

West Virginia



Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2019

Upon its completion on October 22, 1977, the New River Gorge Bridge, located near Fayetteville WV, reduced a 40-minute drive down narrow mountain roads and across one of North America's oldest rivers to less than a minute.

West Virginia

*Comprehensive Annual
Financial Report
For the Fiscal Year
Ended June 30, 2019*



Jim Justice
Governor

Allan McVey
Cabinet Secretary
Department of Administration

Sarah H. Long, CPA
Chief Financial Officer and
Assistant Cabinet Secretary
Department of Administration

Prepared by the Financial
Accounting and Reporting Section



Governor Jim Justice



Jim Justice
Governor of West Virginia

To the Honorable Members of the West Virginia Legislature
and the Citizens of West Virginia:

I am pleased to provide you with the State of West Virginia's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019. An independent certified public accounting firm has audited the basic financial statements contained in this report.

The CAFR demonstrates West Virginia's commitment to financial accountability and national standards. This document provides the Legislature and citizens of West Virginia with the state's financial data. It can be accessed on the Internet at www.finance.wv.gov.

This report was compiled with the help of individuals throughout state government. Each state agency provided clear, concise information to ensure the highest level of financial accountability.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jim Justice".

Jim Justice
Governor

ACKNOWLEDGMENTS

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Sarah H. Long, CPA

Special appreciation is given to all personnel throughout the State whose extra effort to contribute accurate, timely financial data for their agencies made this report possible. The technical support of West Virginia Our Advanced Solution with Integrated Systems (wvOASIS) has been invaluable. Thanks also to the Division of Tourism for their pictorial and technical assistance.

We invite you to visit our website: <http://www.finance.wv.gov>.

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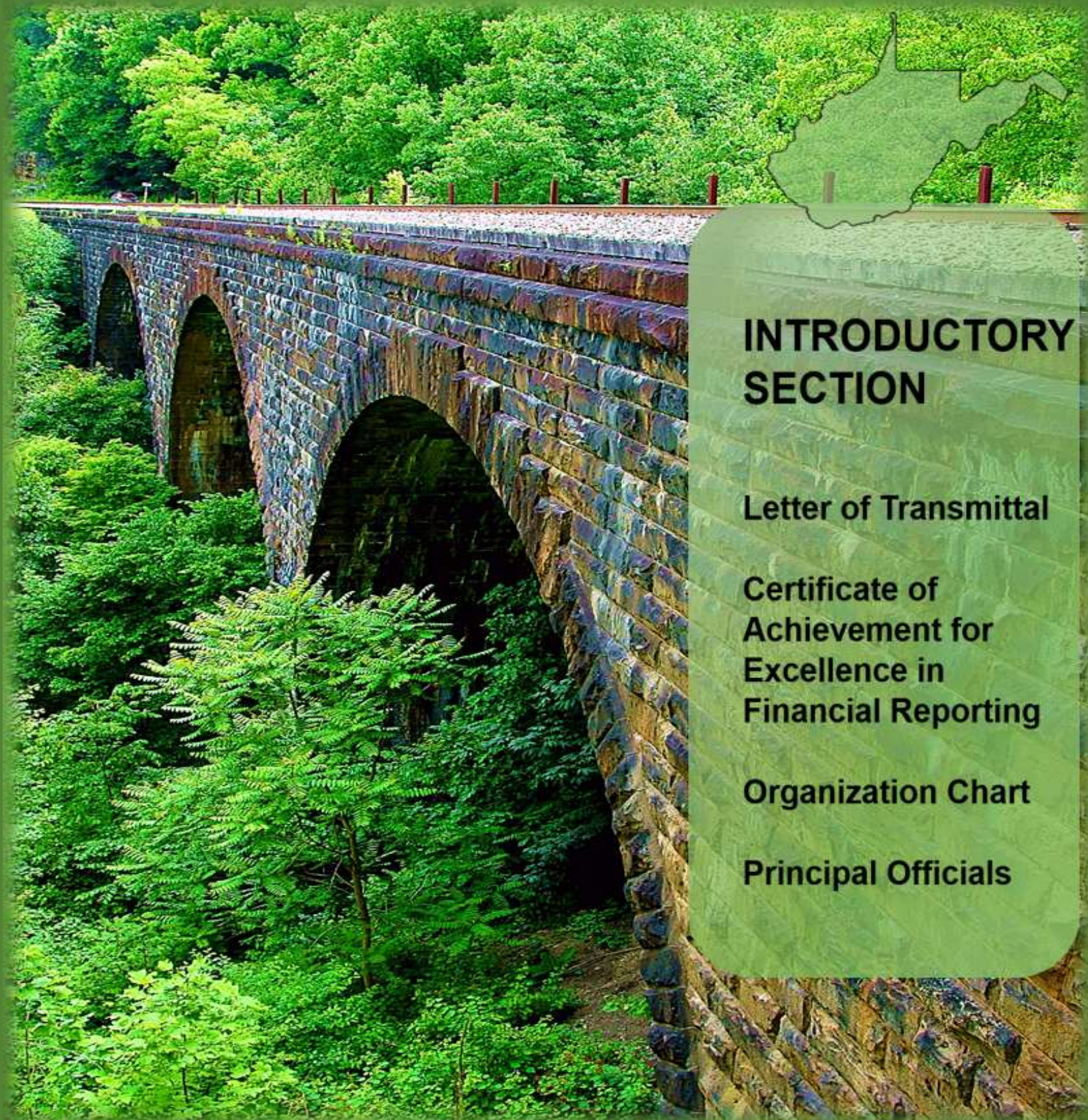
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Bellaire Viaduct



INTRODUCTORY SECTION

Letter of Transmittal

**Certificate of
Achievement for
Excellence in
Financial Reporting**

Organization Chart

Principal Officials

Built in 1857, the B&O (Baltimore & Ohio) Railroad's first bridge across the Ohio River served a rail line through Parkersburg, WV.



STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION

ALLAN L. MCVEY
CABINET SECRETARY

December 20, 2019

The Honorable Jim Justice, Governor
The Honorable Members of the West Virginia Legislature
Citizens of the State of West Virginia

Dear Governor, Senators, Delegates and Citizens:

I am pleased to present the 2019 Comprehensive Annual Financial Report (2019 CAFR) of the State of West Virginia (the State) for the fiscal year ended June 30, 2019. This report was prepared by the Financial Accounting and Reporting Section (FARS) within the Finance Division of the Department of Administration (Management).

The 2019 CAFR was prepared in conformity with the reporting model outlined by the Governmental Accounting Standards Board (GASB) Statements No. 34 and No. 35, and other related statements. This reporting model's objective is to provide a clear picture of the government as a single, unified entity as well as to provide traditional fund-based financial statements. The State of West Virginia's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with generally accepted accounting principles in the United States (GAAP).

This independent audit of the financial statements of the State of West Virginia is part of a broader, federally mandated "Single Audit" designed to meet the requirements of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the basic financial statements but also on West Virginia's internal controls and compliance with requirements applicable to major programs.

GAAP requires that Management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The State's MD&A can be found immediately following the Report of the Independent Auditors.

The Honorable Jim Justice, Governor
The Honorable Members of the West Virginia Legislature
Citizens of the State of West Virginia

The 2019 CAFR consists of Management's representations concerning the financial information of the State of West Virginia. Consequently, Management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, Management of the State has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficiently reliable information for the preparation of the State's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the State's comprehensive framework of internal controls is designed to provide reasonable, rather than absolute, assurance that these financial statements are free from material misstatements. As Management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The State of West Virginia's financial statements were audited by Ernst & Young LLP. The independent auditors concluded, based upon their audit and the reports of other auditors, that there was a reasonable basis for rendering an unmodified opinion.

Profile of the Government

The State of West Virginia provides a full range of services, including education, social and health services, transportation, public safety, conservation of natural resources and economic development. In addition to general government activities, this report includes financial information regarding various discretely presented component units which are financially accountable to the State, or for which the nature and significance of their relationship with the State are such that their exclusion would cause this report to be misleading or incomplete. The criteria used to determine financial accountability of a particular entity are the appointment by a state official of a voting majority of the entity's governing body and (1) the ability of the State to impose its will on that entity or (2) the potential for the entity to provide specific financial benefits to or impose specific financial burdens on the State. See Note 1 (Summary of Significant Accounting Policies) for a comprehensive discussion of the criteria used in determining the State's financial reporting entity.

Budgetary control is maintained through legislative appropriations and the Executive Branch quarterly allotment process. Agencies submit budgetary requests to the State Budget Office. The State Budget Office compiles the Executive Budget on behalf of the Governor, who submits it to the Legislature. After the approval of the budget, the State Budget Office maintains control over the spending patterns of the State at the activity level and by use of the quarterly allotments. The State Auditor exercises control over spending at the annual appropriation level. All appropriations, except funds which are re-appropriated, expire 31 days after fiscal year-end.

The Honorable Jim Justice, Governor
The Honorable Members of the West Virginia Legislature
Citizens of the State of West Virginia

Economic Review

West Virginia leads the nation with its commitment to energy research and a diverse energy portfolio that includes not only coal, but natural gas, wind, hydroelectric, geothermal, biomass and solar.

The State has long been, and remains today, one of America's leading net exporters of electricity. West Virginia is a net supplier of electricity to the regional grid and is among the top 10 states in the nation in net interstate sales of electricity. West Virginia remains competitive in low-cost energy.

The State is the seventh-largest producer of marketed natural gas in the nation. This substantial increase in production can be attributed to the discovery of vast gas reserves in the Marcellus and Utica Shale formations beneath portions of the Appalachian region and the utilization of horizontal drilling techniques to access those reserves. The region's 6,000-foot-deep Marcellus Shale gas fields, extending from New York to West Virginia, are believed to contain more than 84 trillion cubic feet of recoverable natural gas, one of the world's largest natural gas fields.

West Virginia's cost of doing business is among the lowest in the country and ranks 6th in CNBC's America's Top States for Business 2019 "cost of doing business" category. CNBC considers the competitiveness of each state's tax climate, state-sponsored incentives, utilities, wages, and rental costs for office and industrial space when determining a state's cost of doing business. West Virginia has the 23rd most competitive tax code in the nation, according to the Tax Foundation's 2020 State Business Tax Climate Index.

West Virginia continues to diversify its economy, which includes industries such as chemicals and polymers, automotive, manufacturing, natural gas, aerospace, metals, identity technology, fulfillment distribution and building products.

Global companies and organizations have selected West Virginia for their expansion because of its business climate and productive workforce. Below are examples of this economic growth in the State:

- The expansion of the Northrop Grumman plant in Rocket Center will retain more than 1,100 jobs and create up to 500 more jobs at its Mineral County location over a five-year period;
- Intuit announced it will open a “prosperity hub” in Bluefield, with plans to create between 200 and 500 jobs;

The Honorable Jim Justice, Governor
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Citizens of the State of West Virginia

- Infor, a global leader in business cloud software, officially opened its new office in Charleston, providing a pathway to approximately 100 new, high-paying jobs for West Virginians;
- Software and technology solutions provider Sparksoft Corporation marked the official opening of its new facility in Fairmont;
- Toyota announced plans to invest \$111 million and add 123 new jobs to expand the Toyota Motor Manufacturing West Virginia facility in Buffalo and equipment to double capacity of hybrid transaxles; and
- Hino Motors Manufacturing announced plans to invest \$40 million and create 250 new jobs at the facility in Mineral Wells.

These investments reflect the increasingly diversified nature of the economy that West Virginia is building. West Virginia is well positioned as the ideal location for new and expanding companies that want to create good jobs. West Virginia provides access to:

- Skilled and flexible workforce that has earned a reputation for dedication, loyalty and low turnover rate;
- A cost of doing business that is among the lowest in the country;
- Electricity rates that are nearly 20 percent below the national average;
- A strategic location within an eight-hour drive to half the U.S. population and a third of the Canadian market;
- A community and technical college system that is highly responsive to business and workforce needs; and
- A high quality of life, low cost of living and unparalleled outdoor recreational activities.

Major Initiatives

The State of West Virginia focused on several major initiatives during FY 2019. Some of these initiatives are outlined below:

The Honorable Jim Justice, Governor
The Honorable Members of the West Virginia Legislature
Citizens of the State of West Virginia

Pro-Growth Tax Reforms

West Virginia enacted significant business tax reductions between 2006 and 2011 to help boost future investment in the state's economy. The Corporation Net Income Tax rate was reduced from 9 percent to 6.5 percent. In addition, West Virginia eliminated the Business Franchise Tax, the Corporate Charter Tax, the Telecommunications Tax and a Business Registration Fee renewal requirement. The latest estimates project a net reduction of more than 70 percent in Corporation Net Income Tax for businesses over a decade.

In addition to lower business taxes, West Virginia offers a variety of tax credits, exemptions and special valuations for new and existing companies. Credits for manufacturers and certain other types of businesses that create new jobs can offset up to 100 percent of the State's business taxes. There are special valuations on aircraft, high technology, pollution abatement equipment and property tied to specified customer supplier relations, which can dramatically reduce property taxes, and exemptions for manufacturers can eliminate sales tax for goods used in manufacturing. There are new tax credit programs that are now available for customer fulfillment and distribution centers as well as ethane cracker facilities.

Roads and Highways

During fiscal year 2019, the Department of Transportation (DOT) continued work on several of its major initiatives around the State, including Corridor H, the Wellsburg Bridge, US 35, WV 10 and the John Nash Boulevard portion of the King Coal Highway (to name a few). As a result of increased funding available from the Roads to Prosperity initiative, the DOT was able to direct additional resources toward secondary road and bridge preservation and renovation programs. During fiscal year 2019, the DOT authorized 1,014 highway and bridge construction projects statewide. Rugged mountainous terrain and numerous streams and rivers characterize the topography of the State; and consequently, West Virginia's road system includes 7,232 vehicular bridges, of which the DOT is responsible for 7,124. The DOT's bridge program in fiscal year 2019, enhanced by an infusion of general obligation and GARVEE Bond proceeds, in conjunction with a traditional state-funded program that started in 1988, allowed for construction starts on 114 bridge initiatives, ranging from full replacement to deck overlays. Some of the larger projects include the Airport Exit Bridge in Monongalia County, the Junior Bridge in Barbour County, the Race Track Bridge in Wood County, and the Brushy Run Bridge in Pendleton County (to name a few). Other accomplishments this year included several stretches of major interstate reconstruction across the State. The badly needed reconstruction projects were part of a larger statewide resurfacing initiative composed of 461 resurfacing projects, which addressed nearly 1,318 miles of roadway at a cost of approximately \$216 million.

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The Honorable Members of the West Virginia Legislature
Citizens of the State of West Virginia

State Park Enhancements

The West Virginia state park system is a recognized leader in park systems in the United States, and features a multitude of full-service restaurants, developed campgrounds, vacation lodges, golf courses, cabins ranging from pioneer to contemporary styles, conference centers, a tourist railroad, aerial tramways, rail trails, an island and a major ski resort.

The system is composed of 35 state parks, 9 state forests, the Greenbrier River Trail, and the North Bend Rail Trail. The parks section manages or assists in managing more than 160,885 acres of public land and sees up to 7 million visitors annually. Facility inventory includes 798 lodge rooms, 358 cabins, 1,546 campsites, 152 picnic shelters and 559 playground units. More than 700 miles of hiking trails are provided across 46 areas.

The park system serves as a strong foundation for the growing tourism industry as destination locations. According to the Outdoor Industry Association research, the outdoor recreation economy in West Virginia contributes 82,000 state jobs, resulting in \$2 billion in wages and salaries. Consumers spend \$7.6 billion annually on outdoor recreation. The West Virginia state park system helps make West Virginia a leader in outdoor recreation and the associated economic impact it provides.

