

A low-angle photograph of the West Virginia State Capitol dome, showing its ornate gold leaf exterior and the statue of Liberty atop the spire. The dome is set against a clear blue sky. A large, white, semi-circular graphic element arches over the dome, containing the text "STATE TREASURER" and two white stars.

STATE TREASURER

2017 West Virginia
State of the Treasury

Table of Contents



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 2017.

A Message from the Treasurer.....	2
About the Office	4
Unclaimed Property	6
SMART529 College Savings.....	10
Financial Education	13
The Board of Treasury Investments.....	14
West Virginia Retirement Plus.....	15
Cash Management	16
Revenue Collections	17
Revenue Disbursements	18
Debt Management	21
Financial Highlights.....	22

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





A letter from Treasurer John D. Perdue

Fighting for what belongs to you

Insurance battle bears fruit; other programs thrive



Perdue

I am proud to say that despite tight times, we thrived in the area of consumer protection, notably in the quest to ensure life insurance companies pay out benefits or surrender assets as unclaimed property.

By the end of the fiscal year we had received an all-time total of \$16.4 million in reported life insurance policy proceeds to the Unclaimed Property division. That is a more-than-five-fold increase in that number since the beginning of fiscal 2012.

That's the year our office began litigation against certain insurance companies, alleging some companies were not paying out policies and keeping the assets.

Litigation continues with some companies today, but past legislative and judicial victories have spurred companies to report rightful owners' assets. For that we are grateful, vowing to do all we can to reunite loved ones with benefits meant for them.

For the second consecutive fiscal year

my office averaged a return of more than \$1 million a month in total unclaimed property, finishing the year with \$12.4 million returned to rightful owners. We continue to look for new methods of returning assets to proper owners.



Gary Cohen planned to use a \$169,000 unclaimed property check to pay off the mortgages of daughters Brooke (pictured) and Brittany.

In other areas of progress, e-Government allows those who do business with the state to process electronic payments using credit cards, debit cards or ACH (Automated Clearing House). We accepted \$504 million in payments for various state agencies.

Two of the largest agencies benefiting from the e-Government system are the Municipal Bond Commission and West Virginia University. The Municipal Bond Commission collections through e-Government amounted to \$125 million. Close behind was West Virginia University that collected \$109 million in tuition and other fees.



A letter from the Treasurer

As of June 30, our Board of Treasury Investments ranked first for the West Virginia Money Market fund when compared against 316 institutional funds for the one-, three- and five-year periods. The BTI serves as the investment arm for the state's operating funds, which are invested in short-term, fixed investments.

In the area of supplemental retirement, 304 political subdivisions have joined West Virginia Retirement Plus, including nearly every county commission and 109 municipalities. The total number of participants has grown to more than 17,221 members with \$219 million in total assets.

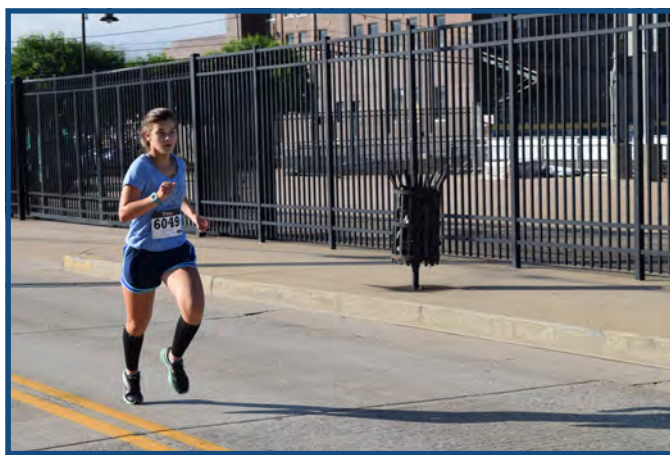
SMART529, the state's officially sanctioned college savings plan, cut fees by .23%, in the WV Direct Plan's popular newborn to eight-year-old portfolio. That represents roughly a three-quarters cut, or 74 percent. All 12 portfolios in SMART529 WV Direct experienced fee reductions.



One of Treasurer Perdue's administration cornerstones has been pointing the way toward the office's SMART529 savings plan.

A joint venture between this office and Mission West Virginia resulted in more college savings money for

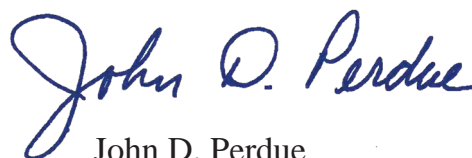
children adopted out of foster care. Mission West Virginia chose the twelve children after an application process. The children each received \$1,200 invested in SMART529 accounts from money raised in the spring during our annual SMART5.29K Run/Walk.



Caitie McKinney won her 13- to 19-year-old age group at the 2017 SMART5.29K run/walk, held to raise college savings funds for adopted children.

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

The State Treasurer's Office Past and present

The Treasurer's Office is one of six offices mandated by the 1863 Constitutional Convention held in Wheeling. The Treasurer's chief functions are taking in revenue and paying out invoices; investing some \$3 billion in short-term operating assets through the state Board of Treasury Investments; administering the state's Unclaimed Property Division; and other programs which benefit constituents. The office is also tasked with keeping close watch over the state's debt.

A treasured history

The Treasurer's vault, an iconic fixture in the Treasury's Capitol reception area, features a 16-ton door and layers of reinforced Wheeling steel and concrete. At the height of the Great Depression, the vault area had to be guarded with loaded machine guns and barbed wire atop the structure, to fend off the era's notorious bank robbers.

No way I'm moving in there

Former Treasurer W.S. Johnson demanded extra vault security before moving into the present Capitol building. He had his reservations, to say the least.

In a June 1925 Clarksburg Exponent article, Johnson said, "... On account of the failure of those in charge of the construction of this building to provide a safety or burglar proof vault for the Treasury Department, I have decided to remain in my present quarters in the Capitol annex building where the state heretofore provided a good vault for the use of this department.

"... If satisfactory arrangements can be worked out for the construction of a vault for the Treasury Department on the first floor of the present building, well and good, but if not, it should be constructed on the first floor of the next office building, and in the meantime the Treasury Department remain in its present quarters where a fairly good vault is provided by the state."



Treasurer W.S. Johnson greets a Wheeling banker shortly after the 1932 installation of a new vault. The vault remains today.

A 1927 fire destroyed the "Capitol annex," a flimsy structure downtown. The fire occurred roughly the same time workers were finishing the present East Wing, where his vault would be located.

