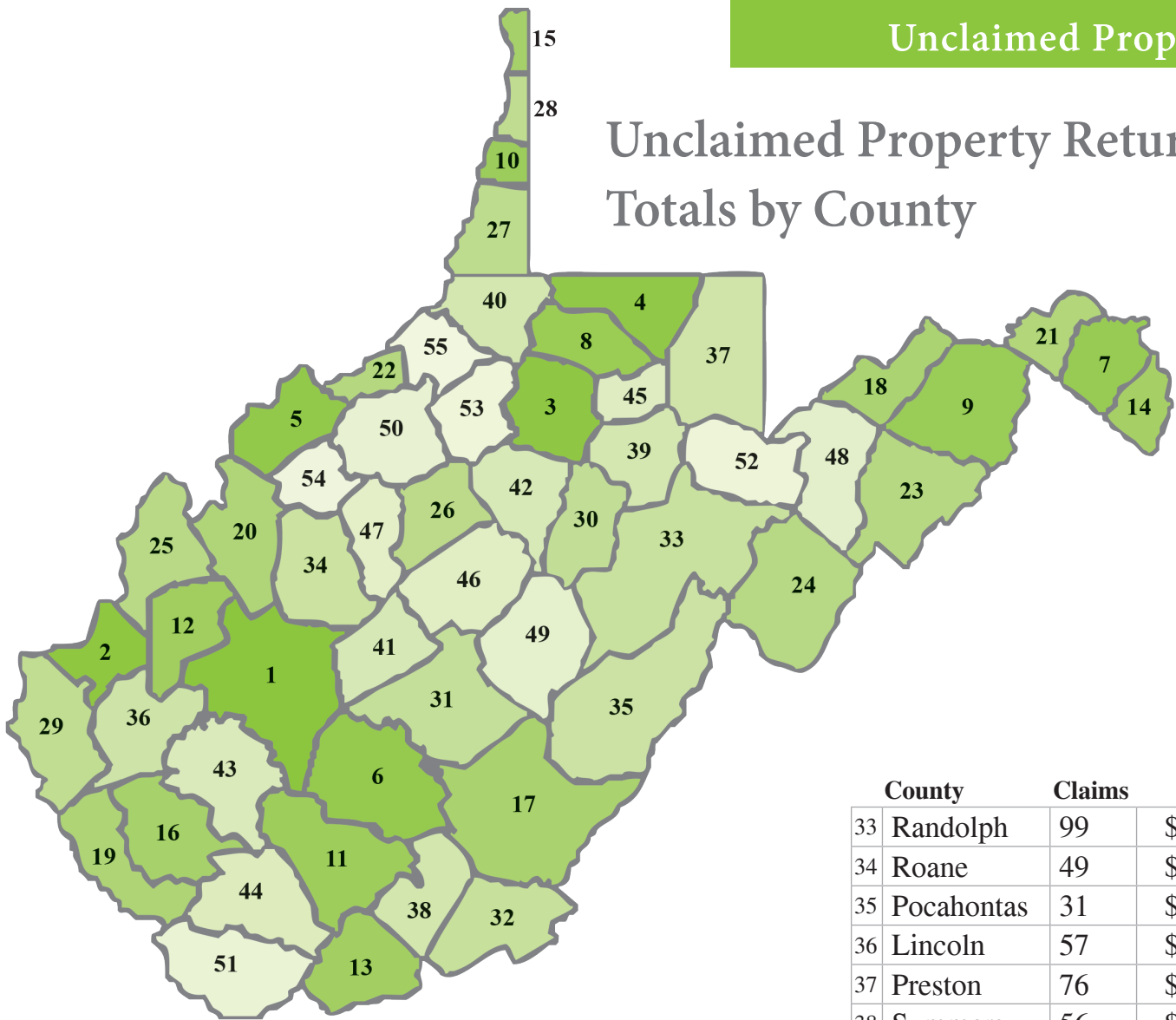
Treasurer Perdue's battle began in 2012 when he filed suit against more than 60 life insurance companies. The battle made its way to the West Virginia Supreme Court. In June 2015, the High Court ruled unanimously in Perdue's favor, clarifying that, under the Uniform Unclaimed Property Act, the obligation to pay for a life insurance policy is triggered by the death of the insured, rather than the filing of a claim.

The efforts of Treasurer Perdue and other state treasurers in their fight to ensure life insurance companies are properly reporting and paying out policies were featured on the long-running CBS television news program **60 Minutes**.



Treasurer Perdue presents unclaimed insurance check to Joseph Bigony for *60 Minutes* special.

Unclaimed Property Returned Totals by County



County	Claims	Total
1 Kanawha	1,124	\$2.5 M
2 Cabell	323	\$683,846
3 Harrison	300	\$476,129
4 Monongalia	391	\$403,582
5 Wood	303	\$375,235
6 Fayette	150	\$326,928
7 Berkeley	389	\$240,678
8 Marion	197	\$211,100
9 Hampshire	53	\$192,098
10 Ohio	196	\$191,771
11 Raleigh	299	\$155,487
12 Putnam	227	\$150,766
13 Mercer	212	\$148,752
14 Jefferson	188	\$138,180
15 Hancock	103	\$132,512
16 Logan	127	\$124,390

County	Claims	Total
17 Greenbrier	115	\$120,821
18 Mineral	74	\$117,815
19 Mingo	63	\$112,082
20 Jackson	101	\$97,593
21 Morgan	53	\$90,783
22 Pleasants	26	\$77,631
23 Hardy	33	\$70,308
24 Pendleton	21	\$67,366
25 Mason	104	\$65,442
26 Gilmer	25	\$65,273
27 Marshall	80	\$64,473
28 Brooke	65	\$56,841
29 Wayne	113	\$56,268
30 Upshur	127	\$56,128
31 Nicholas	78	\$54,143
32 Monroe	76	\$53,971