Workers' Compensation Reforms

West Virginia has created a competitive market for workers' compensation. In January 2006, West Virginia privatized the state fund and, in 2019, more than 287 carriers provide workers' compensation in West Virginia. Because of this forward thinking, since 2006, employees have saved over \$400 million.

Being fiscally responsible, West Virginia included a funding plan for this liability so the future citizens of West Virginia would not be burdened. Between 2006 and 2019, the State of WV has reduced the unfunded liability by nearly \$2.2 billion. During FY 2019, the State of WV did not allocate revenues to reduce the unfunded liability. As of June 30, 2019, the unfunded liability of the Worker's Compensation Old fund was \$50 million.

The Honorable Jim Justice, Governor
The Honorable Members of the West Virginia Legislature
Citizens of the State of West Virginia

Environmental Protection Initiatives

In fiscal year 2019, the West Virginia Department of Environmental Protection's (DEP) Rehabilitation Environmental Action Plan (REAP) awarded 37 recycling assistance grants totaling more than \$2 million to local governments, universities, private and nonprofit organizations for the purpose of planning, initiating, expanding, or upgrading recycling programs, providing related public education programs, and assisting in recycling market procurement efforts; awarded 10 covered electronic devices recycling grants totaling more than \$121,000 to conduct electronic collection events and programs; and awarded 31 litter control grants totaling over \$85,000 to initiate, continue, or expand local litter control programs.

The Abandoned Mine Lands and Reclamation Division (AMLR) completed 16 reclamation projects totaling \$8.8 million and 47 emergency projects totaling \$8 million. AMLR solicited bids for 12 AML reclamation projects at a cost of \$3.6 million, waterline construction projects at a cost of \$6.55 million, and 4 AML pilot projects at a cost of \$6.77 million. These waterline projects brought drinking water to citizens whose drinking water was affected by mining activity that occurred before enactment of the Federal Mining Act in 1977, which requires companies to reclaim the land when mining ceases.

Through the Clean Water State Revolving Fund, DEP disbursed more than \$40.7 million to communities for municipal sewer projects under construction; disbursed \$100,000 to nonpoint source pollution control projects; closed new loans on an additional 7 municipal construction projects worth \$35.5 million; and has already issued 11 preliminary binding commitment letters and/or loan agreements for additional projects worth \$53.1 million.

Long-Term Financial Planning and Relevant Financial Policies

In order to continue disciplined financial management, the State adheres to certain financial policies and prepares a long-term financial plan.

Long-Term Financial Planning

The State's Six-Year Financial Plan includes information on anticipated General and Lottery Funds revenues and expenditures over a six-year horizon with the goal of providing policymakers and citizens a clear understanding of not only the current budget but also the larger, long-term implications of budget decisions on the State's future fiscal outlook.

The Honorable Jim Justice, Governor
The Honorable Members of the West Virginia Legislature
Citizens of the State of West Virginia

Financial Policies

Under current law, the State is required to deposit the first 50% of all surplus from the General Fund accrued during the fiscal year just ended into the Revenue Shortfall Reserve Fund (Rainy Day Fund) until the aggregate amount of the fund is equal to 13% of total appropriations from the fiscal year just ended. For the fiscal year ended June 30, 2019, \$18.4 million, half of the FY 2019 surplus, was deposited into the Rainy Day Fund in August of 2019, bringing the total percentage of the Rainy Day Fund to 7.6% of FY 2019 appropriations.

Strong Financial Performance

In 2019, fiscal accountability and strong revenue growth of more than 12%, associated with a growing energy sector and significant natural gas-line investments, enabled the State to maintain a positive budget surplus while also addressing one-time funding opportunities for much-needed secondary road improvements. In addition to the normal year-end transfer of 50% of surplus to the State's Rainy Day Fund, significant revenue growth enabled the Legislature to appropriate an additional \$39 million to the State's Rainy Day Fund in fiscal year 2019. By staying the course of efficient business practices, West Virginia ended fiscal year 2019 with a General Fund surplus of \$36.9 million, half of which is transferred to the State's Revenue Shortfall Reserve Fund (Rainy Day Fund A). West Virginia's Rainy Day Funds rank in the top five in the country as a percentage of the State's General Revenue appropriations at 17.7%.

CONCLUSION

West Virginia continues to aggressively address the fiscal challenges associated with a changing economy. During fiscal year 2019, the State was able to manage its budgetary demands in a challenging economic environment. Governor Jim Justice and the members of the State Legislature worked collaboratively to ensure that financial and strategic decisions were made for the betterment of the State's citizens so that programs and services continue to operate efficiently. Meanwhile, our State's leadership also maintains a competitive atmosphere for current and future businesses to ignite job growth.

The Honorable Jim Justice, Governor
The Honorable Members of the West Virginia Legislature
Citizens of the State of West Virginia

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of West Virginia for its CAFR for the fiscal years ended June 30, 1997 through 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

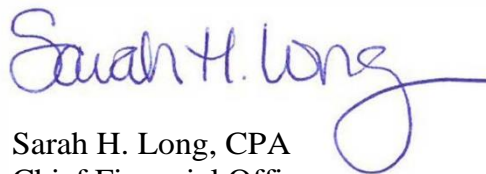
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements. We are again submitting it to the GFOA for consideration. Other State entities that have been awarded the Certificate of Achievement include the Board of Risk and Insurance Management, the Consolidated Public Retirement Board, the Department of Transportation, the Housing Development Fund, the Parkways Authority, the West Virginia Lottery, the Board of Treasury Investments and the West Virginia Prepaid College Plan.

Acknowledgments

The annual budget document, prepared by the State Budget Office, provides additional information related to budget priorities and goals, including acknowledgment of significant accomplishments of various agency programs. The budget document has received the GFOA's Award for Distinguished Budget Presentation Program for the fiscal years 1997 through 2019 budgets.

The 2019 CAFR is an example of Governor Justice's unwavering belief in, and commitment to, the State's fiscal responsibility and accountability. Acknowledgment is given to the State Legislature and its leadership for their shared commitment to sound budgeting and to meeting the financial obligations of the State. This report would not be possible without the support of all West Virginia state agencies. The State's continued success directly depends on their cooperation and support.

Sincerely,



Sarah H. Long, CPA
Chief Financial Officer
Assistant Cabinet Secretary of Administration





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

State of West Virginia

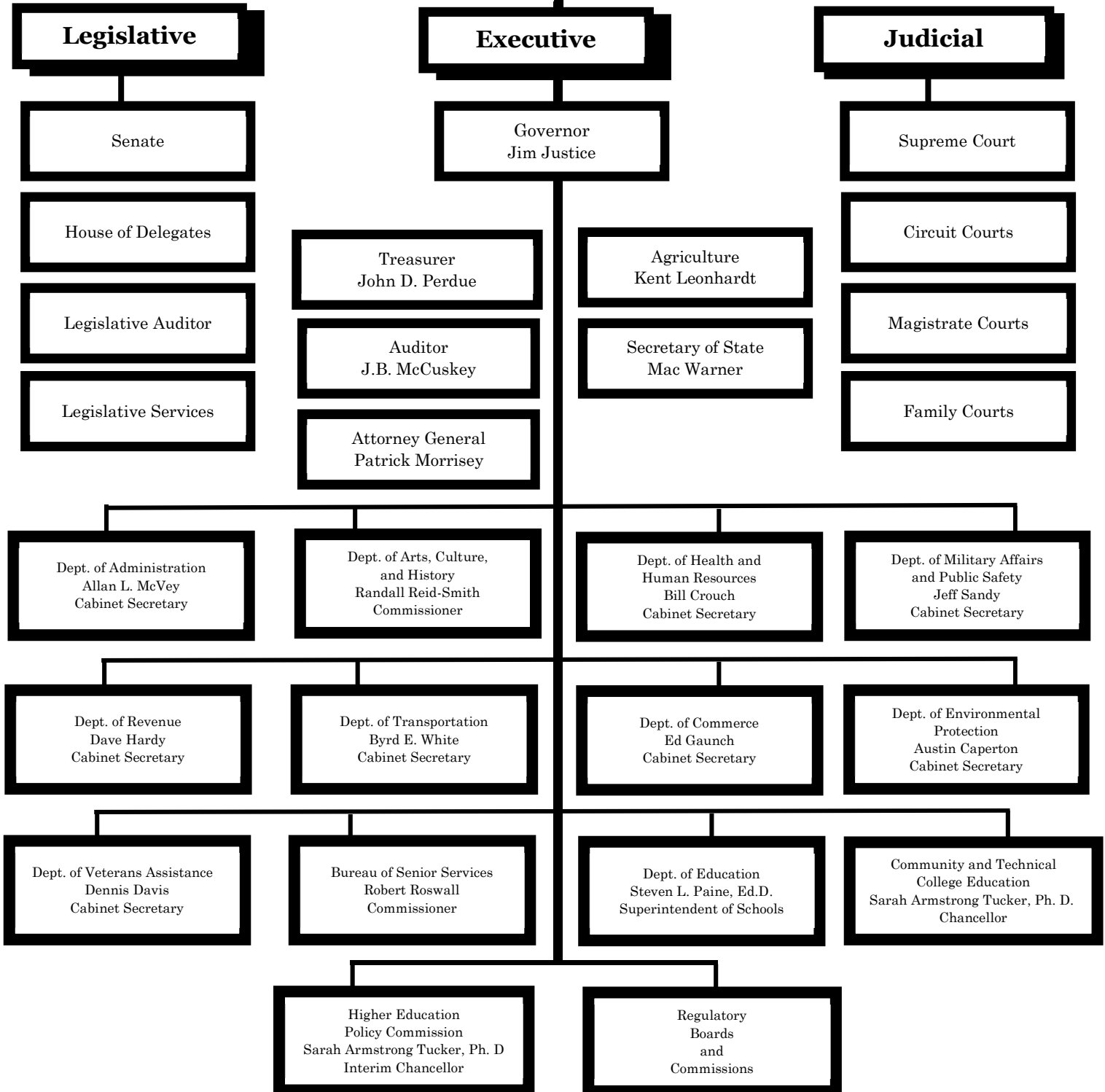
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

ORGANIZATION CHART



State of WEST VIRGINIA Principal Officials

Executive Branch

Governor
Jim Justice

Agriculture Commissioner
Kent Leonhardt

Attorney General
Patrick Morrisey

State Auditor
J.B. McCuskey

Secretary of State
Mac Warner

State Treasurer
John D. Perdue

Legislative Branch

Senate President
Mitch Carmichael

Speaker of the House
Roger Hanshaw

Chairman
Senate Finance
Craig Blair

Chairman
House Finance
Eric Householder

Judicial Branch

Supreme Court Chief Justice
Elizabeth D. Walker

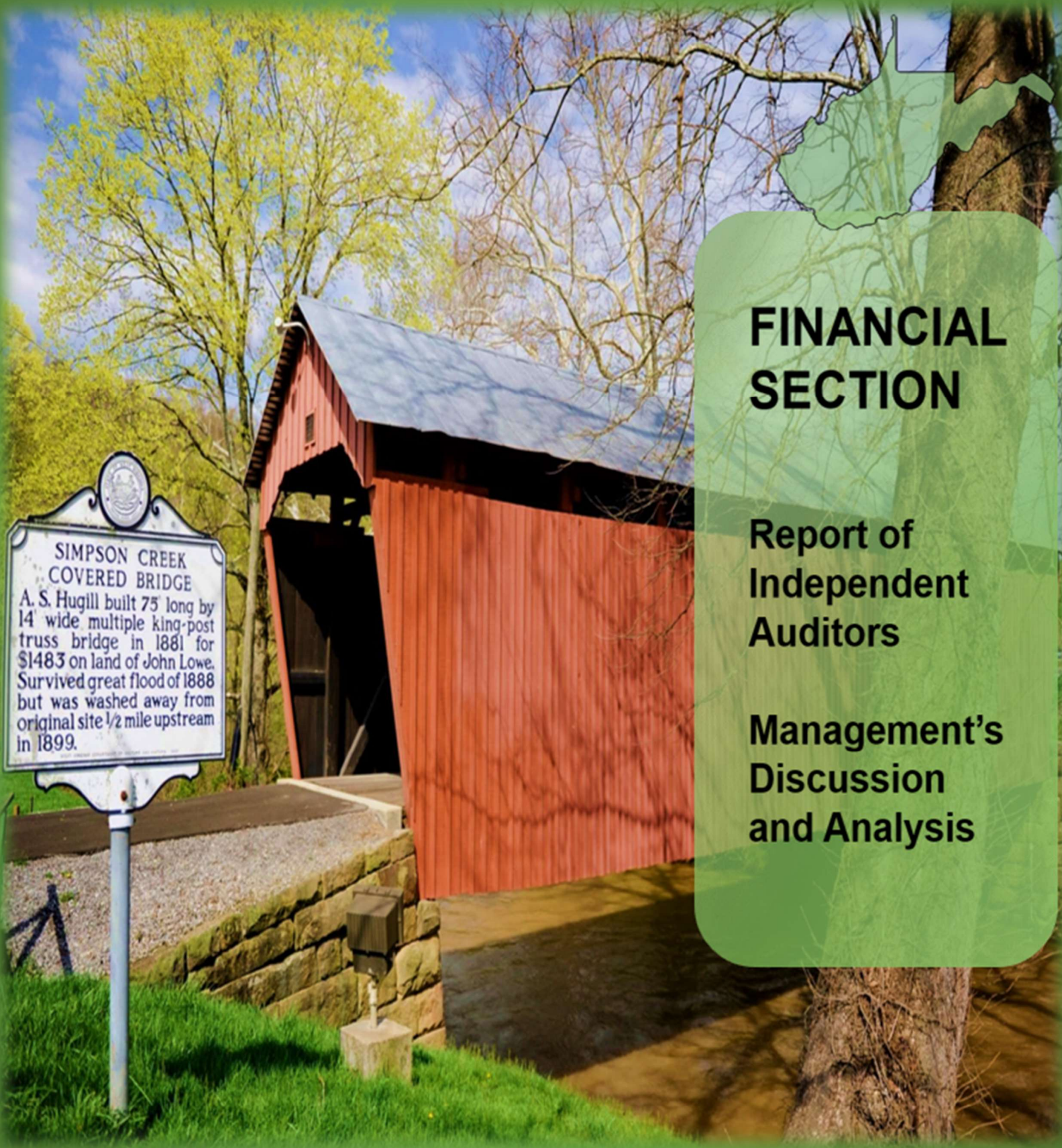
Supreme Court Justice
Margaret L. Workman

Supreme Court Justice
Tim Armstead

Supreme Court Justice
Evan H. Jenkins

Supreme Court Justice
John A. Hutchison

Simpson Creek Covered Bridge



FINANCIAL SECTION

**Report of
Independent
Auditors**

**Management's
Discussion
and Analysis**

Built in 1881 by A. S. Hugill this covered bridge, located in Bridgeport WV, is one of only two covered bridges in Harrison County.