Workers started on the West Wing in 1924 and the East Wing in 1926-27. The building was dedicated in 1932.

Johnson eventually moved and received what he wanted from a security standpoint, a vault marked by a 16-ton door – the same one in use today. Johnson convinced architect Cass Gilbert and others that the extra \$28,000 was worth it.



About the Office

The annex was the third Capitol building to occupy Charleston since statehood and the second to burn. Jokesters called the wooden 1921-1927 building the “Pasteboard Capitol.” Its predecessor structure from 1885-1921 also met a fiery doom.

MONTH OF SEPTEMBER, 1924
TREASURER'S SUMMARIZED FINANCIAL STATEMENT
STATE OF WEST VIRGINIA

	Balance Sept. 1, 1924	Receipts	Disbursements	Balance Sept. 30, 1924
*State Fund	\$ 1,022,729.57	234,918.24	761,019.76	496,628.05
*State Fund, Special	279,525.18	70,278.21	46,716.97	299,150.97
*State Fund, Tax Com'n, Districts, Municipalities	111,763.63	5,854.88	815.85	116,802.66
General School Fund	899,708.45	117,065.61	39,163.05	977,610.01
State Road Fund	1,447,541.23	232,656.13	1,091,972.33	588,225.03
State Road Bond Fund No. 1	1,007,262.34	544.57		1,007,806.91
State Road Bond Fund No. 2	1,897,332.82	61,741.50	1,328,007.12	2,631,077.20
The School Fund	5,050.00			5,050.00
State Road Sinking Fund	513,298.75	837,138.42	732,000.00	588,436.17
State Interest and Sinking Fund	8,605.23	1,400,087.84	1,314,507.84	94,285.23
State Interest and Sinking Fund	94,708.55	15,028.00	922.28	109,714.27
Sinking Fund, Virginia Debt	39,698.77	382,864.80	315,724.63	106,838.94
Workmen's Compensation Fund				
Grand Total Cash Balance	\$ 12,830,226.40	3,857,374.21	5,613,602.86	\$ 10,074,007.75
Amount of the School Fund Invested				996,200.00
Amount of Workmen's Compensation Fund Invested				12,045,000.00
Grand Total Balance, including Investments				\$ 22,015,207.75

\$10,000,000.00 of the \$10,000,000.00 State Road Bonds have been authorized and sold; \$22,673,405.75 of this amount has been spent, leaving a balance in the treasury of \$7,326,594.25.
*The only Funds available for ordinary State expenses, all other Funds for specific purposes indicated by their titles.

Treasurer's Office financial statement from 1924

Wheeling was the state's first capital city, from 1863 to 1870 and again from 1875 to 1885. Charleston claimed the title from 1870 to 1875 and from 1885 until the present building opened to some West Wing offices in 1925.

Johnson did not get to enjoy the benefits of the new, super-reinforced space for long. He lost re-election in 1932. Johnson served from 1916 to 1932.

Your State Treasurer

John Perdue is the 24th State Treasurer in West Virginia history. After serving as a Deputy Agriculture Commissioner and two terms as an executive aide to former Gov. Gaston Caperton, Treasurer Perdue assumed the Treasurer's Office in January of 1997.

The Treasurer is the longest-serving in state history, presently in his sixth term. In addition to day-to-day office responsibilities, the Treasurer oversees the Board of Treasury Investments, the SMART529 College

Saving Plan, Unclaimed Property and West Virginia Retirement Plus, the state's deferred compensation plan.

Additionally, Treasurer Perdue is also a past president of both the National Association of State Treasurers (NAST) and the National Association of Unclaimed Property Administrators (NAUPA). NAUPA has also presented him with its lifetime achievement award.

Longest-serving State Treasurers

John Perdue (D-Kanawha)

1996 - present

Richard E. Talbott (D-Barbour)

1932 - 1950

W.S. Johnson (R-Fayette)

1916 - 1932

John H. Kelly (D-Kanawha)

1960 - 1975

Larrie Bailey (D-Marion)

1976 - 1984, 1990 - 1996



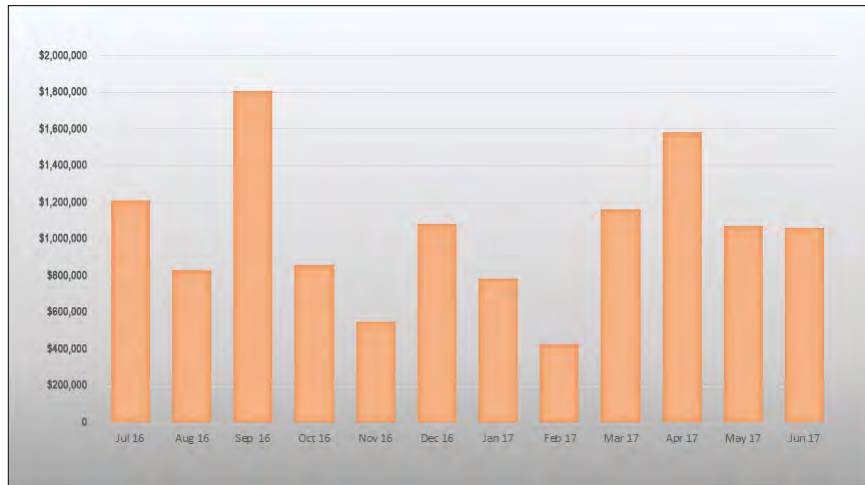
Unclaimed Property

The West Virginia State Treasurer's Office has long been a national leader in the return of unclaimed property, using a variety of means to return more than \$168 million during Treasurer Perdue's tenure.

Fiscal 2017 was no exception. The Unclaimed Property Division returned \$12.4 million for the fiscal year, meeting its \$1 million-a-month goal. The year saw continued advancements in the filing of electronic claims, the generation of automated e-mails to rightful owners and another legal victory in the Treasurer's quest to see life insurance proceeds either paid or submitted as unclaimed property.

More than \$12 million returned

The division returned \$12.4 million in the 2017 fiscal year ending June 30. The total came on 8,112 claims. The \$12.4 million returned is not much off pace with fiscal 2016's return of \$13.8 million, the second-highest on record.



A month-by-month look at unclaimed property returned in FY2017

Holders of unclaimed property reported \$30 million on 5,104 receipts. Examples of holders are banks, businesses and other entities which complied with the law in reporting unclaimed property to the Treasury.

Unclaimed property holders must report the last known address for that person. Rightful owners are found

through the efforts of field representatives, two published newspaper inserts a year, and a well-maintained website at www.wvtreasury.com.