County	Claims	Total
33 Randolph	99	\$49,159
34 Roane	49	\$40,464
35 Pocahontas	31	\$40,080
36 Lincoln	57	\$38,004
37 Preston	76	\$36,821
38 Summers	56	\$33,214
39 Barbour	45	\$28,844
40 Wetzell	39	\$28,329
41 Clay	37	\$27,689
42 Lewis	63	\$27,556
43 Boone	72	\$24,831
44 Wyoming	50	\$24,138
45 Taylor	67	\$22,688
46 Braxton	42	\$21,826
47 Calhoun	21	\$20,559
48 Grant	25	\$13,264
49 Webster	23	\$11,553
50 Ritchie	28	\$10,116
51 McDowell	34	\$9,853
52 Tucker	29	\$8,365
53 Doddridge	21	\$8,321
54 Wirt	29	\$5,838
55 Tyler	32	\$5,446

Auctions Benefit Law Enforcement

It may seem like an unlikely place to find unique firearms, but a new law in West Virginia requires the State Treasurer's Office to play an active role in repurposing such guns.



Last fall, the State Treasurer's Office auctioned off more than 450 guns to licensed federal firearms dealers during a secure, live auction at the National Guard Armory in Charleston. The first of its kind for the Treasurer's Office, the auction resulted in gross proceeds of more than \$86,000, most of which will be a funding boost to financially strapped law enforcement agencies around the state.

Federal firearms dealers bid on guns during the first unclaimed firearms auction.

“Law enforcement agencies that turn over unclaimed property to the state are entitled to a portion of the net proceeds from these firearm auctions,” Treasurer Perdue said. “All they have to do is apply. It’s an easy request through my office.”

The reason police and sheriff's departments are able to benefit from the auctions is because the firearms were turned over to the Treasurer's Unclaimed Property Division after ending up in evidence rooms around the state.

Several police and sheriff's departments have already received checks for their unclaimed items sent to auction. The Berkeley County Sheriff's Department and the Vienna Police Department have received more than \$2,000 each. Both departments say the auction proceeds will go to support their underfunded canine units.



Treasurer Perdue delivers an auction proceeds check to Berkeley County Sheriff.

Division Accomplishments

- Celebrated a legislative victory that orders life insurance companies to turn over policy assets, if the beneficiary cannot be found.
- Returned nearly \$14 million to rightful owners of unclaimed property, marking the third-largest total in division history.
- Holders, such as banks and other businesses, complied with the law by turning over \$29 million.
- Auctioned off \$86,000 worth of seized firearms to benefit law enforcement agencies across the state.
- Continued to conduct online auctions of safe deposit box items in conjunction with a nationwide electronic auction site.

What is Unclaimed Property?

Any asset that has remained unclaimed for a specific period of time. Examples may include:

- Utility deposits
- Unredeemed stocks
- Uncashed checks
- Life insurance policies
- Bank safe deposit box contents

Call our office today at 1-800-422-7498 to find out if you have Unclaimed Property!

Crowds Gather at State Fair Auction



Dozens gather at the State Fair of West Virginia to bid on unclaimed property items.

Large crowds gathered at West Virginia State Treasurer John Perdue's State Fair exhibit in August 2015, eager to participate in live unclaimed property auctions.

Coins, jewelry, antiques and much more were up for auction during the events. More than 100 people packed the exhibit space during the five scheduled auction days to bid on featured items. Approximately 80 percent of available auction items sold at or above the estimated value.

“The goal is to get top dollar for these items, which is what the rightful owners are entitled to when they make a claim,” said Treasurer Perdue. “We also want to educate the public about our unclaimed property program and how they can be reunited with their abandoned property.”

LAST YEAR
STUDENTS FROM
WEST VIRGINIA
— USED —

\$26M

— IN —
SMART529 SAVINGS
TO PAY FOR COLLEGE

SMART529 College Savings



Highly Rated, Highly Recommended

SMART529 is a college savings plan administered by the State Treasurer's Office since 2002. Serving a nationwide customer base, it boasts 121,000 total accounts worth \$2.2 billion in assets. The SMART529 college savings plan provides an opportunity for every citizen to invest in the future at every stage of life.

Throughout its 14-year history, SMART529 plans have been perennially rated highly by savingforcollege.com, the leading website for rating such plans. In fiscal year 2016 this distinction held true.

SMART529 offers three plans, two directly sold and one which requires the guidance of a financial advisor. The site rates plans on a 5-cap basis. The three SMART529 plans earned a 4, 4.5 and 5 cap rating.

The 5 cap plan, SMART529 WV Direct, is an excellent value in that it demands no minimum initial contribution or subsequent minimum contributions making it accessible to families of any size or income level. All three SMART529 plans offer tax incentives for West Virginia residents.

College Savings Boost for Babies

A new program is helping newborns around West Virginia start their college savings right from the start. The Bright Babies grant program is investing \$100 in a SMART529 College Savings plan when parents open an account before the child's first birthday.

In addition, any adopted child who has yet to celebrate his or her one-year adoption anniversary may qualify for the \$100 grant. The only other requirement is that the child must be a resident of West Virginia. Money for the program comes from an independent program management firm. Go to SMART529.com for more information.



SMART5.29K Gives Children a Leg Up



Runners take off from the starting line of the 2016 SMART5.29K race.

The Treasurer's Office teamed up with Mission West Virginia to raise \$15,000 from its second annual SMART5.29K run/walk, aimed to help children adopted from foster care.