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ey.com

Report of Independent Auditors

The Honorable Jim Justice, Governor
of the State of West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of West Virginia (the State), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain entities or funds within the governmental activities, the business-type activities, the aggregate discretely presented component units, certain major funds, and certain entities or funds within the aggregate remaining fund information, which represent 64% of total assets, 86% of net position, and 16% of total revenues for the governmental activities; 100% of total assets, net position, and total revenues for the business-type activities; 100% of total assets, net position, and revenues for the aggregate discretely presented component units; 97% of total assets, 97% of fund balance, and 99% of revenues of the major Transportation Fund; 100% of total assets, fund balance/net position, and revenues of each of the following major funds—Tobacco Settlement Finance Authority, State Road Fund, Water Pollution Control Revolving Fund, Workers' Compensation, Unemployment Compensation, West Virginia Infrastructure and Jobs Development Council, Public Employees Insurance Agency, and Board of Risk and Insurance Management; and 92% of total assets, 96% of net position/fund balance, and 55% of the total revenues/additions for the aggregate remaining fund information, respectively. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for certain entities or funds within the governmental activities, the business-type activities, the aggregate discretely presented component units, certain major funds, and certain entities or funds within the aggregate remaining fund information, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of West Virginia, at June 30, 2019, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, budgetary comparison information for the general fund and each major special revenue fund when such information is presented as required supplementary information, Schedules of the State's Proportionate Share of the Net Pension Liability, Schedules of State Contributions for Pension Plans, Schedules of Changes in the State's Net Pension Liability and Related Ratios, Schedule of the State's Proportionate share of the Net OPEB Liability, and Schedules of State Contributions for the OPEB Plan on pages 6 through 20 and 197 through 218 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of West Virginia's basic financial statements. The accompanying supplementary information, such as the combining and individual nonmajor funds financial statements, and the other information such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the accompanying combining and individual nonmajor funds financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Ernst + Young LLP

December 20, 2019



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the State of West Virginia's (the State) Comprehensive Annual Financial Report presents management's discussion and analysis of the State's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and the State's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-wide:

The assets and deferred outflows of resources of the primary government exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$9.2 billion, reported as net position. Governmental activities reported \$6.9 billion in net position, a \$1.2 billion increase, up 21% from last year, while the business-type activities reported net position of \$2.3 billion, a \$97 million increase.

Fund Level:

At year-end, the governmental funds reported combined fund balances of \$4.5 billion, an increase of \$653 million, or 15% higher than the prior year. The unrestricted fund balance, including the committed, assigned, and unassigned balances, was \$2.1 billion. The nonspendable balance was \$185 million, and \$2.1 billion was restricted to capital projects, debt service, general government operations, development, tourism and recreation, education, health and social services, public protection, and transportation. General Revenue cash surpluses allowed \$18.4 million to be transferred to the Revenue Shortfall Reserve Fund (Rainy Day Fund); this transfer was down from the previous year by \$300 thousand.

Long-Term Obligations:

There was a net decrease in the State's long-term obligations of \$874 million. The Governmental Activities decreased by \$844 million and the Business-type Activities decreased by \$30 million. The net decrease of \$874 million consisted of a decrease in net pension liability in the amount of \$446 million, a decrease in other net postemployment benefit liability of \$315 million, a decrease of \$124 million in accrued and other liabilities and an increase in payments on bonds, capital leases, and notes payable in the amount of \$24 million. The decrease in accrued and other liabilities is related to a decrease in Medicaid of \$129 million, an increase of \$17 million in taxes, and a decrease of \$7 million in claims and judgments.

The insurance and compensation benefits liability decreased \$7 million. The decrease consisted of a \$24 million increase at the Board of Risk and Insurance Management due to an increase in estimated claims expense and a \$1.4 million decrease in Unemployment Compensation due to a projected decrease in claims. There was a \$23 million decrease for Offices of the Insurance Commissioner due to a decrease in estimated claims expense and a \$5 million decrease at the Public Employees Insurance Agency due to a decrease in the premium deficiency reserve. See Note 14 for a more detailed explanation about risk management.

See Notes 10 and 11 for more information relating to bonds, capital leases, and notes payable.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the State of West Virginia's basic financial statements. The basic financial statements include: the government-wide financial statements, fund financial statements, and notes to the financial statements.

The basic financial statements include two kinds of statements that present different views of the State. The statement of net position and the related statement of activities are *government-wide financial statements* that provide both long-term and short-term information about the State's overall financial status. The remaining statements are *fund financial statements* that focus on individual parts of the State's government, reporting the State's operations in more detail than the government-wide statements. The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that presents budgetary comparisons, pension plans, and OPEB plan information as required by the Governmental Accounting Standards Board (GASB). In addition to these required elements, we have included a *combining financial statements and schedules* section that provides details about our nonmajor governmental funds, nonmajor proprietary funds, fiduciary funds, and nonmajor discretely presented component units, each of which are added together and presented in single columns in the basic financial statements.

Government-wide Statements (Reporting the State as a Whole)

The statement of net position and the statement of activities together comprise the government-wide statements, which report information about the State as a whole using the full accrual basis of accounting, similar to those used by private-sector companies. This means all revenues and expenses are recognized regardless of whether cash has been received or paid, and all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term debt, are reported at the entity level.

The government-wide statements report the State's *net position*, the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources, and how they have changed from the prior year. In evaluating the State's overall condition, additional nonfinancial factors should be considered, such as the State's economic outlook, changes in its demographics, and the condition of its capital assets, including infrastructure.

The activities on the government-wide financial statements are divided into three categories:

- *Governmental activities* – Most of the State's basic services are included under these activities, such as education, health and human resources, military affairs and public safety, judicial, and administration. Personal income taxes and consumer sales taxes finance most of these activities.
- *Business-type activities* – The State charges fees to customers to help it cover all or a significant portion of the costs of certain services it provides. The Public Employees Insurance Agency and the Board of Risk and Insurance Management, among other funds, are examples of these activities.
- *Component units* – The State includes several other entities in its report for which it is financially accountable, such as the West Virginia Housing Development Authority; West Virginia Lottery; Parkways Authority; and Higher Education. Separately issued financial statements are also available for these component units.

Fund Financial Statements

The fund financial statements provide more detailed information about the State's *major funds*, not the State as a whole. Funds are accounting devices that the State uses to track specific sources of funding and spending for particular purposes. Certain funds are required by the West Virginia Constitution and others are required by bond covenants. The State Legislature establishes other funds to control and manage money for particular purposes or to show that certain taxes and grants are used properly.

The State has three kinds of funds:

- *Governmental funds* – Most of the State's basic services are included in governmental funds, which focus on (1) *cash and other financial assets* that may readily be converted to cash flow in and out and (2) the balances left at year-end available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view to help determine whether there are more or fewer financial resources that may be spent in the near future to finance the State's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the pages immediately following each statement, explaining the

- relationship (or differences) between them and the government-wide statements.
- *Proprietary funds* – Proprietary funds include enterprise funds and internal service funds. They account for state activities that are operated in a manner similar to private-sector businesses. Like the government-wide statements, proprietary fund statements are presented using the accrual basis of accounting and provide both long- and short-term financial information. Services for which the State charges external customers a fee are generally reported in enterprise funds. Activities where customers are mostly other state agencies are accounted for in internal service funds. The internal service funds are consolidated with the governmental activities on the government-wide statements because they predominantly benefit the governmental rather than business-type activities.
 - *Fiduciary funds* – Fiduciary funds account for assets held for the benefit of parties outside of state government. The State is the trustee, or *fiduciary*, for its employees' pension plans and other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The State is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the State's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position, where applicable. These funds are excluded from the State's government-wide financial statements because the State cannot use these assets to finance its operations.

Reconciliation Between Government-wide and Fund Statements

The financial statements contain schedules that reconcile the differences between the government-wide financial statements (long-term focus, accrual accounting) and the fund financial statements (short-term focus, modified accrual accounting). The following summarizes the primary differences between modified accrual to accrual accounting:

- Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements.
- Capital outlay spending results in expenditures on the governmental fund statements; however, on the statement of activities, the cost of capital assets is allocated over their useful lives as depreciation expense. The excess of capital outlay over depreciation expense is included on the government-wide statement of activities.
- Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces the long-term liabilities on the government-wide statement of net position.

- Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflow of resources, liabilities, deferred inflows of resources, and net revenue of the internal service funds are reported with governmental activities on the government-wide statements.
- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statements, but are deferred inflows of resources on the governmental fund statements.
- Some revenues and expenses reported in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as revenues and expenditures in the funds.
- Net pension and OPEB liabilities or assets, along with related deferrals, are reported on the government-wide statements, but not reported in the funds.

Notes to the Financial Statements

The notes provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

Required Supplementary Information

Following the basic financial statements is the required supplementary information related to budgetary comparison schedules for the governmental funds, with legally adopted annual budgets, pension plans, and OPEB plan information along, with notes with explanatory information.

Combining Financial Statements and Schedules

The combining financial statements and schedules include combining statements for the State's nonmajor governmental funds, nonmajor proprietary funds, fiduciary funds, and nonmajor discretely presented component units.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Comparing June 30, 2019, to June 30, 2018, government-wide balances, current and other assets increased \$715 million due to a \$654 million increase in cash and equivalents, primarily from increases in tax revenue and investment earnings. Long-term liabilities decreased \$818 million. Significant changes in capital assets and long-term liabilities are discussed later in this Management's Discussion and Analysis.

The State's combined net position, governmental and business-type, increased \$1.3 billion over the course of this fiscal year's operations. The net position of the governmental activities increased \$1.2 billion, and the net position of the business-type activities increased \$97 million.

Net Position as of June 30
(Expressed in Thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total Primary</u> <u>Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and Other Assets	\$ 6,431,814	\$ 5,799,910	\$ 4,338,374	\$ 4,255,661	\$ 10,770,188	\$ 10,055,571
Capital Assets	<u>9,742,390</u>	<u>9,592,248</u>	<u>1,821</u>	<u>2,676</u>	<u>9,744,211</u>	<u>9,594,924</u>
Total Assets	<u>16,174,204</u>	<u>15,392,158</u>	<u>4,340,195</u>	<u>4,258,337</u>	<u>20,514,399</u>	<u>19,650,495</u>
Deferred Outflows of Resources	<u>1,341,602</u>	<u>1,485,246</u>	<u>2,569</u>	<u>2,879</u>	<u>1,344,171</u>	<u>1,488,125</u>
Current and Other Liabilities	1,904,560	1,922,553	405,941	377,286	2,310,501	2,299,839
Long-term Liabilities	<u>7,719,047</u>	<u>8,492,380</u>	<u>1,606,178</u>	<u>1,650,386</u>	<u>9,325,225</u>	<u>10,142,766</u>
Total Liabilities	<u>9,623,607</u>	<u>10,414,933</u>	<u>2,012,119</u>	<u>2,027,672</u>	<u>11,635,726</u>	<u>12,442,605</u>
Deferred Inflows of Resources	<u>972,407</u>	<u>752,749</u>	<u>2,045</u>	<u>1,983</u>	<u>974,452</u>	<u>754,732</u>
Net Position:						
Net Investment in Capital Assets	9,005,297	8,875,443	1,821	2,676	9,007,118	8,878,119
Restricted	1,251,729	953,572	1,972,374	1,895,646	3,224,103	2,849,218
Unrestricted (Deficit)	<u>(3,337,234)</u>	<u>(4,119,293)</u>	<u>354,405</u>	<u>333,239</u>	<u>(2,982,829)</u>	<u>(3,786,054)</u>
Total Net Position	<u>\$ 6,919,792</u>	<u>\$ 5,709,722</u>	<u>\$ 2,328,600</u>	<u>\$ 2,231,561</u>	<u>\$ 9,248,392</u>	<u>\$ 7,941,283</u>

Net Position

The largest component of the State's net position is the amount invested in capital assets (e.g., land, buildings, equipment, infrastructure, and others), less any related debt outstanding needed to acquire or construct the assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. Capital assets are used to provide services to citizens; therefore, they are not available for future spending or to pay off their related liabilities.

Restricted net position composes 35% of total net position and is subject to constitutional, legal, or external constraints on how it can be used. Net position that is restricted include funds for construction projects, debt service, lending activities, insurance activities, transportation, public protection, and economic development and tourism programs of the State.

Changes in Net Position

The chart below represents financial information derived from the government-wide statement of activities and reflects the State's total revenues, expenses, and changes in net position for the years ended June 30, 2019 and 2018 (expressed in thousands):

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program Revenues:						
Charges for Services	\$ 535,779	\$ 513,286	\$ 974,546	\$ 987,268	\$ 1,510,325	\$ 1,500,554
Operating Grants and Contributions	4,873,631	4,810,944	—	—	4,873,631	4,810,944
Capital Grants and Contributions	494,738	372,075	—	—	494,738	372,075
General Revenues:						
Personal Income Tax	2,090,596	1,939,977	—	—	2,090,596	1,939,977
Consumer Sales Tax	1,481,344	1,355,135	—	—	1,481,344	1,355,135
Business Taxes	793,067	626,743	—	—	793,067	626,743
Transportation Taxes	682,331	674,795	—	—	682,331	674,795
Other Taxes	632,445	613,632	—	—	632,445	613,632
Lottery Revenue	348,250	322,845	46,000	48,750	394,250	371,595
Other Revenues	<u>600,593</u>	<u>272,669</u>	<u>124,187</u>	<u>106,591</u>	<u>724,780</u>	<u>379,260</u>
Total Revenues	<u>12,532,774</u>	<u>11,502,101</u>	<u>1,144,733</u>	<u>1,142,609</u>	<u>13,677,507</u>	<u>12,644,710</u>
Program Expenses:						
Legislative	21,399	24,352	—	—	21,399	24,352
Judicial	122,394	136,825	—	—	122,394	136,825
Executive	279,266	213,285	—	—	279,266	213,285
Administration	203,481	235,485	—	—	203,481	235,485
Commerce	163,112	196,759	—	—	163,112	196,759
Environmental Protection	115,131	112,962	—	—	115,131	112,962
Employment Programs	47,779	43,287	—	—	47,779	43,287
Education	2,704,721	2,669,868	—	—	2,704,721	2,669,868
Health and Human Resources	5,500,238	5,483,893	—	—	5,500,238	5,483,893
Military Affairs and Public Safety	461,957	479,783	—	—	461,957	479,783
Revenue	122,114	93,815	—	—	122,114	93,815
Transportation	1,341,573	1,150,909	—	—	1,341,573	1,150,909
Veterans Assistance	25,178	24,369	—	—	25,178	24,369
Regulatory Board and Commissions	45,485	44,825	—	—	45,485	44,825
Senior Services	44,027	55,422	—	—	44,027	55,422
Interest on Long-term Debt	157,642	118,156	—	—	157,642	118,156
Workers' Compensation Fund	—	—	139,992	117,132	139,992	117,132
Unemployment Compensation	—	—	164,478	142,103	164,478	142,103
West Virginia Infrastructure and Jobs Development Council	—	—	18,512	35,937	18,512	35,937
Water Pollution Control Revolving Fund	—	—	5,316	4,067	5,316	4,067
Public Employees Insurance Agency	—	—	561,807	537,044	561,807	537,044
Board of Risk and Insurance Management	—	—	84,683	61,797	84,683	61,797
Other Nonmajor Business-type	—	—	<u>96,947</u>	<u>98,697</u>	<u>96,947</u>	<u>98,697</u>
Total Expenses	<u>11,355,497</u>	<u>11,083,995</u>	<u>1,071,735</u>	<u>996,777</u>	<u>12,427,232</u>	<u>12,080,772</u>
Increase (Decrease) in Net Position, Before Transfers	1,177,277	418,106	72,998	145,832	1,250,275	563,938
Transfers	<u>(30,315)</u>	<u>9,667</u>	<u>30,315</u>	<u>(9,667)</u>	<u>—</u>	<u>—</u>
Increase (Decrease) in Net Position	<u>1,146,962</u>	<u>427,773</u>	<u>103,313</u>	<u>136,165</u>	<u>1,250,275</u>	<u>563,938</u>
Net Position, Beginning of Year, as Originally Reported	<u>5,709,722</u>	<u>5,281,949</u>	<u>2,231,561</u>	<u>2,095,396</u>	<u>7,941,283</u>	<u>7,377,345</u>
Reclassification (See Note 2)	<u>63,108</u>	<u>—</u>	<u>(6,274)</u>	<u>—</u>	<u>56,834</u>	<u>—</u>
Net Position, Beginning of Year, as Reclassified	<u>5,772,830</u>	<u>5,281,949</u>	<u>2,225,287</u>	<u>2,095,396</u>	<u>7,998,117</u>	<u>7,377,345</u>
Net Position, End of Year	<u>\$ 6,919,792</u>	<u>\$ 5,709,722</u>	<u>\$ 2,328,600</u>	<u>\$ 2,231,561</u>	<u>\$ 9,248,392</u>	<u>\$ 7,941,283</u>

Governmental Activities

For the year ended June 30, 2019, the State's change in net position before transfers increased by \$759 million for governmental activities. Revenues were higher by \$1 billion and expenses were higher by \$272 million comparing the years ended June 30, 2019 and 2018. Overall tax revenue increased \$797 million from the previous year. Personal income tax increased 9.3% due to an upswing in employment growth and federal tax reform that resulted in a boost to annual return payments. Business taxes increased 26.5% due to a stronger State economy and a significant increase in severance taxes from coal and natural gas. Consumer sales tax increased 9.3% due to employment growth, and transportation taxes increased from higher tax and fee collections. Medicaid taxes increased 7.3% due to increased health costs. Operating grants and contributions increased \$63 million due to an increase in grant awards of \$38 million for Department of Health and Human Resources. Education also had an increase of \$18 million in grant awards. There was also an increase in capital grants and contributions of \$123 million for the Department of Transportation that was related to Fixing America's Surface Transportation Act (FAST). FAST is a five-year surface transportation program authorizing funding for highway and public transportation investments.