Another tool the office uses to contact unclaimed property holders is an automated letter system. Many owner addresses are outdated. The system compares reported owner addresses, with addresses in a database. If there are updated addresses for owners, a letter is automatically generated and sent to the updated address.

That proactive approach netted 131 claims filed, totaling more than \$100,000. "We greatly look forward to expanding that program," the Treasurer said. "That will

be a keen focus as we enter fiscal 2018."

Technology also allowed the division to process 3,954 e-claims worth \$2 million. More people filed e-claims by far than any other method. An e-claim may be filed by going to www.wvtreasury.com

and following prompts. The e-claim system is designed for smaller, individual claims filed by West Virginia residents. Claimants enter identifying information such as a West Virginia driver's license number and social security number. Claims are transmitted electronically, with no paper required.

Treasurer continues insurance fight

On the unclaimed property legal front, Treasurer Perdue received another victory in his effort to return unclaimed



Unclaimed Property

insurance funds to rightful owners. A West Virginia circuit court denied a motion to dismiss the lawsuits filed by Treasurer Perdue for unclaimed life insurance policies.

Treasurer Perdue originally filed suit against more than 60 insurance companies in 2012. Perdue took his fight to the West Virginia Supreme Court of Appeals and, in 2015, the Supreme Court ruled that insurers had a duty to identify deceased policy holders, locate beneficiaries, and pay out policies or turn over policy proceeds to the state as unclaimed property.

The case was remanded back to circuit court for further resolution. Since then, many cases have been in limbo. Other insurance agencies have settled or have been in settlement discussions. This most recent decision allows all pending cases to move forward.

"This strengthens our position and reaffirms the Supreme Court's ruling," said Treasurer Perdue. "I just want people to have what is rightfully theirs. Now we can get back to the table and work on resolving these cases for the good of West Virginia consumers."

In addition to the current court cases, over the past two years Treasurer Perdue fought against proposed legislation that threatened to strip West Virginia insurance beneficiaries of their rights as defined by the State Supreme Court. Treasurer Perdue strongly opposed what became known as the "Grave Robber Bills." These bills, if passed, would have allowed insurance companies to refuse to search for deceased policy holders or locate beneficiaries.

Live auctions a big hit

Unclaimed property is also auctioned, either by yearly State Fair auctions or by online auctions.



John Mullenax of the Unclaimed Property Division helps a fair attendee search for lost assets.

People attending the State Fair of West Virginia once again had the chance to bid on a variety of collectibles, knives, jewelry, coins, and more, all comprised of items taken from safe deposit boxes. The West Virginia State Treasurer's Office Unclaimed Property Division conducted six live auctions in the West Virginia Building at the fairgrounds in Fairlea.

"We've held live auctions with great success and are looking forward to doing it again," said Treasurer Perdue. "We want to show people a sample of what we are holding in unclaimed property to create more interest in checking our database and bidding on items in our online auctions."

Kanawha leads totals

The state's most populous county again led West Virginia in unclaimed property returned. Surprisingly, residents of some smaller counties also saw a handsome collective return.

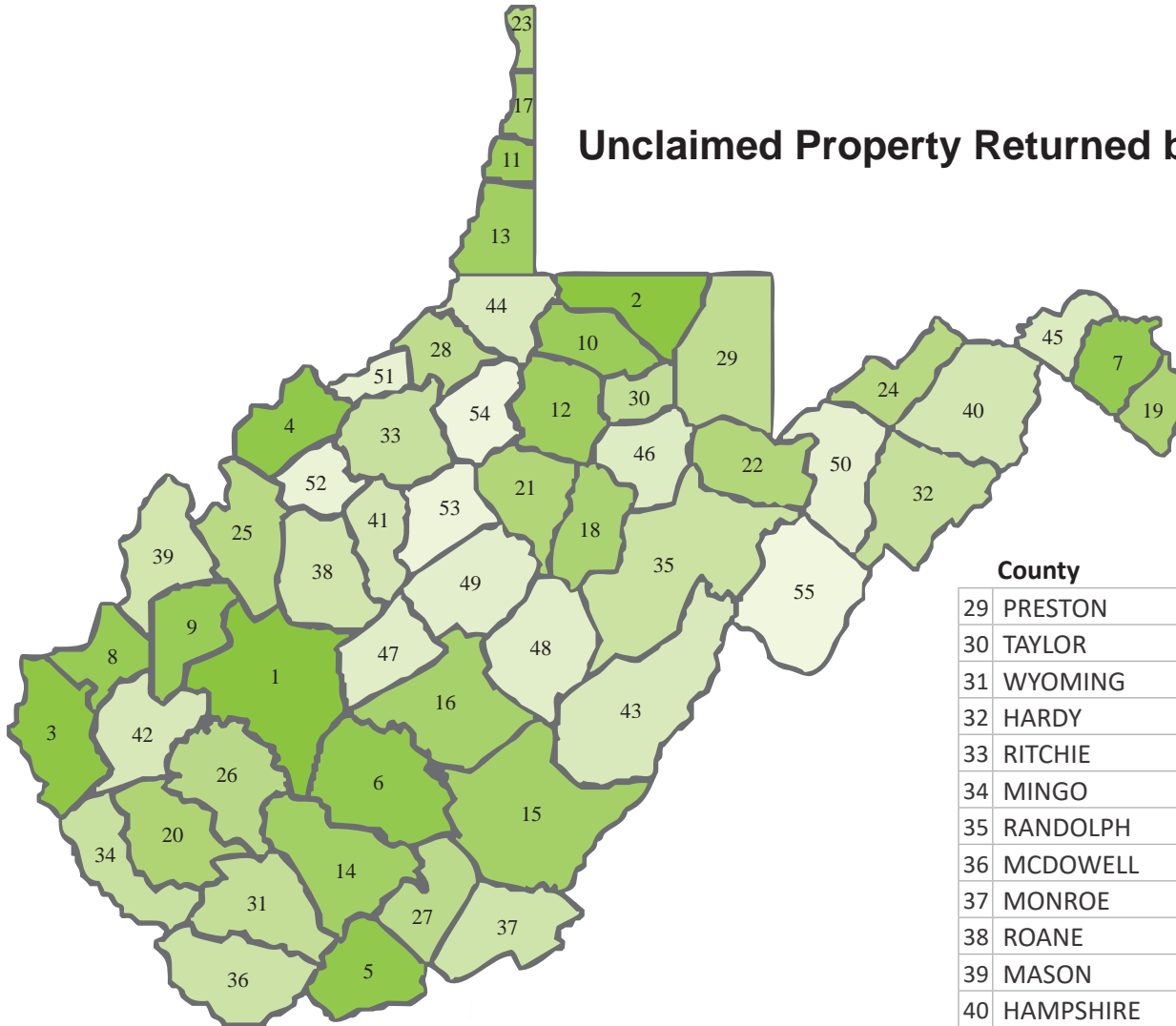
(See county-by-county breakdown on the next page.)