Scholarships are awarded based on an application process administered by Mission West Virginia and its adoptive liaison arm, Frameworks. Last year the efforts resulted in seven children being awarded \$1,200 each in SMART529 accounts.

“The last two years have provided a chance for us to help a vulnerable segment of the population which faces obstacles in attaining a college education,” said Treasurer Perdue. “Only about three percent of children adopted through foster care make it to college because of the erratic nature of their upbringings and interruptions in education.”



The annual SMART5.29K run/walk is held in May. All proceeds collected during the run from sponsorships to race fees go directly into the awards fund.



The Weikle children receive their SMART START adoption awards.

Write an Essay, Win a Prize



State Treasurer John Perdue speaks to the 2015 When I Grow Up contest award winners during the award ceremony at the State Culture Center.

Fifteen West Virginia schoolchildren are on their way to a brighter future, after winning regional awards in the ninth annual SMART529 When I Grow Up essay contest. The contest gives kindergarten through fifth grade students a chance to share in nearly \$20,000 in SMART529 savings for higher education. More

than 3,000 entries were independently judged on originality, creativity and the importance of post-secondary education.

From those entries, 15 winning essays were selected. State Treasurer John Perdue recognized the winners during a ceremony at the West Virginia State Culture Center.

“I want you all to be successful,” Perdue told the winners. “The best way to guarantee success is by continuing your education after high school.”

Each winner received \$500 invested into a SMART529 WV Direct account. An additional \$4,500 in a SMART529 account was awarded to the grand prize winner, whose name was selected during a random drawing at the event. Each winning student’s school was also recognized and awarded a \$500 cash prize to support school programs.

Members of the Board

Chairman

State Treasurer John D. Perdue

Ex Officio Members

Brian Weingart

Kay Goodwin

Dr. Jo Harris

Appointed Members

Phyllis Arnold

Jamie Dickenson

Robert Galloway

Chuck Smith

Terri Underhill

LAST YEAR
MORE THAN

5,000
STUDENTS

PARTICIPATED IN OUR
GET A LIFE PROGRAM

Financial Education



Investing in Your Future

The West Virginia State Treasurer's Office is committed to ensuring all West Virginians have access to quality financial education. In 2008, the State Treasurer developed a comprehensive financial education initiative called NetWorth, which is designed to teach lifelong personal financial management starting at the elementary school level. NetWorth is the recipient of the 2009 Excellence in Financial Literacy Education Award and a two-time finalist for a Council of State Governments Innovations Award.



- **All-Inclusive** – The goal is to ensure financial lessons are taught to all age groups. General concepts such as savings and budgeting are introduced at an early age, with lessons progressing to more complex issues such as financial planning and investing.
- **Comprehensive** – The efforts cover a wide variety of financial education topics that can be incorporated into core subject areas such as math, English and social studies.
- **Relatable** – Many of our initiatives are hands-on and focus on real-world problems. Students and adults retain more when they can relate to the subject matter.



Take a Tour!

In fiscal year 2016, State Treasurer John Perdue unveiled the Financial Education Center in the State Capitol. The center provides tour groups a host of activities to teach children from kindergarten through fifth grade the basics of money management.



The Treasurer’s Vault activity was originally constructed to be included as a local element of the “Moneyville” exhibit, which was a 2014 attraction at the Youth Museum of Southern West Virginia in Beckley. Over the past year, the Vault was moved to the State Capitol and refurbished. Funding for The Vault and other Center activities comes from the West Virginia Financial Education Foundation.

To schedule a tour of the Financial Education Center go to www.wvtreasury.com and look under the Education tab.

- **Treasurer’s Vault** – An interactive display featuring facts about the Treasurer’s Office and the Spend, Save, Share activity. In that activity, students take common items and sort them into the appropriate category as something they would spend money on immediately, save money to buy later or share with someone else. Students also receive a take-home Spend, Save, Share activity, which includes instructions to create your own banks.
- **Picture yourself on a \$100 bill** – For this activity, students stand in front of a green screen, one at a time, to have their picture taken. Their photo will then be printed on a novelty \$100 bill for them to take home.
- **Hold \$1 Million!** – Students have the chance to hold \$1 million in real money. The money has been taken out of circulation and shredded by the U.S. Bureau of Engraving and Printing to be replaced with new bills.



Get a Life Going Strong

The *Get a Life* program was created to educate young people about the challenges they will face once they're out of school.



The Green Reaper hands out an unexpected expense.

Local businesses and community leaders come into schools to help with the *Get a Life* game. Students visit with each business to learn what services they offer or products they sell.

The program helps students gain skills to make better financial decisions. They also learn how higher education will help advance their career goals.

Special funding for NetWorth and the *Get a Life* activity is provided by the West Virginia Financial Education Foundation.

For more information on NetWorth, *Get a Life* and other financial literacy opportunities, call the Treasurer's Office at 304-558-5000 or visit www.wvtreasury.com.

During this budget simulation students manage an expense ledger learning to make choices that will affect their financial future.

"This program gives students a realistic look at a typical family budget. The car payment, the house payment, the utility payments and those extra, unexpected expenses are all components of the activity that help teach students about life," said Treasurer Perdue.



Get a Life Gus



Ripley Middle School students line up to purchase furniture.

Board of Treasury Investments



Growing Your Money

The West Virginia Board of Treasury Investments (BTI) manages approximately \$2.8 billion in short-term, fixed income investments. It serves as an investment vehicle for the operating cash of West Virginia state agencies and authorities, local governments and other political subdivisions. 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 managed for the participants' sole benefit. The BTI only invests in fixed income securities and does not invest in equities. Its investment policy objectives put safety first, followed by liquidity of assets and rate of return.