Program expenses increased approximately \$272 million in total. Transportation expenses were up \$191 million due to road construction projects. Also, debt service interest on bonds increased by \$40 million. This interest is related to the Roads to Prosperity bonds.

The charts on the next page depict revenues and expenses, respectively, of the governmental activities for the fiscal year. Approximately 40% of the total revenues came from personal income, consumer sales, business taxes, and transportation taxes, while 43% was in the form of grants and contributions (see Chart A). The State's governmental activities expenses include 49% for health and human resources and 24% for education (see Chart B).

Chart A

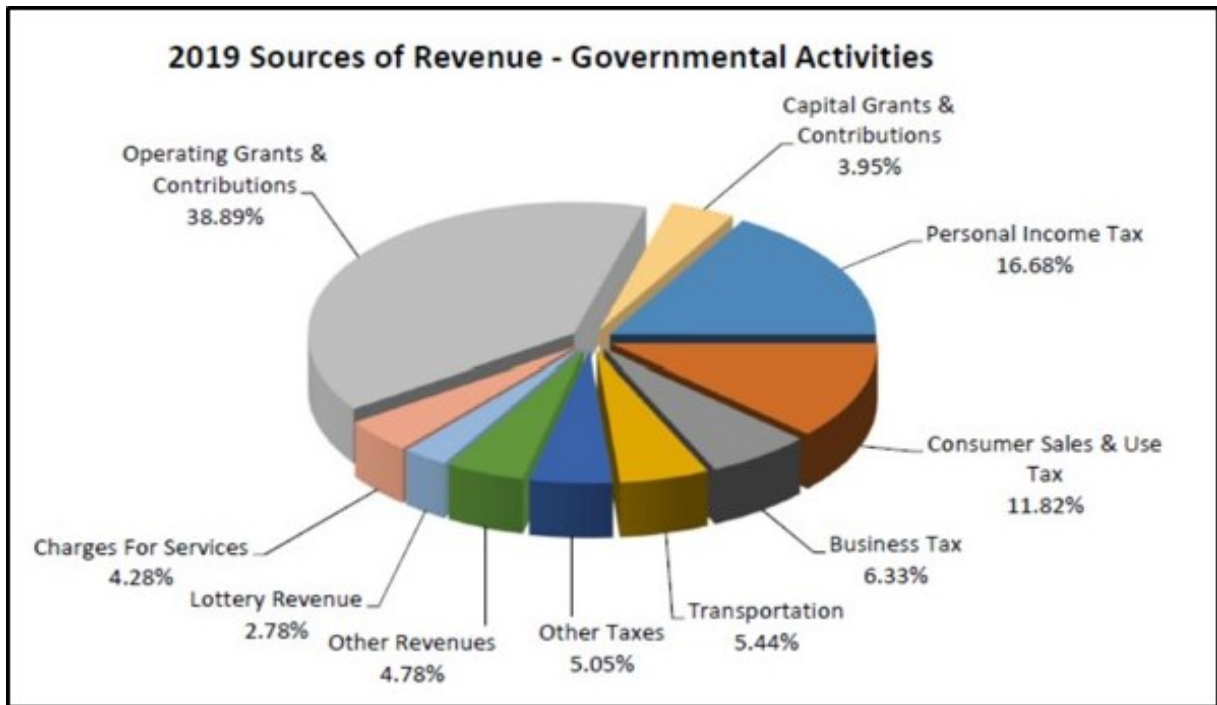
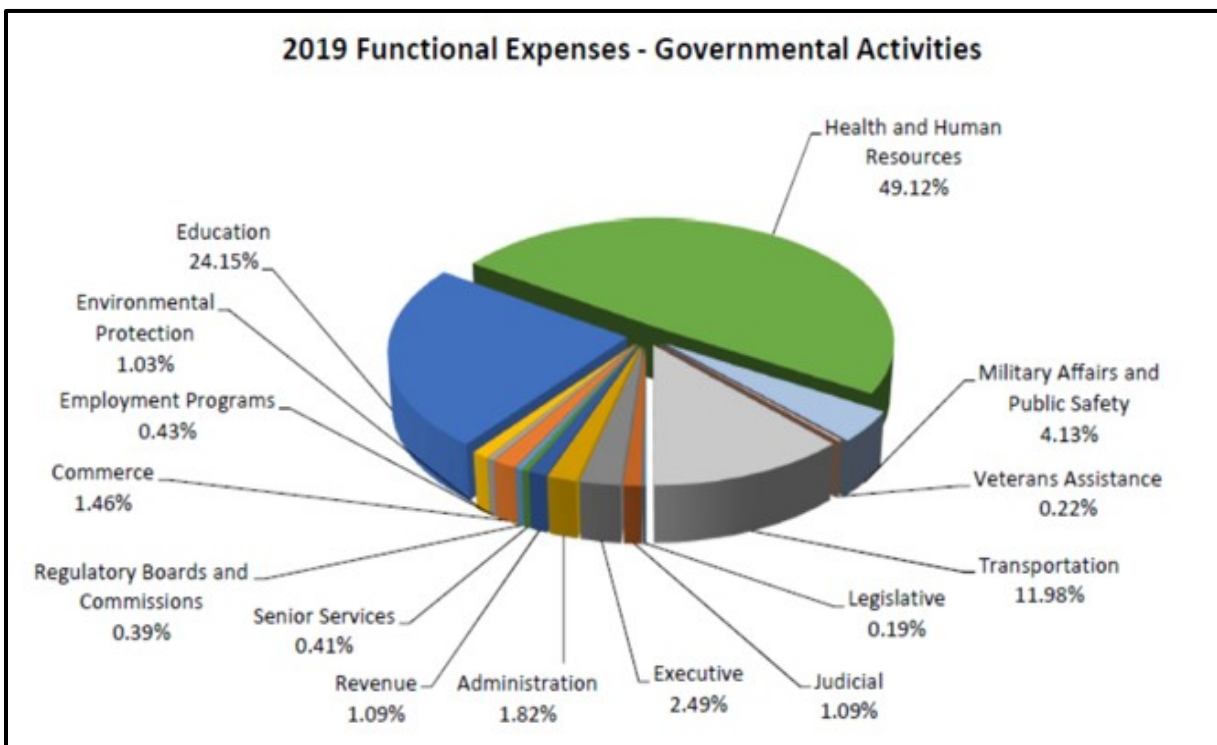


Chart B



Business-type Activities

For fiscal year 2019, business-type activities increased the State's net position by \$97 million before transfers. Significant contributors to this change were:

- The Unemployment Compensation Fund had a \$5.7 million decrease in net position before transfers. Revenues were higher by \$16.6 million and expenses were higher by \$22.3 million comparing the years ended June 30, 2019 and 2018.
- West Virginia Infrastructure and Jobs Development Council had a \$5.9 million increase from the prior year in net position. This was due primarily to the receipt of excess lottery revenue of \$40 million that was offset by an internal transfer to restricted funds of \$24 million and \$7.2 million for the State match of the federally funded Drinking Water Revolving Fund and Clean Water State Revolving Fund, respectively.
- West Virginia Public Employees Insurance Agency saw a \$32 million increase in net position before transfers. This was due to decreased operating expenses and a \$31 million state funding appropriation.
- West Virginia Board of Risk and Insurance Management (BRIM) recorded an increase in net position before transfers of \$13 million. This was primarily due to an increase in premium revenue that was offset by an increase in claims and claims adjustment expense.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements.

At the end of the current fiscal year, the State's governmental funds reported a fund balance of \$4.5 billion, an increase of \$653 million in comparison to that of the prior year.

There was a net increase in revenue of \$999 million. Total tax revenues increased by \$462 million; this differs from the tax increase for governmental activities due to government-wide statements including other specific program revenues. Federal revenues increased \$175 million, primarily from increases in grant awards for Department of Health and

Human Services and Higher Education; other revenue increased \$256 million primarily due to an allocation of toll revenue of \$172 million from Parkways to Highways for use for the construction of the Division of Transportation projects in counties adjacent to the Turnpike. There was also a \$54 million increase in the General Fund; food stamp revenue decreased \$46 million; investment earnings increased \$93 million; and motor vehicle registration increased \$19 million. Expenses were up by \$686 million, primarily due to the Capital Outlay, Transportation, and Health and Human Resources.

At year-end, nonmajor governmental funds had a net decrease in fund balance of approximately \$829 million. The capital projects fund balance decreased approximately \$869 million, primarily due to the state road capital project fund being reclassified from a nonmajor fund to a major fund in the amount of \$905 million. Despite the decrease in fund balance related to state road capital projects, there was construction for ongoing projects related to the state parks, capital complex, and higher education institutions that in total increased \$45 million. The special revenue fund balance increased by a net of \$39 million. This increase was primarily due to the Environmental Protection Agency increasing revenues. Restricted fund balance is \$316 million, of which \$58 million was available for debt service; \$98 million to fund capital projects; \$65 million for development, tourism and recreation; and \$94 million for public protection. Committed fund balance is \$328 million, \$5 million for general government operations and \$323 million for public protection.

**Governmental Fund Balances at June 30, 2019
(Expressed in Thousands)**

	<u>General Fund</u>	<u>Transportation</u>	<u>Tobacco Settlement Finance Authority</u>	<u>State Road</u>
Nonspendable	\$ 129,173	\$ 54,989	\$ —	\$ —
Restricted	5,368	312,280	600,366	904,958
Unrestricted:				
Committed	829,960	—	—	—
Assigned	10,235	280,637	—	—
Unassigned	<u>673,649</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 1,648,385</u>	<u>\$ 647,906</u>	<u>\$ 600,366</u>	<u>\$ 904,958</u>

The General Fund is the chief operating fund of the State. At the end of the current fiscal year, the General Fund maintained a committed fund balance of \$830 million, nonspendable fund balance of \$129 million, by an unassigned fund balance of \$674 million and a total fund balance of \$1.7 billion. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 6.8% of total General Fund expenditures, while total fund balance represents 16.7% of the same amount.

Cash and cash equivalents in the General Fund were up \$394 million, primarily due to investment earnings at the Board of Treasury Investments. General fund revenues

increased in fiscal year 2019 from 2018 by \$639 million. This increase is due primarily to an increase in Tax revenue of \$455 million. There were also increases in Intergovernmental revenue and Investment earnings. Revenues were \$566 million more than expenditures. Expenses for the health and human resource function were up \$104 million in 2019.

At year-end, Transportation had a \$312 million restricted fund balance and a nonspendable fund balance of \$55 million in inventory. Total fund balance was higher by approximately \$152 million from 2018, primarily due to the increase in federal reimbursement to the Division of Highways.

The Tobacco Settlement Finance Authority's fund balance decreased by \$21 million due to the amortization of the deferred inflows of resources. Required bond interest in the amount of \$51 million was paid during the year.

Proprietary Funds

The State's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Proprietary funds are composed of enterprise and internal service funds. Enterprise funds are used when services the State provides are charged to external customers. Internal service funds are used when services are provided to other state agencies. The six major enterprise funds include the Water Pollution Control Revolving Fund, Workers' Compensation Fund, Unemployment Compensation, West Virginia Infrastructure and Jobs Development Council, Public Employees Insurance Agency, and the Board of Risk and Insurance Management.

Other factors concerning the finances of the major enterprise funds have already been addressed in the discussion of business-type activities.

GENERAL REVENUE FUND BUDGETARY HIGHLIGHTS

The final amended budget revenues were higher than the amount originally anticipated. The general revenue fund budget to actual overall revenue variance was positive by \$8 million due to changes in revenue collection in several tax categories. Personal income taxes increased by \$5 million, severance taxes increased by \$11 million, corporate income/business franchise taxes decreased \$8 million, other taxes decreased \$8 million, and interest income increased \$5 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019, the State had invested \$9.7 billion, net of accumulated depreciation, in a broad range of capital assets shown below. Depreciation expense for the year totaled \$402 million.

**Capital Assets at Year-End
(Expressed in Thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018, as Reclassified	2019	2018	2019	2018, as Reclassified
Land and Improvements	\$ 1,432,025	\$ 1,370,136	\$ 611	\$ 611	\$ 1,432,636	\$ 1,370,747
Buildings and Improvements	986,566	971,807	661	740	987,227	972,547
Equipment	100,223	97,353	339	299	100,562	97,652
Library Holdings	560	511	—	—	560	511
Intangibles – Software	103,516	107,220	210	255	103,726	107,475
Intangibles – Land Rights	2,752	2,752	—	—	2,752	2,752
Construction in Progress	1,196,230	955,872	—	—	1,196,230	955,872
Infrastructure	<u>5,920,518</u>	<u>6,044,402</u>	<u>—</u>	<u>—</u>	<u>5,920,518</u>	<u>6,044,402</u>
Totals	<u>\$ 9,742,390</u>	<u>\$ 9,550,053</u>	<u>\$ 1,821</u>	<u>\$ 1,905</u>	<u>\$ 9,744,211</u>	<u>\$ 9,551,958</u>

The total increase, net of disposals and accumulated depreciation, in the State’s investment in capital assets for the current fiscal year approximated \$192 million. The most significant changes in capital assets during the year were in the Transportation and Commerce functions. Transportation continues to expand the state road system, focusing primarily on upgrading existing roadways and completion of Appalachian Highway Corridors. The \$123 million decrease in infrastructure was due primarily to Transportation’s acquisitions of \$183 million, offset by depreciation expense of \$304 million. Transportation had an increase of \$23 million in land acquisition, while Department of Natural Resources acquired \$38 million in land for wildlife management purposes. The \$240 million increase in construction in progress was due primarily to a \$455 million increase in Transportation for various bridge and roadway projects, including construction related to US 35 in Putnam County, the Coalfields Expressway in Wyoming County, and Corridor H in Tucker County; this increase in construction was offset by a decrease of \$199 million in Transportation for various completed projects. The net increase of \$15 million in buildings is primarily due to the completion of the William R. Sharpe Hospital HVAC Renovation Project for \$32 million, offset by the agency’s total depreciation expense of \$21 million. Additional information concerning the State’s capital assets can be found in Note 9 and under the capital assets heading in Note 1.

Long-Term Debt

At year-end the State had \$10.7 billion in bonds, capital leases, notes payable, claims and judgments, compensated absences, net pension and OPEB liability, and other long-term obligations outstanding, as shown in the following table. The State's general obligation bonds are rated AA by Fitch Investors Service, Moody's Investors Service rating is Aa2 and Standard & Poor's Corporation have an AA- rating.