Continued



Unclaimed Property

Unclaimed Property Returned by County



	County	Claims	Total
29	PRESTON	92	\$43,632
30	TAYLOR	40	\$42,326
31	WYOMING	53	\$42,043
32	HARDY	33	\$38,813
33	RITCHIE	31	\$28,938
34	MINGO	60	\$28,365
35	RANDOLPH	67	\$27,892
36	MCDOWELL	33	\$24,710
37	MONROE	55	\$24,492
38	ROANE	53	\$20,034
39	MASON	67	\$19,370
40	HAMPSHIRE	48	\$19,259
41	CALHOUN	20	\$18,401
42	LINCOLN	58	\$17,689
43	POCAHONTAS	21	\$17,506
44	WETZEL	45	\$16,524
45	MORGAN	41	\$16,004
46	BARBOUR	22	\$14,496
47	CLAY	28	\$14,458
48	WEBSTER	22	\$14,281
49	BRAXTON	40	\$13,157
50	GRANT	22	\$10,548
51	PLEASANTS	19	\$10,247
52	WIRT	16	\$7,748
53	GILMER	20	\$7,029
54	DODDRIDGE	17	\$4,160
55	PENDLETON	21	\$3,895

County	Claims	Total	County	Claims	Total
1 KANAWHA	1,269	\$2.3M	15 GREENBRIER	100	\$144,333
2 MONONGALIA	394	\$515,161	16 NICHOLAS	87	\$140,878
3 WAYNE	142	\$437,663	17 BROOKE	84	\$140,425
4 WOOD	264	\$362,528	18 UPSHUR	66	\$139,112
5 MERCER	185	\$301,360	19 JEFFERSON	199	\$132,106
6 FAYETTE	180	\$266,274	20 LOGAN	174	\$103,141
7 BERKELEY	368	\$262,175	21 LEWIS	76	\$99,409
8 CABELL	393	\$257,863	22 TUCKER	16	\$95,562
9 PUTNAM	292	\$229,035	23 HANCOCK	127	\$79,128
10 MARION	194	\$228,442	24 MINERAL	69	\$73,870
11 OHIO	203	\$221,861	25 JACKSON	142	\$66,719
12 HARRISON	247	\$218,216	26 BOONE	94	\$64,941
13 MARSHALL	98	\$161,649	27 SUMMERS	36	\$56,482
14 RALEIGH	269	\$152,895	28 TYLER	22	\$48,634



Unclaimed Property



Treasurer Perdue presents a \$2,000 unclaimed property check to the Hurricane High Band Boosters.

Kanawha County residents received a total of \$2.3 million. Monongalia residents checked in at \$515,161. Kanawha is routinely the leader in unclaimed property returned to its citizens.

“We’re happy to provide state residents with a report of unclaimed assets we distributed, county-by-county,” Treasurer Perdue said. “We strive to be as transparent as possible in our dealings with our residents, most of whom need all the windfalls they can get in these tough times.”

Unclaimed property returned totals take into account the following: cash; stock dividends left uncashed; proceeds from abandoned stock that the Treasury is obligated by law to liquidate; left-behind safe deposit box contents; and a small amount of interest paid, up to three years, on certain assets turned over to the Treasury.

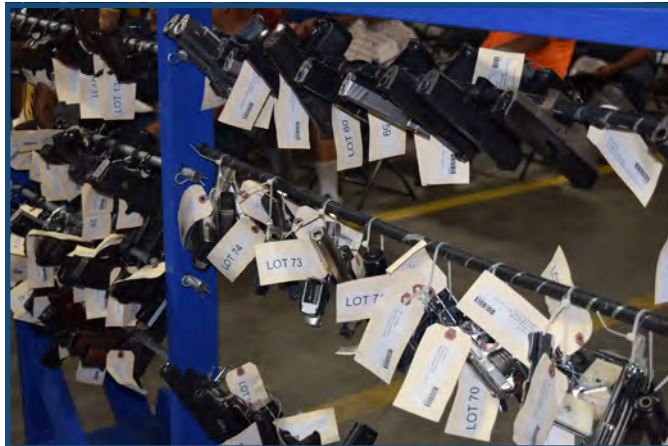
Residents due unclaimed property have become unintentionally separated from their financial assets. Unclaimed property does not refer to real estate. “Holders” of unclaimed property, such as banks and other businesses, are required by law to report assets

left behind with them, so that Treasurer Perdue’s office may go about finding rightful owners.

Firearms auctions benefit police

Twice a year, the Treasurer’s Office holds auctions to benefit law enforcement agencies, by selling off firearms and other items seized by law enforcement. Such law agencies have the option of submitting the guns for auction and using the proceeds; trading them for other equipment; or repurposing them for their own use.

Treasurer Perdue’s office continued serving police agencies in fiscal 2017, holding two firearms auctions, in September 2016 and March 2017, both in Jackson County.



A look at some of the firearms for auction.

The 2016 auction featured the sale of 507 guns and brought in a gross amount of \$71,477. The 2017 auction sold 448 guns and brought in a gross amount of \$84,314.

Law enforcement agencies may apply to receive the net proceeds generated by the sale of the property reported from that agency.



SMART529 College Savings

SMART529, West Virginia's sanctioned college savings plans, experienced another productive year in fiscal 2017. The plans, highly rated for years by the savingforcollege.com website, cut fees to some of the lowest in the country, increased the number of in-state enrollees and continued to aid former foster children with college aspirations. For more information on the SMART529 program, contact the State Treasurer's Office at 304.558.5000 or log onto www.SMART529.com.

WV Direct Plan rolls back fees

In 2017, Treasurer Perdue, along with The Hartford, announced significant fee reductions to the SMART529 WV Direct Plan, making it among the least expensive in the country.

Investors with the WV Direct Plan have seen fee cuts that range from a 15 percent to 76 percent reduction, depending on the portfolio selected.

"I take great pride in our commitment to providing a high quality investment

plan at the lowest cost," said Treasurer Perdue. "This makes it even easier and more affordable for all West Virginia families to save for higher education. Saving through SMART529 WV Direct has never been more important than it is now, and with these fee cuts, never more economical."