The BTI features three investment pools: West Virginia Money Market; West Virginia Government Money Market; and the West Virginia Short-Term Bond Pool. The first two pools are especially conservative, with the goal of maintaining liquidity to meet the needs of participants while striving to earn a return above inflation. Contributions and withdrawals are allowed daily. Income is also distributed each day. These two pools continue to carry Standard and Poor's AAAM rating, the highest principal stability rating available from the agency.

Tenth Consecutive CAFR Designation

The BTI has been awarded its tenth consecutive Certificate of Achievement for Excellence in Financial Reporting (CAFR) by the Government Finance Officers Association (GFOA).

The CAFR is the highest form of recognition in the area of governmental accounting and financial reporting and its attainment represents a significant accomplishment by a government and its management.

BTI staff members collaborated to produce a report judged by an impartial panel to meet the high standards of the program, including a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users to read the CAFR.

A Decade of Achievement

- The BidWV CD Program was developed by the BTI to invest state dollars back into West Virginia financial institutions. In September 2013, the program surpassed \$1 billion in awards and has consistently outperformed its benchmark by 16 basis points over the one-year period.
- During fiscal year 2008, the BTI received Standard & Poor's AAAM rating for the West Virginia Money Market and West Virginia Government Money Market funds. The funds have received this designation for nine consecutive years.
- Has received the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for ten consecutive years.
- Developed peer group benchmarks to measure performance against similar money market funds. As of June 30, 2016, the BTI ranked first for the WV Money Market fund when compared against 112 institutional funds for the one- and three-year periods.
- As part of the SEC money market reform, the BTI submitted a comment letter to the SEC regarding its potential impact on the State of West Virginia. These comments were referenced in the final ruling.



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— | WEST VIRGINIA | —
**BOARD OF TREASURY
INVESTMENTS**

www.wvbt.org

Members of the Board of Treasury Investments

Earl Ray Tomblin

Governor

John D. Perdue, Chairman

West Virginia State Treasurer

Lisa A. Hopkins

West Virginia State Auditor

Richard C. Donovan, CPA

Appointed by the Governor

Michael L. Glasser, Esquire

Appointed by the Governor

West Virginia Retirement Plus



Planning for the future

West Virginia Retirement Plus is a supplemental retirement plan designed to provide an extra savings alternative for all state, county, city and other political subdivision employees.

During fiscal year 2016 a new firm was selected to manage the West Virginia Retirement Plus plan. With the switch to Empower Retirement, several key benefits are now available for plan participants. In an effort to increase the plan's transparency, all fees are now disclosed and displayed on participant statements. Plan participants also have an additional investment option through Empower. A Roth 457b option was added this year. A managed account service was also added to the investment menu that offers participants lower fees than they may receive with a full service broker.

Retirement Plus Accomplishments

- Nearly 1,000 new participants were enrolled in fiscal year 2016.
- Total assets have increased more than \$125 million since the State Treasurer's Office became the plan administrator in 2006.
- 294 political subdivisions joined the Plan as of June 30, 2016.
- Number of participants grew to more than 16,700.

Plan Statistics as of June 30, 2016

Total Contributions for FY2016	16.7 M
Total Net Earnings for FY2016	4.6 M
Total Withdrawals/Distributions for FY2016	13.6 M
Total plan assets	193.7 M

More ways to save

Those who save through West Virginia Retirement Plus have contributions conveniently deducted from their paychecks, lowering taxable income. The plan also offers an array of investment options to fit several investment styles. Visit www.wv457.com for more information.

Treasurer gets behind saving

Every year in October, Treasurer Perdue promotes National Save for Retirement Week by urging West Virginians to save whenever and however possible.

“Let me be clear,” the Treasurer said, “I acknowledge saving isn’t possible under some circumstances. But I remember my dad putting something away on a regular basis. Sometimes it wasn’t fun.”

Americans’ personal saving rate was less than 5% in August 2015. Personal saving as a percentage of disposable personal income (DPI), frequently referred to as “the personal saving rate,” is calculated as the ratio of personal saving to DPI.

Saving is common sense, the Treasurer said. Borrowing leads to a hole that might take years to dig out of, or result in bankruptcy, which has obvious and lasting effects on one’s financial future.

Among public employees, the Treasurer’s Office offers a solution to the savings dilemma – West Virginia Retirement Plus. Retirement Plus is the state’s official retirement savings plan. It offers a broad array of investment options and attractive tax breaks. In addition to state employees, nearly every county in the state makes the plan available to its employees.

Regardless of the plan you choose, Treasurer Perdue encourages savings.

“If West Virginia Retirement Plus is not available, then find a savings vehicle which meets your needs and stick with it,” the Treasurer said. “It’s not easy but the rewards are great.”

Reduce Your Current Taxable Income

Hypothetical Illustration	After-Tax	Before-Tax
Semi-monthly pay	\$ 1,250	\$ 1,250
Pre-tax contribution	N/A	-25
Income subject to tax	1,250	1,225
Federal (10% withholding bracket)	-60	-57
State	-39	-38
FICA	-53	-53
Medicare	-18	-18
Net Income	1,080	1,059
After-tax contribution	-25	N/A
Spendable Income	1,055	1,059

Revenue Collections



Securing Your Money

The Cash Management Division of the West Virginia State Treasurer's Office processes all state receipts and disbursements. Duties of this Division include managing the state's operating fund, performing cash reconcilements and processing checks. In all, Cash Management oversees more than \$13 billion in state government receipts on an annual basis.