The decrease in accrued and other liabilities of \$108 million is related to a \$17 million increase in tax refunds payable, a decrease in the Medicaid liability of \$128 million, and \$7 million in claims and judgments. More detailed information related to the State's overall debt position is presented in Note 10 to the financial statements.

The State's general obligation debt must be authorized by constitutional amendment. A proposed amendment must be approved by two-thirds of both the Senate and the House of Delegates before it can be ratified or rejected by the voters. Once the amendment has voter approval, the Legislature must pass specific legislation authorizing the issuance of the general obligation debt. Revenue bonds are issued pursuant to specific statutory provisions enacted by the Legislature primarily for the purpose of financing capital construction. Neither the West Virginia Constitution nor its statutes establish a general limit on any type of debt, although certain agencies have debt limits in their specific Code sections.

Outstanding Debt at June 30 (Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ 1,182,881	\$ 1,240,350	\$ —	\$ —	\$1,182,881	\$ 1,240,350
Revenue Bonds	1,532,497	1,415,049	172,045	178,395	1,704,542	1,593,444
Capital Leases	244,420	260,554	—	—	244,420	260,554
Notes Payable	16,212	30,004	—	—	16,212	30,004
Accrued and Other Liabilities	1,257,316	1,365,565	47,691	63,417	1,305,007	1,428,982
Insurance and Compensation Benefits	—	—	1,731,449	1,738,185	1,731,449	1,738,185
Compensated Absences	83,467	90,028	521	613	83,988	90,641
Net Pension Liability	3,155,226	3,600,429	1,220	2,011	3,156,446	3,602,440
Net OPEB Liability	<u>1,296,539</u>	<u>1,610,982</u>	<u>3,719</u>	<u>4,056</u>	<u>1,300,258</u>	<u>1,615,038</u>
Totals	<u>\$ 8,768,558</u>	<u>\$ 9,612,961</u>	<u>\$ 1,956,645</u>	<u>\$ 1,986,677</u>	<u>\$ 10,725,203</u>	<u>\$ 11,599,638</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The general revenue estimate for FY 2020 is projected to be \$4.68 billion, or \$93 million above the FY 2019 official revenue estimate. Our current FY 2019 General Revenue actual collections are projected to exceed the official revenue estimate by as much as

\$140 million. The Lottery Funds' actual revenue collections for FY 2019 are also on pace to exceed their original estimates. Lottery revenues are projected to increase 3% in FY 2020, then remain flat through FY 2024.

The budget for FY 2020, includes increases for social programs, deferred maintenance, tourism, substance abuse, 100% funding of the required state employer's contributions to the retirement systems, and pay raises for all state employees and teachers.

The FY 2020 budget includes a six-year plan showing the projected revenues and expenditures through FY 2024. The goal of the six-year plan is to provide the West Virginia Legislature and citizens a clear understanding of not only the FY 2020 budget, but also the larger implications of today's decisions on the State's future. Careful budgetary planning, with an eye on the future budget requirements, will continue to be a fundamental part of our approach to maintaining balanced budgets while providing necessary services.

CONTACTING THE STATE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Financial Accounting and Reporting Section, 2101 Washington St. East, Building 17, 3rd Floor, Charleston, WV 25305.

Glade Creek Trail Footbridge

A wooden footbridge with railings crosses a rocky stream in a lush green forest. The bridge is made of dark wood and has a simple railing. The water is white and foamy as it flows over the rocks. The forest is dense with tall trees and green foliage.

BASIC FINANCIAL STATEMENTS

Government-Wide

Major Funds

Notes 1-16

A footbridge follows Glade Creek about 5.6 miles up from the New River along an abandoned railroad. Many views of cascades and numerous small waterfalls are visible.

**Statement of Net Position
June 30, 2019
(Expressed in Thousands)**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets:				
Current Assets:				
Cash and Cash Equivalents	\$ 3,652,568	\$ 2,127,112	\$ 5,779,680	\$ 1,034,205
Investments	873,471	96,731	970,202	235,138
Receivables, Net	1,006,114	123,401	1,129,515	232,196
Capital Leases Receivable from Primary Government	—	—	—	17,971
Due from Other Governments	435,072	553	435,625	—
Due from Primary Government	—	—	—	16,699
Due from Fiduciary Funds	211	10,533	10,744	9
Due from Component Units	170,641	5,368	176,009	—
Internal Balances	(2,189)	2,189	—	—
Inventories	63,210	24	63,234	19,817
Other Assets	1,651	15,031	16,682	16,843
Restricted Assets:				
Cash and Cash Equivalents	4,054	16,936	20,990	118,412
Investments	—	—	—	87,395
Receivables, Net	—	1,112	1,112	3,664
Other Restricted Assets	—	224,786	224,786	4
Total Current Assets	<u>6,204,803</u>	<u>2,623,776</u>	<u>8,828,579</u>	<u>1,782,353</u>
Noncurrent Assets:				
Cash and Cash Equivalents	—	—	—	60,940
Investments	—	360,427	360,427	579,982
Receivables, Net	—	1,283,301	1,283,301	285,502
Capital Leases Receivable from Primary Government	—	—	—	209,689
Other Assets	171	—	171	107,420
Advance to Component Units	119,209	—	119,209	—
Net Pension Asset	89,666	—	89,666	—
Net OPEB Asset	—	—	—	662
Restricted Assets:				
Cash and Cash Equivalents	17,965	12,774	30,739	72,491
Investments	—	58,096	58,096	72,459
Receivables, Net	—	—	—	831,995
Other Restricted Assets	—	—	—	5,574
Land and Other Capital Assets				
Not Being Depreciated	2,605,693	611	2,606,304	355,003
Capital Assets, Being Depreciated (Net of Accumulated Depreciation)	<u>7,136,697</u>	<u>1,210</u>	<u>7,137,907</u>	<u>3,630,777</u>
Total Noncurrent Assets	<u>9,969,401</u>	<u>1,716,419</u>	<u>11,685,820</u>	<u>6,212,494</u>
Total Assets	<u>16,174,204</u>	<u>4,340,195</u>	<u>20,514,399</u>	<u>7,994,847</u>
Deferred Outflows of Resources:				
Accumulated Decrease in Fair Value of				
Hedging Derivative	—	—	—	133
Deferred Loss on Bond Refundings	4,834	903	5,737	41,705
Related to Pensions	941,810	1,194	943,004	23,044
Related to OPEB	<u>394,958</u>	<u>472</u>	<u>395,430</u>	<u>48,399</u>
Total Deferred Outflows of Resources	<u>1,341,602</u>	<u>2,569</u>	<u>1,344,171</u>	<u>113,281</u>

The accompanying notes are an integral part of the financial statements.

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities:				
Current Liabilities:				
Accounts Payable	376,863	9,647	386,510	111,085
Interest Payable	8,988	—	8,988	13,720
Accrued Tuition Contract Benefits	—	14,321	14,321	—
Accrued and Other Liabilities	859,435	9,422	868,857	301,168
Due to Other Governments	377,566	2,617	380,183	—
Due to Primary Government	—	—	—	176,009
Due to Fiduciary Funds	63,621	579	64,200	2,855
Due to Component Units	16,174	525	16,699	—
Unearned Revenue	11,684	28,747	40,431	83,298
Premium Deficiency	—	13,359	13,359	—
Insurance and Compensation				
Benefits Obligations	—	320,053	320,053	—
General Obligation Debt	63,396	—	63,396	—
Revenue Bonds Payable	39,699	6,570	46,269	223,172
Capital Leases and Other Debt	12,800	—	12,800	10,369
Capital Leases Payable to Component Units	17,966	—	17,966	—
Compensated Absences	56,368	101	56,469	51,422
Total Current Liabilities	<u>1,904,560</u>	<u>405,941</u>	<u>2,310,501</u>	<u>973,098</u>
Noncurrent Liabilities:				
Accrued Tuition Contract Benefits	—	23,948	23,948	—
Accrued and Other Liabilities	397,912	—	397,912	134,270
Due to Other Governments	122	—	122	—
Unearned Revenue	—	—	—	328
Insurance and Compensation				
Benefits Obligations	—	1,411,396	1,411,396	—
Advances from Primary Government	—	—	—	119,209
Liabilities Payable from Restricted Assets	—	—	—	82,193
General Obligation Debt	1,119,485	—	1,119,485	—
Revenue Bonds Payable	1,492,798	165,475	1,658,273	2,377,675
Capital Leases and Other Debt	20,172	—	20,172	144,759
Capital Leases Payable to Component Units	209,694	—	209,694	—
Net Pension Liability	3,155,226	1,220	3,156,446	43,904
Net OPEB Liability	1,296,539	3,719	1,300,258	343,761
Compensated Absences	27,099	420	27,519	13,665
Total Noncurrent Liabilities	<u>7,719,047</u>	<u>1,606,178</u>	<u>9,325,225</u>	<u>3,259,764</u>
Total Liabilities	<u>9,623,607</u>	<u>2,012,119</u>	<u>11,635,726</u>	<u>4,232,862</u>
Deferred Inflows of Resources:				
Gain on Bond Refundings	—	—	—	573
Related to Pensions	588,078	1,050	589,128	27,861
Related to OPEB	384,329	995	385,324	92,728
Service Concession Arrangements	—	—	—	39,697
Grants and Contributions	—	—	—	10,889
Total Deferred Inflows of Resources	<u>972,407</u>	<u>2,045</u>	<u>974,452</u>	<u>171,748</u>
Net Position:				
Net Investment in Capital Assets	9,005,297	1,821	9,007,118	2,819,377
Restricted for:				
Capital Projects	—	—	—	27,322
Debt Service	679,860	—	679,860	583,546
General Government Operations	4,860	2,391	7,251	—
Permanent Funds:				
Nonexpendable	1,000	—	1,000	293,047
Expendable	427	—	427	—
Lending Activities	—	1,624,249	1,624,249	106,205
Insurance Activities	—	345,734	345,734	—
Development, Tourism, and Recreation	68,031	—	68,031	—
Education	162	—	162	—
Health and Social Services	595	—	595	—
Public Protection	184,514	—	184,514	—
Transportation	312,280	—	312,280	—
Specific Fund/Component Unit Purposes	—	—	—	157,655
Unrestricted (Deficit)	<u>(3,337,234)</u>	<u>354,405</u>	<u>(2,982,829)</u>	<u>(283,634)</u>
Total Net Position	<u>\$ 6,919,792</u>	<u>\$ 2,328,600</u>	<u>\$ 9,248,392</u>	<u>\$ 3,703,518</u>

The accompanying notes are an integral part of the financial statements.

**Statement of Activities
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions				
Primary Government:				
Governmental Activities:				
Legislative	\$ 21,399	\$ 1,286	\$ 48	\$ —
Judicial	122,394	1,026	3,543	—
Executive	279,266	25,710	40,152	—
Administration	203,481	50,744	(1,547)	—
Commerce	163,112	45,103	65,568	—
Environmental Protection	115,131	65,371	106,230	—
Employment Programs	47,779	—	48,391	—
Education	2,704,721	554	453,950	—
Health and Human Resources	5,500,238	64,862	4,044,403	—
Military Affairs and Public Safety	461,957	15,877	78,481	38
Revenue	122,114	45,962	1,833	—
Transportation	1,341,573	181,181	—	492,389
Veterans Assistance	25,178	393	5,947	2,311
Senior Services	45,485	(2)	23,452	—
Regulatory Boards and Commissions	44,027	37,712	3,180	—
Interest on Long-Term Debt	<u>157,642</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Governmental Activities	<u>11,355,497</u>	<u>535,779</u>	<u>4,873,631</u>	<u>494,738</u>
Business-type Activities:				
Water Pollution Control Revolving Fund	5,316	5,879	—	—
Workers' Compensation Fund	139,992	18,194	—	—
Unemployment Compensation	164,478	204,789	—	—
West Virginia Infrastructure and Jobs Development Council	18,512	3,310	—	—
Public Employees' Insurance Agency	561,807	545,646	—	—
Board of Risk and Insurance Management	84,683	76,541	—	—
Other Activities	<u>96,947</u>	<u>120,187</u>	<u>—</u>	<u>—</u>
Total Business-type Activities	<u>1,071,735</u>	<u>974,546</u>	<u>—</u>	<u>—</u>
Total Primary Government	<u>12,427,232</u>	<u>1,510,325</u>	<u>4,873,631</u>	<u>494,738</u>
Component Units:				
West Virginia Lottery	1,158,664	1,143,147	—	—
Economic Development Authority	6,101	9,342	—	—
Housing Development Authority	97,173	39,674	70,445	—
Parkways Authority	271,609	138,108	—	13,653
Water Development Authority	8,326	11,438	—	—
Higher Education	1,976,028	944,625	498,538	30,029
Corrections and Rehabilitation	358,770	112,775	11,579	—
School Building Authority	76,860	—	3,567	—
Other Component Units	<u>55,568</u>	<u>11,161</u>	<u>1,808</u>	<u>—</u>
Total Component Units	<u>\$ 4,009,099</u>	<u>\$ 2,410,270</u>	<u>\$ 585,937</u>	<u>\$ 43,682</u>
General Revenues:				
Taxes:				
Personal Income				
Consumer Sales				
Business				
Medicaid				
Transportation				
Other				
Grants and Contributions not Restricted to Specific Programs				
Unrestricted Investment Earnings				
Tobacco Settlement Revenue				
Payments from State of West Virginia				
Lottery Revenues				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position, Beginning of Year, as Reclassified				
Net Position, End of Year				

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government

Governmental Activities	Business-type Activities	Total	Component Units
\$ (20,065)	\$ —	\$ (20,065)	\$ —
(117,825)	—	(117,825)	—
(213,404)	—	(213,404)	—
(154,284)	—	(154,284)	—
(52,441)	—	(52,441)	—
56,470	—	56,470	—
612	—	612	—
(2,250,217)	—	(2,250,217)	—
(1,390,973)	—	(1,390,973)	—
(367,561)	—	(367,561)	—
(74,319)	—	(74,319)	—
(668,003)	—	(668,003)	—
(16,527)	—	(16,527)	—
(22,035)	—	(22,035)	—
(3,135)	—	(3,135)	—
<u>(157,642)</u>	<u>—</u>	<u>(157,642)</u>	<u>—</u>
<u>(5,451,349)</u>	<u>—</u>	<u>(5,451,349)</u>	<u>—</u>
—	563	563	—
—	(121,798)	(121,798)	—
—	40,311	40,311	—
—	(15,202)	(15,202)	—
—	(16,161)	(16,161)	—
—	(8,142)	(8,142)	—
—	<u>23,240</u>	<u>23,240</u>	<u>—</u>
—	<u>(97,189)</u>	<u>(97,189)</u>	<u>—</u>
<u>(5,451,349)</u>	<u>(97,189)</u>	<u>(5,548,538)</u>	<u>—</u>
—	—	—	(15,517)
—	—	—	3,241
—	—	—	12,946
—	—	—	(119,848)
—	—	—	3,112
—	—	—	(502,836)
—	—	—	(234,416)
—	—	—	(73,293)
—	—	—	<u>(42,599)</u>
—	—	—	<u>(969,210)</u>
2,090,596	—	2,090,596	—
1,481,344	—	1,481,344	—
793,067	—	793,067	—
239,201	—	239,201	—
682,331	—	682,331	—
393,244	—	393,244	—
—	—	—	2,421
144,963	116,396	261,359	61,964
59,764	—	59,764	—
—	—	—	856,009
348,250	46,000	394,250	—
395,866	7,791	403,657	97,104
<u>(30,315)</u>	<u>30,315</u>	<u>—</u>	<u>—</u>
6,598,311	200,502	6,798,813	1,017,498
1,146,962	103,313	1,250,275	48,288
<u>5,772,830</u>	<u>2,225,287</u>	<u>7,998,117</u>	<u>3,655,230</u>
<u>\$ 6,919,792</u>	<u>\$ 2,328,600</u>	<u>\$ 9,248,392</u>	<u>\$ 3,703,518</u>



GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

Major Funds

General This Fund is used as the State's operating fund. It accounts for the financial resources and transactions that are not accounted for in other funds. The revenues are from taxes and other general revenues.