One of the largest reductions, which cuts fees by .23%, is in the WV Direct Plan's popular newborn to eight-year-old portfolio. That represents roughly a three-quarters cut, or 74 percent. All 12 portfolios in SMART529 WV Direct experienced fee reductions. All changes were effective as of February 1, 2017.

Even before fee reductions, WV Direct offered several advantages. It does not require a minimum starting contribution; does not mandate subsequent contributions of any certain amount; and offers state and federal tax benefits.

Website praises SMART529 WV Direct

SMART529 WV Direct, along with rolling back fees, attained a "five-cap" ranking from savingforcollege.com, a leading college savings website. The five-cap designation is the site's highest rating. The plan also rated fourth in the country for performance in three different year spans.

Savingforcollege.com released its list of the top-rated 529 plans based on flexibility, costs, investment performance and additional economic benefits such as tax

incentives. There are 17 plans, including SMART529 WV Direct, that have garnered the five-cap ranking. The rankings are based on apples-to-apples comparisons of funds' allocations among stocks, bonds, short-term investment returns, and prices averaged to produce a composite percentile ranking.

Fees have been declining in savings plans across the country, according to another recent study from

WV Direct fee reductions		
	Old Fee	New Fee
0-8	0.23%	0.08%
9 to 13	0.21%	0.10%
14-15	0.21%	0.09%
16-17	0.10%	0.24%
18+	0.08%	0.26%
Aggressive Growth	0.22%	0.09%
Growth	0.23%	0.08%
Balanced	0.21%	0.10%
Conservative Balanced	0.08%	0.26%
Conservative Bond	0.09%	0.25%
Vanguard 500 Fund	0.22%	0.07%
Stable Value	0.06%	0.34%



SMART529 College Savings

savingforcollege.com. The study found that the mean fees for direct-sold plans, which include expense ratios as well as account maintenance investment management fees, fell 3.7% over the past six months.

The SMART529 WV Direct led this trend with fee reductions implemented this past February. In addition to low fees, SMART529 WV Direct offers several other important advantages. State residents may reduce taxable income for state tax purposes based on the annual amount they contribute to a SMART529 WV Direct account.

When I Grow Up winners honored

Fifteen West Virginia students were on their way to a brighter future after winning regional awards in the ninth annual SMART529 “When I Grow Up” essay contest. An Ansted Elementary teacher also pocketed prize winnings.

Treasurer Perdue recognized the winners during a September 2016 ceremony at the West Virginia State Culture Center.

The 15 winning essays were selected from more than 3,000 entries from all over West Virginia. Each winner received \$500 invested into a SMART529 WV Direct

account. An additional \$4,500 was awarded to Raegan Wood of Raleigh County, our 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.

The contest gives kindergarten through fifth grade students a chance to share in nearly \$20,000 in SMART529 savings for higher education. Three age group winners (Grades K-1, 2-3, 4-5) were judged in each of the five regions, making for a total of 15 winners.

In addition to the student winners, Ansted Elementary School first grade teacher Norma Travis was awarded \$2,500 cash for her essay about how she planned to educate children about going to college and saving with the SMART529 program.

Runners raise funds for foster children



Runners round the first turn at the SMART5.29K run/walk.

After a third annual SMART5.29K run/walk, State Treasurer John Perdue’s office and Mission West Virginia once again made the futures of former foster children brighter.

Fiscal 2017 also saw the awarding of \$14,400, generated by the run/walk and divided among 12 children selected through an application



Treasurer Perdue awards eventual grand prize winner Raegan Wood her regional prize check.



SMART529 College Savings

process. Treasury staff treated the children in the fall of 2016 to a ceremony at the Clay Center, which included constructing their own Build-a-Bear.



Hunter Wimer (left) and a pal enjoy post-award ice cream.

About 60 runners and walkers, meanwhile, participated in the most recent run in May 2017, winding along Charleston's Piedmont Road and to the Capitol and back. The race is exactly 5.29 kilometers – to draw attention to the IRS tax code section authorizing 529 and in reference to May 29, designated each year as National College Savings Day.

Mission West Virginia's Frameworks program used the money raised from sponsorships and race fees to once again select families and their adopted children for scholarship awards. Frameworks uses a selection process tailored only to families who have adopted a child out of foster care.

"Once again I can't tell you how glad I am to help lead this effort," Treasurer Perdue said. "I know what foster children go through in the harrowing effort to merely grow up, much less go to college. I certainly hope what we do helps."



Treasurer Perdue helped make the day a little brighter for the Seigneur family of Parkersburg.

Joanna Seigneur, 37, of Parkersburg, has hosted multiple foster children, with husband Tim, and adopted two. Their family actually includes three adopted children, though the older child did not come through the foster system.

Seigneur's family received \$2,400 in November 2016, as proceeds from the SMART5.29 K run. Selected families were honored during a luncheon at the Clay Center.



Joel Pruitt had his hair done for the event.

"Having this money to start a savings account is a big deal," Seigneur said. "It's something you always want to do but you're not able to otherwise."

Financial Education



Treasurer Perdue has often recounted how he quickly saw, upon assuming the office of Treasurer in early 1997, that young people and many adults were lacking in basic financial literacy. From that realization sprang NetWorth, an inclusive financial education program that has received national recognition. Subsequent additions have been the popular Get a Life game and the Treasurer's Office Financial Education Center.

Get a Life! Or learn what real life is

In fiscal 2017, the Treasurer's Office conducted 60 "Get a Life" events, in which middle school students learn what real life is, as least as it relates to bill paying and budgeting.

School students are presented a fictional budget and salary. Many quickly realize they are in over their heads, as they move from table to table, buying homes, car insurance, medical insurance and the like.

In the middle of the game, the nearly or completely bankrupt are allowed to obtain a college education or vocational training, which increases salary and makes life much easier.



The Green Reaper delivers grim news to a Horace Mann Middle School student.

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 opportunities, call the Treasurer's Office at 304-558-5000 or visit www.wvtreasury.com.

Step right up, take the grand tour



Madison Elementary School students enjoy an outing at the Treasurer's Financial Education Center.

The Treasurer's Office Financial Education Center provides a grand opportunity for children to learn the basics of money. Among the activities, children may hold a million dollars shredded by the Federal Reserve, construct number equations with rubber tiles and have their pictures printed on a \$100 bill.

The Treasurer's Vault is another highlight, focusing on the Spend, Save and Share activity. Students take common items and decide whether they would spend money on them immediately, save money to buy later, or share with someone else. They also receive a take home Spend, Save, Share sticker activity. To schedule a tour visit our website at www.wvtreasury.com.