Revenue Collections

The types of monies received by the state include:

- **Federal Funds** – West Virginia receives over half its funds from the federal government in the form of direct appropriations, grant awards and special program support.
- **Tax Payments** – Individual, corporate and government tax payments are collected by the State Tax Department and held and/or distributed by the State Treasury.
- **Licensing and Services** – Many licensing and state services require payments to the state.
- **Fees and Fines** – Many fees and fines are collected by the state to support various areas of government.
- **Higher Education** – Tuition and fees collected from students support the state's colleges and universities.
- **Lottery Sales** – The state receives revenue from the sales of lottery tickets, video lottery and table gaming.
- **Agency Revenues** – Revenues collected by a state agency are deposited with the State Treasurer's Office for credit to the agency's appropriate account.

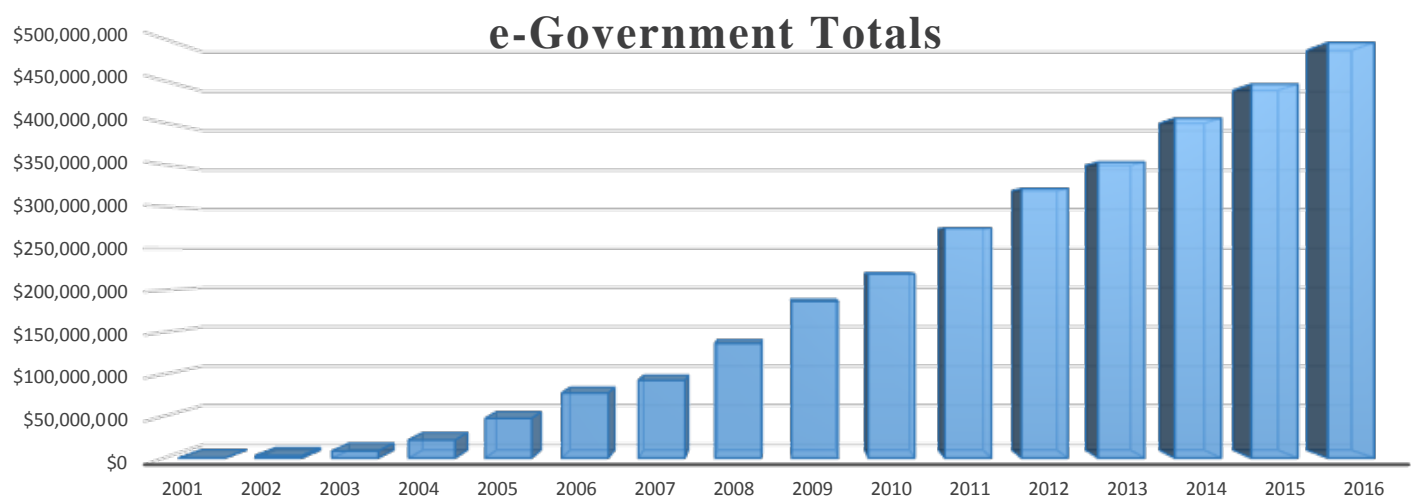
Deposit Methods

- **Direct Deposits/Payments to the state by ACH** – The federal government, large dollar taxpayers, and various businesses make payments by sending a direct deposit to the state’s bank account. The Treasurer’s Office will also debit individuals and collect monies for most large agencies.
- **Wire Transfers** – Large dollar items can be transmitted to the bank by using wire transfers. This allows the funds to be deposited instantaneously.
- **Credit Card Payments** – The state collects credit card payments in person with a point of sale (POS) terminal and over the internet for many of the state agencies and schools.
- **Checks and Cash** – Payees may hand deliver cash and checks or mail their checks to the state office where they make their payment.

e-Government

A growing number of state revenue collections are processed through the State Treasurer’s e-Government program. Payments are remitted with the use of credit cards, debit cards or ACH. The program collected approximately \$497.5 million in fiscal year 2016, a six percent growth from the previous year.

Leading the way in dollar amount was the Municipal Bond Commission, which uses the system to pay state agency bondholders their interest. West Virginia University students use e-Government services to pay tuition and hunters and fishermen buy licenses which are processed through e-Government’s secure portals. E-Government totals have increased each year since the program’s inception.



Revenue Disbursements



Managing Your Money

The State Treasurer’s Office issues payments to state employees, vendors and other entities that do business with the state. In addition, the office is responsible for disbursing revenue generated by taxes and fees collected by state agencies. Counties and municipalities are allocated funds based on the designation in state code.

Revenue Disbursements for Fiscal Year 2016

Coal County Reallocation Severance Tax Distribution.....\$7,774,284.54

West Virginia law provides for the reallocation and dedication of a portion of the tax attributable to the severance of coal for the use and benefit of the county in which the coal was located at the time it was severed from the ground.

Coal Severance Tax Distribution.....\$19,782,145.65

While not every county in West Virginia produces coal, all counties receive a severance tax paid by the coal industry. Coal producing counties receive 75 percent of the net proceeds. The remaining 25 percent of the net proceeds are distributed to all counties and municipalities of the state, based on population.

***See a county breakdown of coal severance tax distributions on page 29.**

Waste Coal Tax Distribution\$687,068.41

West Virginia law allows for coal produced from processing material contained in refuse, gob piles, slurry ponds, pond fines or other sources of waste coal to be subject to the annual privilege tax imposed on the severance of coal. Monies from the waste coal-producing counties are distributed annually to the counties in which the sources of waste coal are located.

Coalbed Methane Gas Severance Tax Distribution.....\$426,588.36

West Virginia law provides for the collection and distribution of severance tax on coalbed methane gas. A portion of this tax is dedicated for the use and benefit of economic development entities and county commissions within West Virginia.