Transportation The governmental fund types of the Department of Transportation (Transportation) are included in this Fund. The Division of Highways has statutory responsibility for the construction, maintenance, and improvement of all state roads. Transportation expenditures funded by registration fees, license fees, and automobile privilege taxes (fees and taxes) are recorded in the State Road Fund within the Division of Highways. These fees and taxes, among other revenue sources, are collected by the Division of Motor Vehicles, which is also in Transportation. Transportation also includes the Division of Public Transit, which administers all federal and state programs that develop public transportation facilities, services, equipment, and methods; the West Virginia Aeronautics Commission, which has general supervision and controls commercial, state, and municipal airports; and the West Virginia Public Port Authority.

The Tobacco Settlement Finance Authority The Authority was created to issue revenue bonds related to the State's portion of the tobacco receipts from the Master Settlement Agreement between tobacco manufacturers and the covered states. The revenue bonds were sold June 26, 2007. See Note 10 for more information.

State Road This constitutionally established Fund is operated within the Department of Transportation. Certain taxes, fees, and other revenue sources are expended for the construction and maintenance of roads.

Nonmajor governmental funds are presented, by fund type, beginning on page 222.

West Virginia

Balance Sheet Governmental Funds June 30, 2019 (Expressed in Thousands)

	<u>General</u>	<u>Transportation</u>	<u>Tobacco Settlement Finance Authority</u>	<u>State Road</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets:						
Cash and Cash Equivalents	\$1,619,363	\$ 530,121	\$ 27,308	\$ 910,551	\$ 538,506	\$ 3,625,849
Investments	649,274	—	71,181	—	153,016	873,471
Receivables, Net	674,806	275,908	30,355	—	16,104	997,173
Due from Other Governments	430,366	4	—	—	4,702	435,072
Due from Other Funds	3,432	278	—	—	334	4,044
Due from Component Units	168,038	38	—	—	1,061	169,137
Advance to Component Units	119,209	—	—	—	—	119,209
Inventories	7,370	54,989	—	—	8	62,367
Other Assets	1,083	425	—	—	—	1,508
Restricted Assets:						
Cash and Cash Equivalents	—	—	—	—	1,669	1,669
Total Assets	<u>3,672,941</u>	<u>861,763</u>	<u>128,844</u>	<u>910,551</u>	<u>715,400</u>	<u>6,289,499</u>
Deferred Outflows of Resources:						
Deferred Payments to Tobacco Settlement Finance Authority	—	—	501,853	—	—	501,853
Total Deferred Outflows of Resources	<u>—</u>	<u>—</u>	<u>501,853</u>	<u>—</u>	<u>—</u>	<u>501,853</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 3,672,941</u>	<u>\$ 861,763</u>	<u>\$ 630,697</u>	<u>\$ 910,551</u>	<u>\$ 715,400</u>	<u>\$ 6,791,352</u>
Liabilities:						
Accounts Payable	\$ 163,032	\$ 158,618	\$ —	\$ 5,589	\$ 30,327	\$ 357,566
Accrued and Other Liabilities	853,069	19,171	—	—	21,641	893,881
Unearned Revenue	7,869	3,815	—	—	—	11,684
Due to Other Governments	343,745	21,740	—	—	11,880	377,365
Due to Other Funds	71,794	10,204	—	4	1,253	83,255
Due to Component Units	15,820	309	—	—	7	16,136
Total Liabilities	<u>1,455,329</u>	<u>213,857</u>	<u>—</u>	<u>5,593</u>	<u>65,108</u>	<u>1,739,887</u>
Deferred Inflows of Resources:						
Tax Revenue	67,374	—	—	—	—	67,374
Tobacco Settlement Revenue	—	—	30,331	—	—	30,331
Advances to Tobacco Settlement Finance Authority	501,853	—	—	—	—	501,853
Total Deferred Inflows of Resources	<u>569,227</u>	<u>—</u>	<u>30,331</u>	<u>—</u>	<u>—</u>	<u>599,558</u>

The accompanying notes are an integral part of the financial statements.

	<u>General</u>	<u>Transportation</u>	<u>Tobacco Settlement Finance Authority</u>	<u>State Road</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund Balances:						
Nonspendable:						
Inventories	7,370	54,989	—	—	8	62,367
Permanent Fund	—	—	—	—	1,000	1,000
Receivables	121,803	—	—	—	—	121,803
Restricted for:						
Capital Projects	—	—	—	904,958	97,925	1,002,883
Debt Service	—	—	600,366	—	58,127	658,493
General Government						
Operations	1,127	—	—	—	—	1,127
Development, Tourism, and Recreation	3,031	—	—	—	65,000	68,031
Education	162	—	—	—	427	589
Health and Social Services	595	—	—	—	—	595
Public Protection	453	—	—	—	94,395	94,848
Transportation	—	312,280	—	—	—	312,280
Committed to:						
General Government						
Operations	11,321	—	—	—	5,258	16,579
Rainy Day	763,388	—	—	—	—	763,388
Development, Tourism, and Recreation						
Education	3,356	—	—	—	—	3,356
Health and Social Services	37,394	—	—	—	—	37,394
Public Protection	12,103	—	—	—	—	12,103
Assigned to:	2,398	—	—	—	322,358	324,756
General Government						
Operations	7,312	—	—	—	—	7,312
Development, Tourism, and Recreation						
Education	941	—	—	—	—	941
Health and Social Services	276	—	—	—	—	276
Public Protection	1,043	—	—	—	1,917	2,960
Transportation	663	—	—	—	3,877	4,540
Unassigned	—	280,637	—	—	—	280,637
	<u>673,649</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>673,649</u>
Total Fund Balances	<u>1,648,385</u>	<u>647,906</u>	<u>600,366</u>	<u>904,958</u>	<u>650,292</u>	<u>4,451,907</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances						
	<u>\$3,672,941</u>	<u>\$ 861,763</u>	<u>\$ 630,697</u>	<u>\$910,551</u>	<u>\$ 715,400</u>	<u>\$6,791,352</u>

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2019
(Expressed in Thousands)**

Total Fund Balances - Governmental Funds \$ 4,451,907

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets (excluding Internal Service Funds) consist of:

Land	\$ 1,392,620	
Construction in Progress	1,182,856	
Infrastructure Assets	13,100,619	
Buildings, Equipment, and Other Depreciable Assets	1,851,131	
Intangibles	51,697	
Accumulated Depreciation	<u>(8,112,736)</u>	
Total Capital Assets		9,466,187

The Net Pension Asset is not recognized at the fund level. 97,705

Certain tax and other revenues are earned but not available and therefore are deferred inflows of resources in the funds. 89,666

Deferred inflows of resources for pensions and OPEB (excluding Internal Service Funds) are reported in the statement of net position, but not reported in the funds. (965,805)

Internal Service Funds are used by management to charge the costs of certain activities, such as building rental and information services, to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position. 239,730

Bonds issued by the State have associated costs that are paid from current available financial resources in the funds. However, these costs are amortized over the life of the bonds in the statement of net position. 171

Deferred outflows of resources for pensions, OPEB, and loss on bond refundings (excluding Internal Service Funds) are reported in the statement of net position, but not reported in the funds. 1,336,570

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities (excluding Internal Service Funds) consist of:

General Obligation Bonds	(1,182,881)	
Revenue Bonds	(1,532,497)	
Capital Leases	(186,938)	
Compensated Absences	(81,740)	
Net Pension Liability	(3,152,084)	
Net OPEB Liability	(1,288,443)	
Accrued Interest Payable and Other Liabilities	<u>(371,756)</u>	
Total Long-Term Liabilities		<u>(7,796,339)</u>

Net Position of Governmental Activities \$ 6,919,792

The accompanying notes are an integral part of the financial statements.

**Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

	<u>General</u>	<u>Transportation</u>	<u>Tobacco Settlement Finance Authority</u>	<u>State Road</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Revenues:						
Taxes:						
Personal Income	\$2,084,820	\$ —	\$ —	\$ —	\$ —	\$2,084,820
Consumer Sales and Use	1,477,711	—	—	—	—	1,477,711
Severance	452,680	—	—	—	—	452,680
Corporate Net Income	205,481	—	—	—	—	205,481
Business and Occupation	129,105	—	—	—	—	129,105
Medicaid	238,773	—	—	—	—	238,773
Gasoline and Motor Carrier	—	444,575	—	—	—	444,575
Automobile Privilege	—	237,756	—	—	—	237,756
Other	389,039	4,287	—	—	—	393,326
Intergovernmental	4,230,863	492,389	—	—	148,500	4,871,752
Licenses, Permits, and Fees	114,538	8,385	—	—	126,553	249,476
Motor Vehicle Registration	—	175,565	—	—	—	175,565
Charges for Services	131,939	—	—	—	17	131,956
Lottery Revenues	332,706	—	—	—	10,650	343,356
Food Stamp Revenue	405,622	—	—	—	—	405,622
Investment Earnings	100,122	11,130	4,108	21,947	21,726	159,033
Other	165,073	220,212	59,603	—	23,463	468,351
Total Revenues	10,458,472	1,594,299	63,711	21,947	330,909	12,469,338
Expenditures:						
Current:						
Legislative	22,197	—	—	—	1,409	23,606
Judicial	133,023	—	—	—	—	133,023
Executive	279,425	—	—	—	—	279,425
Administration	77,025	—	109	—	5	77,139
Commerce	224,614	—	—	—	294	224,908
Environmental Protection	5,320	—	—	—	135,008	140,328
Employment Programs	—	—	—	—	49,383	49,383
Education	2,872,753	—	—	—	1,191	2,873,944
Health and Human Resources	5,589,099	—	—	—	—	5,589,099
Military Affairs and Public Safety	488,368	—	—	—	1	488,369
Revenue	114,648	—	—	—	22,615	137,263
Transportation	1,249	1,040,874	—	—	—	1,042,123
Veterans Assistance	24,809	—	—	—	2	24,811
Senior Services	45,002	—	—	—	—	45,002
Regulatory Boards and Commissions	14,783	—	—	—	20,751	35,534
Capital Outlay	—	494,920	—	31,716	15,470	542,106
Debt Service:						
Principal	—	49,790	12,910	—	48,390	111,090
Interest	—	57,659	51,226	—	26,982	135,867
Total Expenditures	9,892,315	1,643,243	64,245	31,716	321,501	11,953,020
Excess of Revenues Over (Under) Expenditures	566,157	(48,944)	(534)	(9,769)	9,408	516,318
Other Financing Sources (Uses):						
Face Value of Long-Term Debt Issued	—	78,810	—	—	54,979	133,789
Premiums on Bonds Issued	—	12,060	—	—	7,037	19,097
Capital Lease Acquisition	12,414	—	—	—	—	12,414
Transfers In	79,905	110,387	—	—	64,417	254,709
Transfers Out	(216,998)	—	(20,329)	—	(49,848)	(287,175)
Total Other Financing Sources (Uses)	(124,679)	201,257	(20,329)	—	76,585	132,834
Net Change in Fund Balance	441,478	152,313	(20,863)	(9,769)	85,993	649,152
Fund Balances, Beginning of Year, as Reclassified	1,206,907	495,593	621,229	914,727	564,299	3,802,755
Fund Balances, End of Year	\$1,648,385	\$ 647,906	\$ 600,366	\$ 904,958	\$ 650,292	\$4,451,907

The accompanying notes are an integral part of the financial statements.

**Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances –
Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

Net Change in Fund Balances – Total Governmental Funds		\$ 649,152
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	\$ 557,210	
Depreciation Expense	<u>(365,357)</u>	
Excess of Capital Outlay Over Depreciation Expense		191,853
Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability.		(12,414)
Accretion of interest related to capital appreciation bonds is an expense of the governmental activities.		(170,679)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. For the current year, these amounts consist of:		
Bond Principal Retirement	26,680	
Capital Lease Payments	<u>95,200</u>	
Total Long-Term Debt Repayment		121,880
Internal Service Funds are used by management to charge the costs of certain activities, such as building and vehicle maintenance and leasing, data processing, and investment and management of state monies, to individual funds. The net increase in net position of the Internal Service Funds is reported with governmental activities.		7,074
Revenues in the statement of activities that do provide current financial resources are not reported as revenues in the funds.		15,717
Loss on issuance of new refunding bonds in the current fiscal year, but was deferred on the statement of activities.		(659)
Retirement contributions (excluding Internal Service Funds) to defined benefit pension plans in the current fiscal year are not included on the statement of activities.		545,309
OPEB contributions (excluding Internal Service Funds) to defined benefit OPEB plan in the current fiscal year are not included on the statement of activities.		131,848
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Decrease in Accrued Interest (Asset)	(31)	
Increase in Compensated Absences	(2,827)	
Decrease in Accrued and Other Liabilities	5,202	
Decrease in Net Pension Liability (Asset), net of deferrals	(248,993)	
Increase in OPEB Liability, net of deferrals	(100,970)	
Amortization in Bond Premiums/Discounts	<u>15,500</u>	
Total Change in Expenditures		<u>(332,119)</u>
Change in Net Position of Governmental Activities		<u>\$ 1,146,962</u>

The accompanying notes are an integral part of the financial statements.



PROPRIETARY FUNDS

FINANCIAL STATEMENTS

Major Funds

Water Pollution Control Revolving Fund (Water Pollution) Low-interest loans are made to communities that need to upgrade an existing waste water system, establishing a new utility or cleaning up the State's water supply. The Water Pollution is to remain in perpetuity by recirculating the principal and interest earned from the loans.

Workers' Compensation Fund On December 31, 2005, the Workers' Compensation Commission (WCC) ceased to exist as a separate state entity. The WCC's regulatory powers transferred to the Offices of the Insurance Commissioner, along with the residual assets and liabilities of the former WCC. Disbursements from the State's Workers' Compensation Fund are related to the liabilities and appropriate administrative expenses necessary for the administration of all claims, actual and incurred but not reported, for any claim with a date of injury on or before June 30, 2005.

Unemployment Compensation The Fund is administered by the Bureau of Employment Programs doing business as WORKFORCE West Virginia. The Fund receives contributions from employers and provides for the payment of benefits to eligible unemployed workers under provisions of the Federal Unemployment Tax Act.

West Virginia Infrastructure and Jobs Development Council The Council coordinates the review and funding of water, wastewater, and economic development projects in the State. The proceeds from the Council's bond programs provide financial assistance to infrastructure and economic development projects throughout the State. The primary source of repayment for the revenue and refunding bonds is the receipt of payments of principal and interest on a set of loans, known as defined loans, previously made to projects from general obligation and revenue bond proceeds.

Public Employees Insurance Agency The Agency, a public entity risk pool, is responsible for providing health and life insurance to current and retired state and county employees. The Agency, empowered to set the premium rates charged to its participants, utilizes a third-party administrator to process claims and make payments to doctors and hospitals on a cost reimbursement basis.

Board of Risk and Insurance Management The Board, a public entity risk pool, is responsible for the self-insurance of all state buildings, automobiles, and legal and civil actions, as well as insuring various county and local governments and charitable organizations. The Board is funded from the premiums assessed to the organizations it insures.

Nonmajor proprietary funds are presented beginning on page 244.