Board of Treasury Investments

The West Virginia Board of Treasury Investments (BTI) manages approximately \$3 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.

Consolidating earnings

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 former 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.

Accomplishments

- Developed the BidWV CD Program to invest state dollars

in West Virginia financial institutions. The program has surpassed \$1.8 billion in placements over the life of the program, and has consistently outperformed its benchmark. Over the last year, the program outperformed its benchmark by 21 basis points.

- The BTI has maintained Standard & Poor's AAAM rating for the West Virginia Money Market and West Virginia Government Money Market funds for 10 consecutive years.

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

- Developed peer group benchmarks to measure performance against similar money market funds. As of June 30, 2017, the BTI

ranked first for the West Virginia Money Market fund when compared against 316 institutional funds for the one-, three- and five-year periods.

Financial reporting – it's all in the details

The West Virginia Board of Treasury Investments has been awarded its 11th consecutive Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association.

The BTI earned another Certificate of Achievement for its Comprehensive Annual Financial Report. The Certificate of Achievement 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.

West Virginia Retirement Plus



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. Such 457 programs, named for a section of IRS code, are similar to a 401(k) plan in structure except they are designed to supplement a participant's primary retirement plan.

Accomplishments along the way

- More than 300 political subdivisions have joined the Plan since the Treasurer's Office assumed custody in 2006
- Participant base has grown to more than 17,000 members
- Total assets have grown by \$150 million

Plan Statistics for FY2017

Total Contributions	\$26 million
Total Net Earnings	\$22.2 million
Total Withdrawals/Distributions	\$22.4 million
Total plan assets	\$219 million

Get in on the saving

Those who save through West Virginia Retirement Plus may 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 supports retirement week

Every year in October, Treasurer Perdue promotes National Retirement Security 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. That's what this plan was designed to encourage."

A customized investment plan

Empower Retirement administers funds for the Treasurer's Office 457 program. Empower began as fund manager for Retirement Plus in fiscal year 2016 and continued its relationship with the office in fiscal year 2017.



As part of Empower's services, fees are now disclosed and displayed on participant statements. Plan participants also have an additional investment option through Empower. In addition, a managed account service was added to the investment menu that offers participants lower fees than they may receive with a full service broker.



Cash Management

The Cash Management Division of the West Virginia State Treasurer's Office processes all state receipts and disbursements. Some duties of this Division include performing bank reconciliations, establishing a daily cash position, managing the e-Government system, processing electronic fund transfers, collecting and depositing state revenue, and overseeing the disbursement of state checks. In all, Cash Management oversees approximately \$13 billion in state government receipts on an annual basis.

Conference continues successful series



Participants enjoy a conference activity.

The Treasurer's Office holds an annual cash handling conference to better prepare public employees for the task of handling, depositing, and keeping records of funds. Conferences are held at various venues

across the state. In 2017, the sessions were held at the Stonewall Jackson Resort.

Key topics covered at the conference were PCI/DSS compliance; recognizing and preventing fraud; and a popular session on creating an engaged workforce.

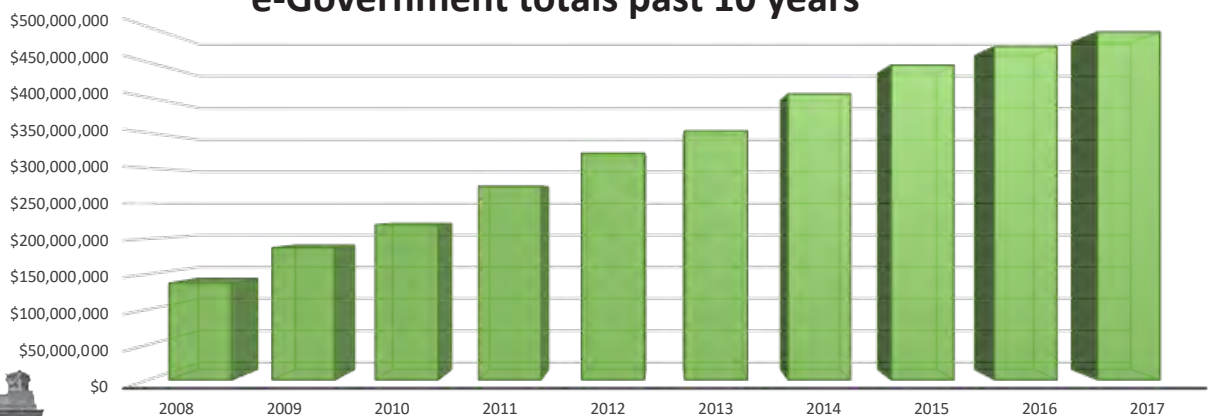
Municipal Bond Commission leads e-Gov

State Treasurer John Perdue's e-Government program accepted \$504 million from state agencies and other entities in fiscal 2017, with the Municipal Bond Commission topping the chart.

E-Government allows those who do business with the state to use either credit/debit cards or have payments automatically deducted through the Treasury's automated clearinghouse system. The program has grown steadily in use since 2001.

The Municipal Bond Commission collects payments from bond issuers and pays them through the e-Government system. It processed all its \$125 million by automated clearinghouse to lead e-Government use for the third straight year.

e-Government totals past 10 years



Revenue Collections



The Revenue Collections operation of the State Treasury consists of accepting various receipts of state revenue, as described below, and accepting deposits. Revenue Collections falls under the broader function of Cash Management, which includes cash reconcilements and processing checks.

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 Treasurer's Office.

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 account.

The methods of accepting deposits include:

Direct Deposits/Payments to the state by ACH - The federal government, large dollar tax payers, 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 or mail their checks and cash to the state office where they make their payment.