Greenbrier Table Games.....\$379,850.51

The Greenbrier Lottery calculations are completed by the Lottery Commission. The payments are deposited directly into the bank accounts of counties and municipalities each month.

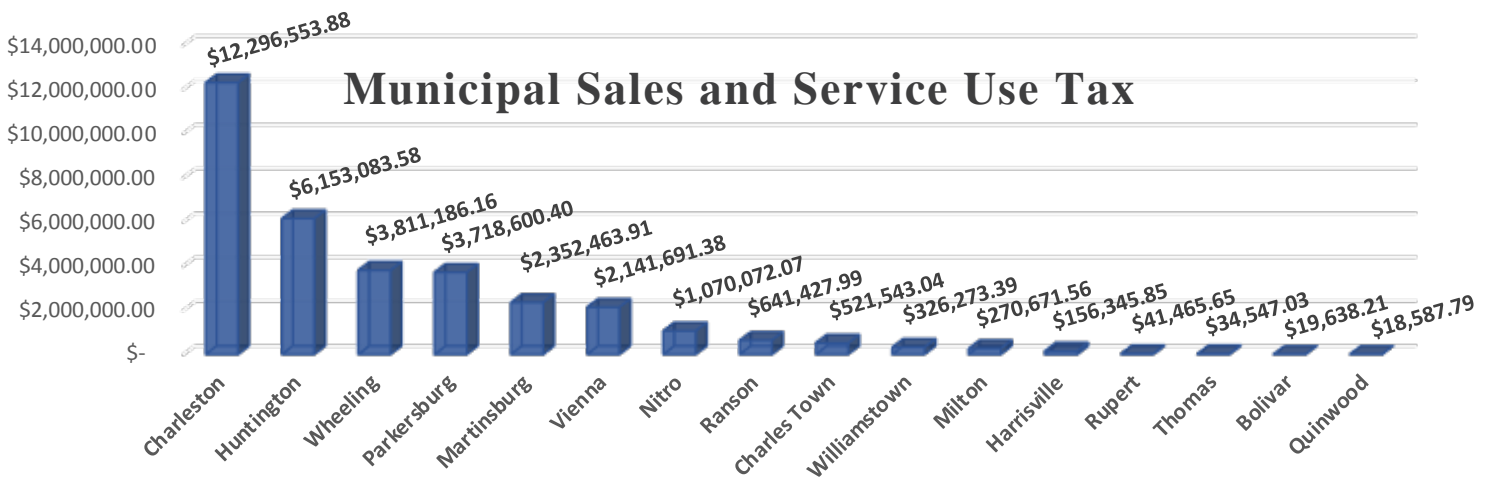
Limited Video Lottery Distributions.....\$7,122,733.21

The Limited Video Lottery calculations are completed by the Lottery Commission. The payments are deposited into various county and municipality bank accounts each month.

Municipal Sales and Service Use Tax.....\$33,574,151.89

The West Virginia Legislature passed a law in its 2010 second Special Legislative Session which created the Municipal Sales and Service Tax and Use Tax Fund, which is an interest bearing account and shall be invested in the manner described in state code. All monies collected and deposited in the fund shall be remitted at least quarterly by the State Treasurer to the appropriate municipality.

***See the municipal sales and service use tax breakdown in the chart below.**



Oil and Gas Severance Tax Distribution\$10,318,221.21

West Virginia law provides for the collection and distribution of a severance tax on oil and gas. The oil and gas severance tax is dedicated for the use and benefit of the counties and municipalities within West Virginia.

Regional Jail Fund Distribution\$3,670,323.11

Revenues deposited into this fund are composed from fees collected by magistrate and circuit courts. The State Treasurer’s Office has the responsibility of receiving the collection of these fees and disbursing the funds to counties and cities that participate in the regional jail system to help offset the costs of incarcerations. This is an annual distribution.

Table Games Distribution\$9,929,573.23

The table games calculations are completed by the Lottery Commission. The payments are deposited directly into the bank accounts of various counties and municipalities each month.

Volunteer Fire Department.....\$20,332,009.82

In order to maintain fire departments and provide firefighting equipment and training, additional revenue has been allocated from a .55 percent surcharge imposed on fire and casualty insurance policies issued in West Virginia. All of the funds collected from this surcharge go to Volunteer Fire Departments.

An additional one percent is allocated to 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 of this one percent surcharge goes to Volunteer Fire Departments.

Wine, Liquor and Private Club Tax Distribution.....\$9,569,686.98

West Virginia code requires the Tax Commissioner to collect various taxes on the sale of intoxicating liquors. After collections, the Tax Commissioner transfers these tax dollars to the State Treasurer’s Office for distribution each quarter. This distribution is reported on a cash basis.