West Virginia

Statement of Net Position Proprietary Funds June 30, 2019 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Water Pollution Control Revolving Fund	Workers' Compensation Fund	Unemployment Compensation	West Virginia Infrastructure and Jobs Development Council
Assets:				
Current Assets:				
Cash and Cash Equivalents	\$ 158,662	\$ 1,446,055	\$ 203,882	\$ 169,299
Investments	—	—	—	96,731
Receivables, Net	36,140	865	8,275	28,620
Due from Other Governments	—	—	553	—
Due from Other Funds	—	—	189	—
Due from Component Units	—	—	155	—
Inventories	—	—	—	—
Other Assets	—	—	—	—
Restricted Assets:				
Cash and Cash Equivalents	—	—	—	—
Receivables, Net	—	—	—	—
Other Restricted Assets	—	—	—	—
Total Current Assets	<u>194,802</u>	<u>1,446,920</u>	<u>213,054</u>	<u>294,650</u>
Noncurrent Assets:				
Investments	—	—	—	—
Receivables, Net	612,317	—	—	538,039
Restricted Assets:				
Cash and Cash Equivalents	—	—	—	—
Investments	—	—	—	—
Capital Assets, Net	—	—	—	—
Total Noncurrent Assets	<u>612,317</u>	<u>—</u>	<u>—</u>	<u>538,039</u>
Total Assets	<u>807,119</u>	<u>1,446,920</u>	<u>213,054</u>	<u>832,689</u>
Deferred Outflows of Resources:				
Deferred Loss on Bond Refundings	—	—	—	903
Related to Pensions	94	—	—	34
Related to OPEB	63	—	—	7
Total Deferred Outflows of Resources	<u>157</u>	<u>—</u>	<u>—</u>	<u>944</u>
Liabilities:				
Current Liabilities:				
Accounts Payable	103	—	—	37
Accrued Tuition Contract Benefits	—	—	—	—
Accrued and Other Liabilities	—	1,459	1,200	2,628
Premium Deficiency	—	—	—	—
Unearned Revenue	4,954	—	—	—
Due to Other Governments	—	—	2,617	—
Due to Other Funds	—	—	4	—
Due to Component Units	44	—	—	228
Insurance and Compensation Benefits Obligations	—	172,200	15,000	—
Revenue Bonds Payable	—	—	—	6,570
Capital Leases and Other Debt	—	—	—	—
Capital Leases Payable to Component Units	—	—	—	—
Compensated Absences	59	—	—	—
Total Current Liabilities	<u>5,160</u>	<u>173,659</u>	<u>18,821</u>	<u>9,463</u>
Noncurrent Liabilities:				
Accrued Tuition Contract Benefits	—	—	—	—
Insurance and Compensation Benefits Obligations	—	1,262,500	—	—
Revenue Bonds Payable	—	—	—	165,475
Capital Leases and Other Debt	—	—	—	—
Capital Leases Payable to Component Units	—	—	—	—
Compensated Absences	18	—	—	—
Net Pension Liability	164	—	—	40
Net OPEB Liability	617	—	—	36
Total Noncurrent Liabilities	<u>799</u>	<u>1,262,500</u>	<u>—</u>	<u>165,551</u>
Total Liabilities	<u>5,959</u>	<u>1,436,159</u>	<u>18,821</u>	<u>175,014</u>
Deferred Inflows of Resources:				
Related to Pensions	107	—	—	36
Related to OPEB	158	—	—	14
Total Deferred Inflows of Resources	<u>265</u>	<u>—</u>	<u>—</u>	<u>50</u>
Net Position:				
Net Investment in Capital Assets	—	—	—	—
Restricted for:				
Capital Projects	—	—	—	—
General Government Operations	—	—	—	—
Lending Activities	801,052	—	—	644,927
Insurance Activities	—	61,188	194,233	—
Unrestricted (Deficit)	—	(50,427)	—	13,642
Total Net Position	<u>\$ 801,052</u>	<u>\$ 10,761</u>	<u>\$ 194,233</u>	<u>\$ 658,569</u>

The accompanying notes are an integral part of the financial statements.

Public Employees Insurance Agency	Board of Risk and Insurance Management	Other Enterprise Funds	Total	Government Activities - Internal Service Funds
\$ 48,549	\$ 29,342	\$ 71,323	\$ 2,127,112	\$ 26,719
—	—	—	96,731	—
35,347	3,223	10,931	123,401	8,941
—	—	—	553	—
13,834	—	—	14,023	14,129
5,213	—	—	5,368	1,504
—	—	24	24	843
—	—	15,031	15,031	143
—	16,936	—	16,936	3,733
—	1,112	—	1,112	—
—	<u>224,786</u>	—	<u>224,786</u>	—
<u>102,943</u>	<u>275,399</u>	<u>97,309</u>	<u>2,625,077</u>	<u>56,012</u>
225,314	100,600	34,513	360,427	—
—	—	132,945	1,283,301	—
12,774	—	—	12,774	16,617
—	58,096	—	58,096	—
<u>146</u>	<u>—</u>	<u>1,675</u>	<u>1,821</u>	<u>276,203</u>
<u>238,234</u>	<u>158,696</u>	<u>169,133</u>	<u>1,716,419</u>	<u>292,820</u>
<u>341,177</u>	<u>434,095</u>	<u>266,442</u>	<u>4,341,496</u>	<u>348,832</u>
—	—	—	903	—
331	373	362	1,194	3,900
<u>100</u>	<u>65</u>	<u>237</u>	<u>472</u>	<u>1,132</u>
<u>431</u>	<u>438</u>	<u>599</u>	<u>2,569</u>	<u>5,032</u>
4,239	1,504	3,764	9,647	19,297
—	—	14,321	14,321	—
2,842	1,038	255	9,422	698
13,359	—	—	13,359	—
13,614	10,179	—	28,747	—
—	—	—	2,617	323
1,841	10	25	1,880	517
218	—	35	525	38
64,897	62,656	5,300	320,053	—
—	—	—	6,570	—
—	—	—	—	7,073
—	—	—	—	1,775
—	—	42	101	—
<u>101,010</u>	<u>75,387</u>	<u>23,742</u>	<u>407,242</u>	<u>29,721</u>
—	—	23,948	23,948	—
12,774	128,322	7,800	1,411,396	—
—	—	—	165,475	—
—	—	—	—	11,591
—	—	—	—	53,255
—	124	278	420	1,727
239	249	528	1,220	3,142
<u>699</u>	<u>470</u>	<u>1,897</u>	<u>3,719</u>	<u>8,096</u>
<u>13,712</u>	<u>129,165</u>	<u>34,451</u>	<u>1,606,178</u>	<u>77,811</u>
<u>114,722</u>	<u>204,552</u>	<u>58,193</u>	<u>2,013,420</u>	<u>107,532</u>
312	200	395	1,050	4,292
<u>187</u>	<u>109</u>	<u>527</u>	<u>995</u>	<u>2,310</u>
<u>499</u>	<u>309</u>	<u>922</u>	<u>2,045</u>	<u>6,602</u>
146	—	1,675	1,821	207,878
—	—	—	—	16,617
—	—	2,391	2,391	3,733
—	—	178,270	1,624,249	—
—	72,466	17,847	345,734	—
<u>226,241</u>	<u>157,206</u>	<u>7,743</u>	<u>354,405</u>	<u>11,502</u>
<u>\$ 226,387</u>	<u>\$ 229,672</u>	<u>\$ 207,926</u>	<u>\$ 2,328,600</u>	<u>\$ 239,730</u>

West Virginia

Statement of Revenues, Expenses, and
Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Water Pollution Control Revolving Fund	Workers’ Compensation Fund	Unemployment Compensation	West Virginia Infrastructure and Jobs Development Council
Operating Revenues:				
Charges for Services and Sales	\$ —	\$ —	\$ 204,789	\$ 3,310
Insurance Premiums	—	18,194	—	—
Tuition Contracts	—	—	—	—
Investment Earnings	2,677	—	—	—
Licenses, Permits, and Fees	3,202	—	—	—
Other	—	28	—	—
Total Operating Revenues	<u>5,879</u>	<u>18,222</u>	<u>204,789</u>	<u>3,310</u>
Operating Expenses:				
Cost of Sales and Services	—	—	—	—
Insurance Claims and Claims Adjustment	—	130,077	—	—
Infrastructure and Economic Development	—	—	—	7,860
Unemployment Insurance Benefits	—	—	164,478	—
General and Administration	5,205	9,915	—	1,019
Pension Expense	(24)	—	—	20
OPEB Expense	153	—	—	(16)
Depreciation and Amortization	—	—	—	—
Provisions for Uncollectible Loans	—	—	—	3,100
Other	—	—	—	—
Total Operating Expenses	<u>5,334</u>	<u>139,992</u>	<u>164,478</u>	<u>11,983</u>
Operating Income (Loss)	<u>545</u>	<u>(121,770)</u>	<u>40,311</u>	<u>(8,673)</u>
Nonoperating Revenues (Expenses):				
Gain (Loss) on Sale of Equipment	—	—	—	—
Interest and Other Investment Income (Loss)	4,885	67,531	2,039	5,297
Interest Expense	—	—	—	(6,529)
Lottery Revenues	—	—	—	46,000
Other Nonoperating Revenues	39	—	—	5
Total Nonoperating Revenues (Expenses), Net	<u>4,924</u>	<u>67,531</u>	<u>2,039</u>	<u>44,773</u>
Income (Loss) Before Transfers	<u>5,469</u>	<u>(54,239)</u>	<u>42,350</u>	<u>36,100</u>
Transfers:				
Transfers In	30,024	—	—	158
Transfers Out	—	(11,867)	—	(7,175)
Total Transfers	<u>30,024</u>	<u>(11,867)</u>	<u>—</u>	<u>(7,017)</u>
Change in Net Position	35,493	(66,106)	42,350	29,083
Net Position, Beginning of Year, as Reclassified	<u>765,559</u>	<u>76,867</u>	<u>151,883</u>	<u>629,486</u>
Net Position, End of Year	<u>\$ 801,052</u>	<u>\$ 10,761</u>	<u>\$ 194,233</u>	<u>\$ 658,569</u>

The accompanying notes are an integral part of the financial statements.

Public Employees Insurance Agency	Board of Risk and Insurance Management	Other Enterprise Funds	Total	Governmental Activities Internal Service Funds
\$ —	\$ —	\$ 105,064	\$ 313,163	\$ 141,926
545,660	76,674	9,304	649,832	—
—	—	14	14	—
—	—	—	2,677	—
—	—	5,836	9,038	—
<u>4,775</u>	<u>—</u>	<u>2,659</u>	<u>7,462</u>	<u>—</u>
<u>550,435</u>	<u>76,674</u>	<u>122,877</u>	<u>982,186</u>	<u>141,926</u>
—	—	78,191	78,191	108,271
542,674	80,169	8,080	761,000	—
—	—	—	7,860	—
—	—	—	164,478	—
11,829	4,467	6,982	39,417	11,023
35	5	40	76	368
15	47	151	350	650
58	—	169	227	20,086
—	—	—	3,100	—
<u>7,232</u>	<u>—</u>	<u>3,453</u>	<u>10,685</u>	<u>—</u>
<u>561,843</u>	<u>84,688</u>	<u>97,066</u>	<u>1,065,384</u>	<u>140,398</u>
<u>(11,408)</u>	<u>(8,014)</u>	<u>25,811</u>	<u>(83,198)</u>	<u>1,528</u>
—	—	—	—	(92)
12,241	21,044	3,359	116,396	158
—	—	—	(6,529)	(2,340)
—	—	—	46,000	4,894
<u>—</u>	<u>30</u>	<u>255</u>	<u>329</u>	<u>775</u>
<u>12,241</u>	<u>21,074</u>	<u>3,614</u>	<u>156,196</u>	<u>3,395</u>
<u>833</u>	<u>13,060</u>	<u>29,425</u>	<u>72,998</u>	<u>4,923</u>
31,000	—	11,214	72,396	7,516
<u>—</u>	<u>—</u>	<u>(23,039)</u>	<u>(42,081)</u>	<u>(5,365)</u>
<u>31,000</u>	<u>—</u>	<u>(11,825)</u>	<u>30,315</u>	<u>2,151</u>
31,833	13,060	17,600	103,313	7,074
<u>194,554</u>	<u>216,612</u>	<u>190,326</u>	<u>2,225,287</u>	<u>232,656</u>
<u>\$ 226,387</u>	<u>\$ 229,672</u>	<u>\$ 207,926</u>	<u>\$ 2,328,600</u>	<u>\$ 239,730</u>

West Virginia

Statement of Cash Flows Proprietary Funds For the Fiscal Year Ended June 30, 2019 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Water Pollution Control Revolving Fund	Workers’ Compensation Fund	Unemployment Compensation	West Virginia Infrastructure and Jobs Development Council
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 42,783	\$ 24,992	\$ 228,751	\$ 28,946
Receipts from State Agencies	—	—	—	—
Payments to Suppliers	—	(8,371)	—	(550)
Payments to Employees	(1,067)	(14)	—	(464)
Payments to Beneficiaries	—	—	—	—
Payments for Loans Originated	(37,373)	—	—	(39,479)
Payments for Premiums	—	—	—	—
Payments to Claimants	—	(152,577)	(165,736)	—
Other Operating Cash Receipts	—	90	1,609	—
Other Operating Cash Payments	(4,188)	—	—	—
Net Cash Provided by (Used For) Operating Activities	<u>155</u>	<u>(135,880)</u>	<u>64,624</u>	<u>(11,547)</u>
Cash Flows from Noncapital Financing Activities:				
Repayment of Operating Debt	—	—	—	(5,515)
Interest Paid on Operating Debt	—	—	—	(7,370)
Transfers In	29,974	—	—	158
Transfers Out	—	(17,179)	—	—
Entitlements and Grants	—	—	—	—
Distributions or Subsidies from (to) Other Organizations	—	—	—	46,000
Other Nonoperating Receipts (Payments)	—	—	—	—
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>29,974</u>	<u>(17,179)</u>	<u>—</u>	<u>33,273</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from Sale of Capital Bonds and Other Debts	—	—	—	5
Repayment of Capital Debt	—	—	—	—
Interest Paid on Capital Debt	—	—	—	—
Acquisition and Construction of Capital Assets	—	—	—	—
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>—</u>	<u>—</u>	<u>—</u>	<u>5</u>
Cash Flows from Investing Activities:				
Purchase of Investments	—	—	—	(111,560)
Proceeds from Sale of Investments	—	—	—	111,858
Investment Earnings	4,885	67,534	2,039	3,926
Net Cash Provided by (Used for) Investing Activities	<u>4,885</u>	<u>67,534</u>	<u>2,039</u>	<u>4,224</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>35,014</u>	<u>(85,525)</u>	<u>66,663</u>	<u>25,955</u>
Cash and Cash Equivalents, Beginning of Year, as reclassified	<u>123,648</u>	<u>1,531,580</u>	<u>137,219</u>	<u>143,344</u>
Cash and Cash Equivalents, End of Year	<u>\$ 158,662</u>	<u>\$ 1,446,055</u>	<u>\$ 203,882</u>	<u>\$ 169,299</u>