Fiscal Year 2017 General revenue snapshot

STATE OF WEST VIRGINIA
REVENUE COLLECTIONS
FISCAL YEAR 2017

(IN THOUSANDS)

GENERAL REVENUE FUND

SOURCE	Estimated Collections 12 Months July 16-June 17	Actual Collections 12 Months July 16-June 17	To Date - Increase (Decrease) Over Estimate
Business and Occupation Tax	\$ 115,500	\$ 111,885	\$ (3,615)
Consumer Sales Tax/Use Tax	1,285,000	1,222,283	(62,717)
Personal Income Tax	1,914,225	1,813,866	(100,359)
Liquor Profit Transfers	18,000	26,317	8,317
Racing Fees	0	0	0
Beer Tax and Licenses	8,300	8,000	(300)
Tobacco Products Tax	196,300	194,647	(1,653)
Estate Tax	0	0	0
Business Franchise Fees	650	666	16
Charter Tax	0	16	16
Property Transfer Tax	10,500	11,988	1,488
Property Tax	7,200	7,248	48
Insurance Tax	119,000	120,163	1,163
Departmental Collections	19,100	19,134	34
Corporation Income/Business Franchise Tax	137,400	116,306	(21,094)
Miscellaneous Receipts	9,700	10,071	371
Miscellaneous Transfers	1,000	1,587	587
Interest Income	8,000	6,045	(1,955)
Severance Tax	262,544	321,031	58,487
Telecommunications Tax	0	0	0
Special Revenue Transfer	0	99,793	99,793
HB 102 - Lottery Transfers	65,000	65,000	0
Video Lottery Transfers	0	464	464
Liquor License Renewal	0	0	0
Senior Citizen Tax Credit Reimbursement	10,000	10,000	0
Tax Amnesty	0	0	0
TOTAL	\$ 4,187,419	\$ 4,166,510	\$ (20,909)
Increase or Decrease Over Estimate		\$ (20,909)	
Percent Collected		100%	

Source: wvOASIS
State Auditor's Office, John B. McCusky, State Auditor
Department of Revenue, Dave Hardy, Cabinet Secretary
Prepared by the State Budget Office
July 3, 2017



Revenue Disbursements

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.

Coal County Reallocation Severance Tax Distribution.....\$8,884,126.65

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.

Waste Coal Tax Distribution\$336,920.22

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\$1,654,708.05

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\$302,115.31

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\$6,808,261.61

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

Wine, Liquor and Private Club Tax Distribution.....\$9,531,384.37

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.

Regional Jail Fund Distribution\$2,853,529.89

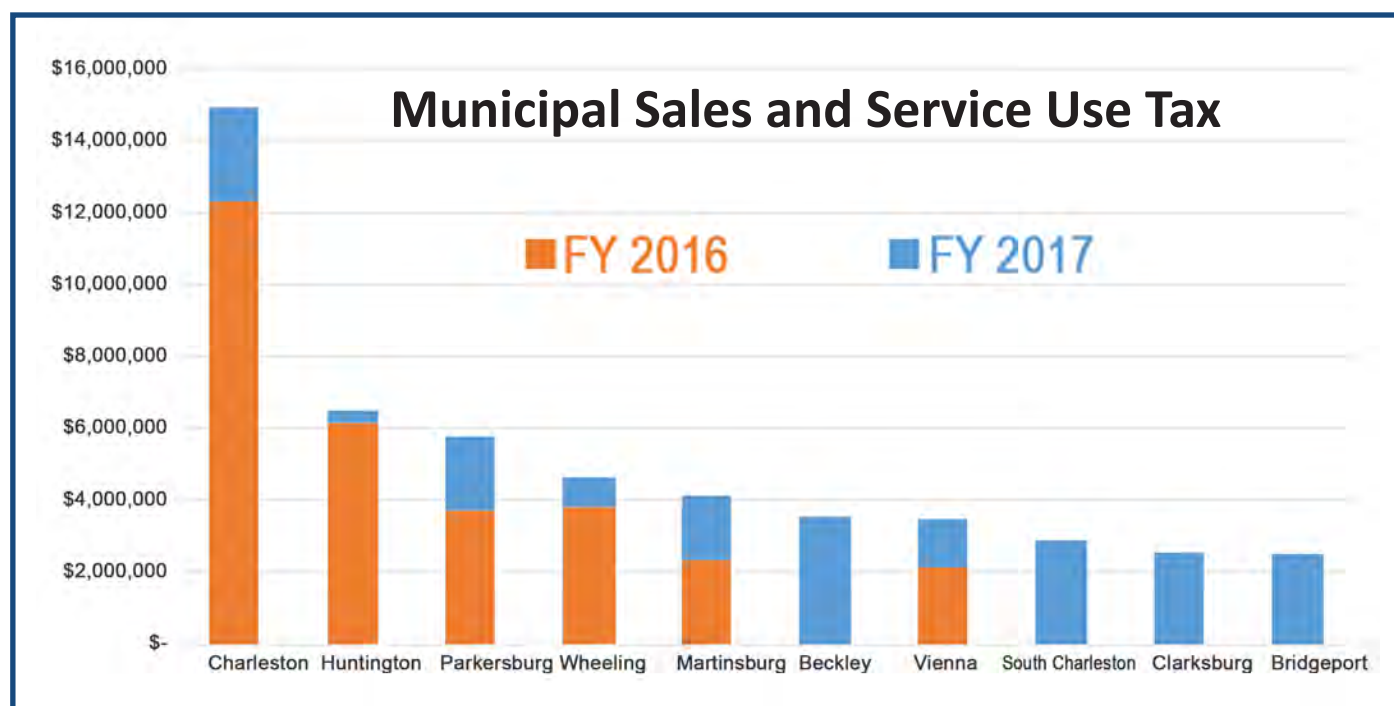
Revenues deposited into this fund are composed from fees collected by magistrate and circuit courts. The State Treasurer's Office has the responsibility of receiving the collection of these fees and disbursing the funds to counties and cities that participate in the regional jail system to help offset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



Revenue Disbursements

Municipal Sales and Service Use Tax..... \$60,244,032.08

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.*



Beckley, South Charleston, Clarksburg and Bridgeport did not have a municipal sales tax in FY2016.

Oil and Gas Severance Tax Distribution.....\$9,725,844.58

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.

Volunteer Fire Department\$20,858,777.38

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.



Revenue Disbursements

Table Games Distribution\$11,126,502.78

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.