Coal Severance Tax Distribution by County

County	Severance	County	Severance
Barbour County	\$167,349.88	Mineral County	\$53,905.29
Berkeley County	\$233,322.94	Mingo County	\$746,992.71
Boone County	\$1,488,586.47	Monongalia County	\$603,041.41
Braxton County	\$97,257.13	Monroe County	\$32,545.73
Brooke County	\$33,068.25	Morgan County	\$44,197.87
Cabell County	\$120,448.57	Nicholas County	\$184,823.70
Calhoun County	\$19,032.38	Ohio County	\$869,403.06
Clay County	\$23,958.81	Pendleton County	\$18,784.56
Doddridge County	\$19,870.02	Pleasants County	\$13,042.00
Fayette County	\$313,389.40	Pocahontas County	\$19,156.25
Gilmer County	\$18,846.52	Preston County	\$70,766.70
Grant County	\$357,880.80	Putnam County	\$111,592.27
Greenbrier County	\$191,259.79	Raleigh County	\$1,153,384.67
Hampshire County	\$58,613.57	Randolph County	\$54,180.00
Hancock County	\$30,331.65	Ritchie County	\$17,526.67
Hardy County	\$30,194.30	Roane County	\$33,458.86
Harrison County	\$105,896.51	Summers County	\$30,304.74
Jackson County	\$59,480.85	Taylor County	\$512,732.77
Jefferson County	\$109,717.58	Tucker County	\$10,520.86
Kanawha County	\$1,127,818.87	Tyler County	\$16,233.78
Lewis County	\$31,926.20	Upshur County	\$142,313.39
Lincoln County	\$292,155.39	Wayne County	\$145,658.35
Logan County	\$1,422,737.02	Webster County	\$0*
McDowell County	\$506,339.95	Wetzel County	\$22,695.57
Marion County	\$2,057,561.27	Wirt County	\$13,182.06
Marshall County	\$3,260,218.37	Wood County	\$110,366.71
Mason County	\$52,262.23	Wyoming County	\$650,880.33
Mercer County	\$142,462.36		

*Distribution delayed, paid in FY 2017

Cash Handling Conference



Learning Opportunities For State Employees

The West Virginia State Treasurer's Office held the third annual Cash Handling Conference this past spring where more than 100 state and local financial professionals gathered at The Resort at Glade Springs in Raleigh County.

The April conference was titled *The Cash is Right*. The conference was designed to introduce best practices and review guidelines for staff members in state and local government who handle cash or collect revenue. More than 55 state and local agencies, including colleges and universities, were represented at the conference.

"In this age of financial fraud, identity theft and cyber-crimes, it's essential that these state and local workers, especially those who handle cash or credit card payments, are properly trained with strong practices and security measures," said Treasurer Perdue.

Again this year, one of the most important sessions dealt with Payment Card Industry (PCI) compliance, which ensures that state employees have procedures in place to protect financial data.

"I can't stress enough the importance of frequent and complete PCI compliance training. We feel it's



State employees learn about PCI compliance during this Cash Handling Conference session.

our responsibility to help state and local financial professionals be as prepared as they can be in this area,” said Misty Price, Deputy Treasurer of Cash Management and conference presenter.

In addition to PCI compliance training, highlights of *The Cash is Right* sessions included:

- Cash Management update
- Understanding and utilizing eGovernment
- Preparing for an Audit
- The wvOASIS business intelligence
- Unclaimed property and stale dated checks
- Fraud protection
- Investment education
- Security and records management



Updating The Way We Communicate

An interactive polling approach was utilized during the 2016 Cash Handling Conference to encourage audience participation. In a few select sessions, conference attendees were asked to use audience response keypads providing live feedback via real time polling data. Session presenters used the polling device to provide ice breakers to kick off a session, as well as to test audience perception and comprehension of materials presented.

“I am always looking for ways to be on the cutting edge of technology,” said Treasurer Perdue. “Being able to add this piece to our presentations allowed for our audience to be engaged throughout the entire presentation.”

Where is My Payment?

To assist with payment questions, the Treasurer’s Office Cash Management Division offers the payment hotline.

By calling the free payment hotline, you will be connected to knowledgeable staff who can also assist with questions regarding charges on your credit card, debit card or bank statement.

Call the check hotline at:
866.243.9010 or 304.558.3599

Debt Management



Monitoring Your Money

One of the most important measurements of debt for a state, city, county or any other municipal bond issuer is the amount of outstanding net tax supported debt. The State of West Virginia ended fiscal year 2016 with a net tax supported debt outstanding of \$1.60 billion.

General Obligation Bonds

Approximately \$312.7 (net) million of West Virginia's outstanding net tax supported debt for fiscal year 2016 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.

Revenue Bonds

Revenue bonds make up more than \$935.5 million (net) of West Virginia's net tax supported debt. A revenue bond is typically supported by the revenue from a specific project. For example, a bond issue for dormitory renovations at a college or university may be supported by certain student fees. The revenue bonds included in net tax supported debt are unique since the revenue source for repayment of the bonds is not tied to a specific project directly linked to the bond issues. The issuing authorities included in this section are the Economic Development Authority, the Higher Education Policy Commission, the School Building Authority and West Virginia Infrastructure & Jobs Development Council.

Leases

The State of West Virginia depends on lease obligations to finance capital improvements, large purchases of computer equipment, vehicles and many other projects. There was approximately \$353.2 million in lease obligations outstanding at the end of fiscal year 2016.

***See Debt Outstanding Graphic on next page.**

Treasurer Announces Bond Savings

During fiscal year 2016, the West Virginia School Building Authority took advantage of historically low interest rates and issued \$63.6 million in Excess Lottery Refunding Revenue Bonds. The proceeds provided for a partial advance refunding and “new money” for Brooke County Middle School. The bonds were dated November 19, 2015 with a True Interest Cost (TIC) of 2.48%.

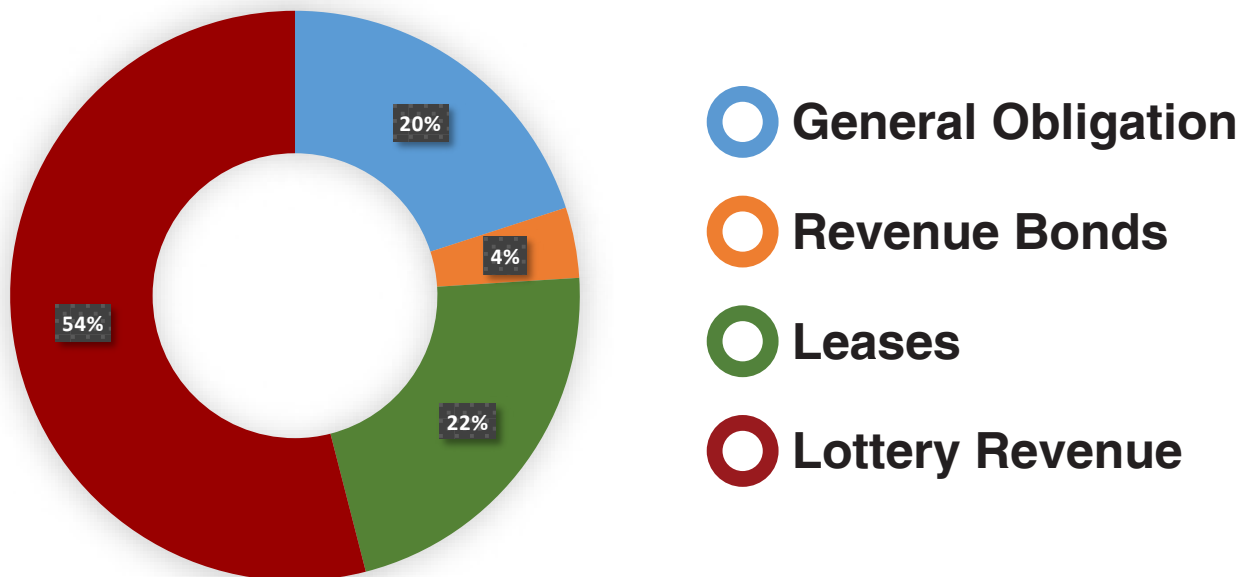
The issue received a rating of AAA from Standard & Poor’s, an A1 from Moody’s, and an A+ from Fitch. The cost of issuance was \$232,250 which does not include the Underwriter’s discount of \$237,603. The Underwriters were Citigroup Global Markets Inc., Piper Jaffray & Co., and Bank of America Merrill Lynch.

**STANDARD
& POOR’S**

FitchRatings

MOODY’S

Debt Outstanding Fiscal Year 2016



Financial Highlights



Assets Under Management

For the Year Ended June 30, 2016

These assets include those of the State Treasurer's Office and those of other entities for which the State Treasurer's Office is responsible for managing or overseeing.

Total Board of Treasury Investments	2,846,331,000
West Virginia College Prepaid Tuition and Savings Program	2,309,324,000
Unclaimed Property	236,072,000
Securities held in Safekeeping	100,075,000
West Virginia Retirement Plus	<u>193,759,000</u>
Total Assets Under Management	\$5,685,561,000

Disclaimer: The financial information in this report includes data extracted from the audited financial statements of the West Virginia Board of Treasury Investments and the West Virginia College Prepaid Tuition and Savings Program. All other financial information has not been audited by an independent certified public accounting firm. The financial data is management's best representation of the activities of the programs, funds and accounts for which the State Treasurer's Office is responsible. The presentation of the data is not intended to conform to accounting principles generally accepted in the United States of America.

Fund Revenues & Inflows

For the Year Ended June 30, 2016

Board of Treasury Investments:

Net investment increase from operations.....	\$18,106,000
Participant purchases, contributions & reinvestments	9,944,131,000
Operating Fund revenues & gains.....	<u>2,782,000</u>
Total Board of Treasury Investments	9,965,019,000

West Virginia College Prepaid Tuition and Savings Program:

Prepaid Tuition Trust Fund net revenues.....	1,044,000
College Prepaid Tuition and Savings Program Administrative Account	1,364,000
Savings Plan Trust Fund:	
Net investment loss.....	(26,135,000)
Contributions.....	<u>187,385,000</u>
Total West Virginia College Prepaid Tuition and Savings Program.....	163,658,000

West Virginia Retirement Plus:

Contributions.....	16,774,000
Net investment gain	<u>4,675,000</u>
Total West Virginia Retirement Plus.....	21,449,000

Unclaimed Property:

Holder Remittances.....	21,600,000
Stale Dated Checks	<u>8,100,000</u>
Total Unclaimed Property.....	29,700,000

All other funds and accounts overseen by the State Treasurer's Office:

Collections	228,031,000
Appropriations	3,210,000
Transfers	<u>60,578,000</u>
Total other funds and accounts	291,819,000

Total Revenues & Inflows **\$10,471,645,000**

Fund Outflows

For the Year Ended June 30, 2016

Board of Treasury Investments:

Participant distributions, redemptions & withdrawals..... \$10,292,597,000

Operating Fund expenses 2,651,000

Total Board of Treasury Investments 10,295,248,000

West Virginia College Prepaid Tuition and Savings Program:

Prepaid Tuition Trust Fund expenses 1,853,000

College Prepaid Tuition and Savings Program Administrative Account expenses..... 1,119,000

Savings Plan Trust Fund:

Participant redemptions 187,296,000

Administrative expense..... 6,246,000

Total West Virginia College Prepaid Tuition and Savings Program..... 196,514,000

Unclaimed Property:

Claims paid 13,900,000

Transfers 16,000,000

Administrative expense..... 4,300,000

Total Unclaimed Property..... 34,200,000

West Virginia Retirement Plus:

Total distributions & withdrawals 13,875,000

All other funds and accounts overseen by the State Treasurer's Office:

Transfers 124,482,000

Distributions..... 119,577,000

Disbursements..... 27,409,000

Total other funds and accounts 271,468,000

Total Expenses & Outflows..... \$10,811,305,000



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