Coal Severance Tax Distribution..... \$17,067,903.27

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 county breakdown below.*

Coal Severance Tax Distribution by County

Barbour County	\$191,172.42
Berkeley County	\$197,344.82
Boone County	\$858,126.18
Braxton County	\$30,548.16
Brooke County	\$27,969.17
Cabell County	\$101,875.54
Calhoun County	\$16,097.61
Clay County	\$20,264.39
Doddridge County	\$16,806.09
Fayette County	\$330,025.59
Gilmer County	\$15,940.41
Grant County	\$312,902.25
Greenbrier County	\$125,597.83
Hampshire County	\$49,575.42
Hancock County	\$25,654.54
Hardy County	\$25,538.37
Harrison County	\$78,401.20
Jackson County	\$50,308.98
Jefferson County	\$92,799.25
Kanawha County	\$823,668.95
Lewis County	\$27,003.22
Lincoln County	\$89,507.95
Logan County	\$1,194,242.05
Marion County	\$1,756,625.22
Marshall County	\$3,465,010.70
Mason County	\$44,203.47
McDowell County	\$324,569.12
Mercer County	\$140,715.83

Mineral County	\$45,593.16
Mingo County	\$591,775.02
Monongalia County	\$339,259.56
Monroe County	\$27,527.21
Morgan County	\$37,382.61
Nicholas County	\$129,070.16
Ohio County	\$959,294.45
Pendleton County	\$15,888.02
Pleasants County	\$11,030.94
Pocahontas County	\$16,202.38
Preston County	\$59,854.56
Putnam County	\$94,384.87
Raleigh County	\$1,010,824.94
Randolph County	\$45,825.52
Ritchie County	\$14,824.09
Roane County	\$28,299.53
Summers County	\$25,631.79
Taylor County	\$548,596.46
Tucker County	\$8,898.57
Tyler County	\$13,730.56
Upshur County	\$103,135.89
Wayne County	\$72,384.50
Webster County	\$226,650.80
Wetzel County	\$19,195.93
Wirt County	\$11,149.39
Wood County	\$93,348.29
Wyoming County	\$623,708.94

Debt Management



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 2017 with a net tax supported debt outstanding of \$1.52 billion.

General Obligation Bonds

Approximately \$281.5 (net) million of West Virginia's outstanding net tax supported debt for fiscal year 2017 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

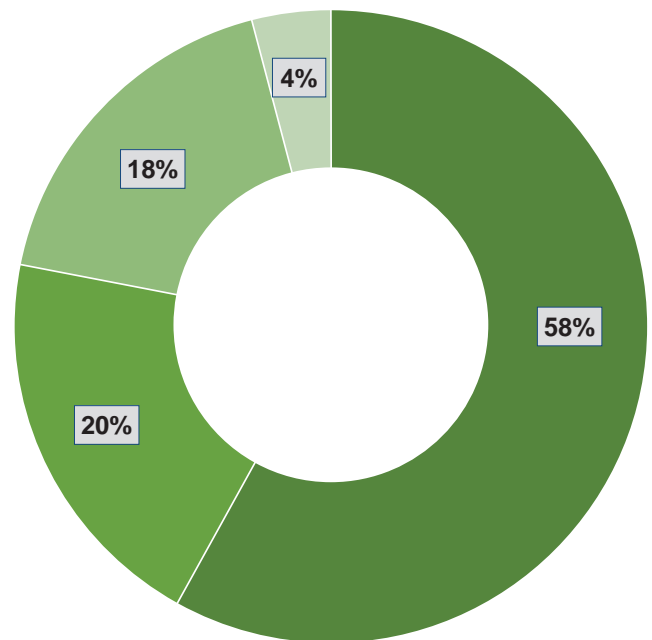
Revenue bonds make up more than \$899.4 million (net) of West Virginia's net tax supported debt. A revenue bond is typically supported by the revenue from a specific project. For example, a bond issue for dormitory renovations at a college or university may be supported by certain student fees. The revenue 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 \$340.4 million in lease obligations outstanding at the end of fiscal year 2017.

Debt Outstanding Fiscal Year 2017



-  Lottery Revenue Bonds
-  General Obligation
-  Revenue Bonds
-  Leases



Financial Highlights

Assets Under Management

As of June 30, 2017

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.

Board of Treasury Investments

Consolidated Fund	\$3,006,730,000
Operating Fund	1,465,000
Total Board of Treasury Investments.....	3,008,195,000

West Virginia College Prepaid Tuition and Savings Program

Savings Plan	2,463,376,000
Prepaid Tuition Plan.....	52,472,000
Administrative Account.....	2,623,000
Total West Virginia College Prepaid Tuition and Savings Program	2,518,471,000

Unclaimed Property

Outstanding balance of property available for claim.....	253,000,000
--	-------------

Securities held in Safekeeping

Total securities held in Safekeeping	82,548,000
--	------------

West Virginia Retirement Plus	219,045,000
--	--------------------

Total Assets Under Management:	\$6,111,709,000
---	------------------------



Financial Highlights

Fund Revenues & Inflows

For the Year Ended June 30, 2017

Board of Treasury Investments

Net investment increase from operations.....	\$26,284,000
Participant purchases, contributions, and reinvestments.....	11,320,573,000
Operating Fund revenues and gains	2,844,000
Total Board of Treasury Investments	11,349,701,000

West Virginia College Prepaid Tuition and Savings Program

Prepaid Tuition Trust Fund net revenues	5,609,000
College Prepaid Tuition and Savings Program Administrative Account.....	1,461,000
Savings Plan Trust Fund	
Net investment gain.....	259,349,000
Contributions.....	194,259,000
Total West Virginia College Prepaid Tuition and Savings Program	460,678,000

West Virginia Retirement Plus

Contributions	26,070,000
Net investment gain.....	22,183,000
Total West Virginia Retirement Plus	48,253,000

Unclaimed Property

Holder Remittances.....	24,800,000
Stale Dated Checks	6,100,000
Total Unclaimed Property	30,900,000

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

Collections.....	318,947,000
Appropriations.....	3,179,000
Transfers	72,542,000
Total other funds and accounts	394,668,000
Total Fund Revenues and Inflows	\$12,284,500,000



Financial Highlights

Fund Expenses & Outflows

For the Year Ended June 30, 2017

Board of Treasury Investments

Participant distributions, redemptions, and withdrawals	\$11,186,091,000
Operating Fund expenses	2,667,000
Total Board of Treasury Investments	11,188,758,000

West Virginia College Prepaid Tuition and Savings Program

Prepaid Tuition Trust Fund expenses	1,548,000
College Prepaid Tuition and Savings Program Administrative Account expenses	1,117,000
Savings Plan Trust Fund	
Participant redemptions	218,642,000
Administrative expense	5,968,000
Total West Virginia College Prepaid Tuition and Savings Program	227,275,000

Unclaimed Property

Claims paid	13,200,000
Transfers	10,900,000
Administrative expense	4,800,000
Total Unclaimed Property	28,900,000

West Virginia Retirement Plus

Distributions and withdrawals	22,375,000
Fees	592,000
Total West Virginia Retirement Plus	22,967,000

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

Transfers	163,618,000
Distributions	136,609,000
Disbursements	16,514,000
Total other funds and accounts	316,741,000

Total Fund Expenses and Outflows \$11,784,641,000



wvtreasury.com