Public Employees Insurance Agency	Board of Risk and Insurance Management	Other Enterprise Funds	Total	Governmental Activities Internal Service Funds
\$ 545,058	\$ 75,273	\$ 133,347	\$ 1,079,150	\$ —
—	—	—	—	136,252
(19,616)	(2,069)	(79,573)	(110,179)	(94,641)
(1,315)	(1,854)	(4,709)	(9,423)	(24,518)
(594,189)	(56,192)	(10,435)	(660,816)	—
—	—	(12,603)	(89,455)	—
—	—	(7,891)	(7,891)	—
—	—	(8,737)	(327,050)	—
62,166	—	3,729	67,594	—
—	(23,410)	(130)	(27,728)	—
<u>(7,896)</u>	<u>(8,252)</u>	<u>12,998</u>	<u>(85,798)</u>	<u>17,093</u>
—	—	—	(5,515)	—
—	—	—	(7,370)	—
—	—	11,214	41,346	7,516
6,004	—	(23,039)	(34,214)	(5,365)
—	—	135	135	—
33,500	—	—	79,500	4,894
—	—	—	—	59
<u>39,504</u>	<u>—</u>	<u>(11,690)</u>	<u>73,882</u>	<u>7,104</u>
—	—	—	5	5,864
—	—	—	—	(9,990)
—	—	—	—	(2,339)
(9)	—	(136)	(145)	(20,259)
<u>(9)</u>	<u>—</u>	<u>(136)</u>	<u>(140)</u>	<u>(26,724)</u>
(99,659)	(14,362)	(147)	(225,728)	—
73,172	14,196	10,000	209,226	—
<u>12,241</u>	<u>14,102</u>	<u>1,176</u>	<u>105,903</u>	<u>156</u>
<u>(14,246)</u>	<u>13,936</u>	<u>11,029</u>	<u>89,401</u>	<u>156</u>
<u>17,353</u>	<u>5,684</u>	<u>12,201</u>	<u>77,345</u>	<u>(2,371)</u>
<u>43,970</u>	<u>40,594</u>	<u>59,122</u>	<u>2,079,477</u>	<u>49,440</u>
<u>\$ 61,323</u>	<u>\$ 46,278</u>	<u>\$ 71,323</u>	<u>\$ 2,156,822</u>	<u>\$ 47,069</u>

West Virginia

Statement of Cash Flows Proprietary Funds For the Fiscal Year Ended June 30, 2019 (Expressed in Thousands) (Continued)

	<u>Business-type Activities – Enterprise Funds</u>			
	<u>Water Pollution Control Revolving Fund</u>	<u>Workers’ Compensation Fund</u>	<u>Unemployment Compensation</u>	<u>West Virginia Infrastructure and Jobs Development Council</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ 545	\$ (121,770)	\$ 40,311	\$ (8,673)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization	—	—	—	—
Provisions for Uncollectible Loans	—	—	—	3,100
Pension Expense	(24)	—	—	20
OPEB Expense	153	—	—	(16)
Changes in Assets and Liabilities and Deferred Outflows of Resources:				
Receivables	(469)	8,413	25,757	1,191
Inventories	—	—	—	—
Other Assets	—	—	—	—
Accounts Payable and Accrued Liabilities	97	(22,500)	(1,258)	(7,152)
Tuition Contracts Benefits and Expenses	—	—	—	—
Unearned Revenue	—	—	—	—
Escrow Deposits	—	—	—	—
Due to/from Other Funds	—	—	(186)	18
Unpaid Claims Liabilities	—	—	—	—
Other Liabilities	—	(23)	—	—
Compensated Absences	(3)	—	—	—
Deferred Outflows of Resources	<u>(144)</u>	<u>—</u>	<u>—</u>	<u>(35)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 155</u>	<u>\$ (135,880)</u>	<u>\$ 64,624</u>	<u>\$ (11,547)</u>
Schedule of Noncash Capital and Financing Activities:				
Loans Originated with Principal Forgiveness Features	\$ —	\$ —	\$ —	\$ —
Unrealized Gain (Loss) on Investments	—	—	—	—
On Behalf OPEB Payments	39	—	—	2

The accompanying notes are an integral part of the financial statements.

Public Employees Insurance Agency	Board of Risk and Insurance Management	Other Enterprise Funds	Total	Governmental Activities – Internal Service Funds
\$ (11,408)	\$ (8,014)	\$ 25,811	\$ (83,198)	\$ 1,528
58	—	169	227	20,086
—	—	—	3,100	—
35	5	40	76	368
15	47	151	350	650
(5,356)	(1,558)	1,305	29,283	(5,674)
—	—	16	16	(80)
—	—	—	—	6
(2,547)	—	(1,230)	(34,590)	3,548
—	—	(12,996)	(12,996)	—
(47)	729	—	682	—
—	(23,409)	—	(23,409)	—
—	—	—	(168)	—
—	23,977	—	23,977	—
11,566	157	190	11,890	(844)
—	—	25	22	—
<u>(212)</u>	<u>(186)</u>	<u>(483)</u>	<u>(1,060)</u>	<u>(2,495)</u>
<u>\$ (7,896)</u>	<u>\$ (8,252)</u>	<u>\$12,998</u>	<u>\$ (85,798)</u>	<u>\$ 17,093</u>
\$ —	\$ —	\$ 3,325	\$ 3,325	\$ —
11,437	6,942	2,109	20,488	—
—	—	120	161	510



FIDUCIARY FUNDS

FINANCIAL STATEMENTS

Private Purpose Trust Fund This fund type is used to report a trust arrangement under which principal and income benefit individuals.

SMART 529 The West Virginia College Savings Program (the Program) operates under the West Virginia State Code Chapter 18, Article 30, and is administered by the Office of the State Treasurer under the direction of the Program's Board. All funds paid into or invested through the Program will be available for use at any two-year or four-year college or university in the country, with refund and transfer options available. Since the Program is an Internal Revenue Service Section 529 Qualified State Tuition Program, earnings on the funds are federally tax deferred until used for college.

The individual Pension and Other Employee Benefit Trust Funds, Investment Trust Funds, and Agency Funds descriptions and financial statements begin on page 254.

West Virginia

Statement of Fiduciary Net Position Fiduciary Funds June 30, 2019 (Expressed in Thousands)

	Pension and Other Benefit Trust Funds	Investment Trust Funds	SMART 529	Agency Funds
Assets:				
Cash and Cash Equivalents	\$ 115,181	\$ 428,922	\$ —	\$ 74,796
Investments:				
Equity Pooled Investments	17,171,630	—	—	8,860
Mutual Funds	549,650	—	2,658,300	—
Receivables, Net:				
Contributions	29,828	—	3,013	—
Participant Loans	2,001	—	—	—
Accrued Interest	—	—	—	514
Accounts	8,238	—	—	—
Due from Other Funds	64,322	—	—	339
Due from Component Units	<u>2,855</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Assets	<u>17,943,705</u>	<u>428,922</u>	<u>2,661,313</u>	<u>84,509</u>
Deferred Outflows of Resources:				
Related to Pensions	179	—	—	—
Related to OPEB	<u>69</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Deferred Outflows of Resources	<u>248</u>	<u>—</u>	<u>—</u>	<u>—</u>
Liabilities:				
Accounts Payable	—	—	2,366	12
Accrued and Other Liabilities	7,139	—	853	—
Due to Other Governments	—	—	—	5,396
Due to Other Funds	11,205	—	—	—
Due to Component Units	9	—	—	—
Insurance Claims Payable	18,245	—	—	—
Agency Liabilities	—	—	—	79,101
Net Pension Liability	131	—	—	—
Net OPEB Liability	<u>393</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Liabilities	<u>37,122</u>	<u>—</u>	<u>3,219</u>	<u>\$ 84,509</u>
Deferred Inflows of Resources:				
Related to Pensions	171	—	—	—
Related to OPEB	<u>103</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Deferred Inflows of Resources	<u>274</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Position:				
Restricted for:				
Pension Benefits	16,814,896	—	—	—
Other Postemployment Benefits	1,091,661	—	—	—
Held in Trust for:				
External Investment Pool Participants	—	428,922	—	—
Individuals and Organizations	<u>—</u>	<u>—</u>	<u>2,658,094</u>	<u>—</u>
Total Net Position	<u>\$ 17,906,557</u>	<u>\$ 428,922</u>	<u>\$ 2,658,094</u>	<u>\$ 84,509</u>

The accompanying notes are an integral part of the financial statements.

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

	Pension and Other Benefit Trust Funds	Investment Trust Funds	SMART 529
Additions:			
Contributions:			
Members	\$ 182,634	\$ —	\$ —
Employer	416,053	—	—
Account Holder Contributions	—	—	196,893
Deposits, Pool Participants	—	639,959	—
Other	<u>460,652</u>	<u>—</u>	<u>—</u>
Total Contributions	<u>1,059,339</u>	<u>639,959</u>	<u>196,893</u>
Investment Income (Loss):			
Net Appreciation (Depreciation) in			
Fair Value of Investments	993,723	9,323	(46,444)
Interest	19,109	—	180,965
Investment Expense	<u>—</u>	<u>—</u>	<u>(4,836)</u>
Net Investment Income	<u>1,012,832</u>	<u>9,323</u>	<u>129,685</u>
Other	<u>6,739</u>	<u>—</u>	<u>—</u>
Total Additions	<u>2,078,910</u>	<u>649,282</u>	<u>326,578</u>
Deductions:			
Benefits Expense	1,466,622	—	—
Forfeitures	1,113	—	—
Payments in Accordance with Trust Agreements	—	—	256,224
Refunds of Contributions	40,329	—	—
Withdrawals	—	590,693	—
Pension Expense	12	—	—
OPEB Expense	36	—	—
Administrative Expense	<u>18,510</u>	<u>—</u>	<u>5,409</u>
Total Deductions	<u>1,526,622</u>	<u>590,693</u>	<u>261,633</u>
Change in Net Position Held in Trust For:			
Pension Benefits	423,742	—	—
Other Postemployment Benefits	128,546	—	—
External Investment Pool Participants	—	58,589	—
Individuals and Organizations	—	—	64,945
Net Position, Beginning of Year	<u>17,354,269</u>	<u>370,333</u>	<u>2,593,149</u>
Net Position, End of Year	<u>\$ 17,906,557</u>	<u>\$ 428,922</u>	<u>\$ 2,658,094</u>

The accompanying notes are an integral part of the financial statements.

DISCRETELY PRESENTED COMPONENT UNITS FINANCIAL STATEMENTS

Major Component Units

West Virginia Lottery The West Virginia Lottery's responsibilities include the distribution and sale of lottery tickets and the awarding of prizes. The West Virginia Lottery has a duty to establish rules for conducting games, to select the type and number of gaming systems or games, and to enter into contracts and agreements to operate in a highly efficient manner. The Lottery derives its revenues from instant, online, video-type games, and table games. To the extent available, remaining net profits are to be distributed to the State and local governments as required by law.

Economic Development Authority The Authority, responsible for developing and advancing the business prosperity and economic welfare of the State, is authorized to make loans and enter into direct financing and operating leases with industrial development agencies for the promotion and retention of new and existing commercial and industrial development. The Authority is empowered to borrow money and issue bonds, notes, commercial paper, and other debt instruments to furnish money for the enhancement of business development projects, and additionally maintains the discretionary ability to set loan terms and interest rates.

Housing Development Fund The Fund is responsible for providing residential housing programs for low- and moderate- income families, elderly persons, and other eligible persons and families, as well as financing certain nonresidential projects. The Fund is empowered to issue bonds payable from mortgage payments and to issue general obligation bonds payable from other assets. The bonds of the Housing Development Fund do not constitute debt of the State.

Parkways Authority The Authority is responsible for operation and maintenance of the State's turnpike and economic development and tourism projects approved by the Department of Transportation. The Authority is empowered to issue Parkway revenue refunding bonds and set rates for crossing the turnpike. The State has discretionary authority to reappropriate any surplus from the Authority.

Water Development Authority The Authority is responsible for assisting in the preservation, protection, improvement, and management of the State's water resources. The Authority oversees a loan pool program which provides low-interest financing to local governments for water and wastewater projects. The Authority issues bonds to fund the loan pool and uses the proceeds to purchase local government revenue bonds. The revenue bonds are payable solely from the revenues of the projects.

West Virginia Higher Education Fund The Fund is responsible for providing the delivery of postsecondary education, which is competitive, affordable, and has the capacity to deliver the programs and services necessary to meet the regional and statewide needs of young people and working-age adults. The focus and collaboration of the institutions within the Fund are to create a system of higher education that is equipped to increase the competitiveness and to diversify and to expand the State's workforce by increasing the number of college degrees produced. The Fund obtains revenues from state and federal student aid programs; tuition and fees; state and federal appropriations; sales and services of educational activities and auxiliary enterprises; federal, state, local, and nongovernmental grants and contracts; and gifts and contributions.

West Virginia Division of Corrections and Rehabilitation The Division has statutory responsibility for the establishment and operation of correctional facilities, juvenile services, and regional jails in the State and the acquisition, construction, and renovation of those facilities for prisoner confinement. The Division has program revenues that consist of charges for incarceration of inmates.

School Building Authority The Authority's responsibilities include providing state funds for the acquisition and construction of elementary and secondary public school facilities in order to satisfy the educational needs of the State's citizens in an efficient and economical manner. The Authority's programs are designed to provide modern, efficient public school facilities throughout the State by promoting the consolidation of elementary and secondary public schools, enabling the State to more efficiently utilize its educational resources.

Nonmajor component units are presented beginning on page 268.

West Virginia

Combining Statement of Net Position Discretely Presented Component Units June 30, 2019 (Expressed in Thousands)

	West Virginia Lottery	Economic Development Authority	Housing Development Fund	Parkways Authority
Assets:				
Current Assets:				
Cash and Cash Equivalents	\$ 190,837	\$ 71,387	\$ 13,239	\$ 16,659
Investments	—	—	—	—
Receivables, Net	33,571	24,530	2,594	7,620
Capital Leases Receivable from Primary Government	—	17,971	—	—
Due from Primary Government	1	—	—	—
Due from Component Units	9	—	—	—
Inventories	641	—	—	4,891
Other Assets	1,790	—	—	581
Restricted Assets:				
Cash and Cash Equivalents	—	297	43,413	18,991
Investments	—	—	—	86,395
Receivables, Net	—	—	3,062	—
Other Restricted Assets	—	—	—	—
Total Current Assets	<u>226,849</u>	<u>114,185</u>	<u>62,308</u>	<u>135,137</u>
Noncurrent Assets:				
Cash and Cash Equivalents	—	—	—	—
Investments	—	1,736	—	—
Receivables, Net	—	164,124	68,601	—
Capital Leases Receivable from Primary Government	—	209,689	—	—
Other Assets	—	—	—	—
Net OPEB Asset	—	—	662	—
Restricted Assets:				
Cash and Cash Equivalents	—	7,625	51,157	—
Investments	—	—	69,477	2,982
Receivables, Net	—	—	665,505	—
Other Restricted Assets	—	—	5,253	—
Capital Assets, Net	<u>46,373</u>	<u>23,369</u>	<u>9,006</u>	<u>471,790</u>
Total Noncurrent Assets	<u>46,373</u>	<u>406,543</u>	<u>869,661</u>	<u>474,772</u>
Total Assets	<u>273,222</u>	<u>520,728</u>	<u>931,969</u>	<u>609,909</u>
Deferred Outflows of Resources:				
Accumulated decrease in fair value of hedging derivative	—	—	—	—
Loss on Bond Refundings	—	—	—	—
Related to Pensions	870	69	652	1,804
Related to OPEB	<u>436</u>	<u>20</u>	<u>314</u>	<u>1,466</u>
Total Deferred Outflows of Resources	<u>1,306</u>	<u>89</u>	<u>966</u>	<u>3,270</u>

The accompanying notes are an integral part of the financial statements.

<u>Water Development Authority</u>	<u>Higher Education</u>	<u>Corrections and Rehabilitation</u>	<u>School Building Authority</u>	<u>Other Component Units</u>	<u>Total</u>
\$ 25,218	\$ 453,934	\$ 19,851	\$ 181,434	\$ 61,646	\$ 1,034,205
6,152	154,321	—	71,858	2,807	235,138
12,666	142,677	7,484	335	719	232,196
—	—	—	—	—	17,971
307	15,964	334	—	102	16,708
—	4,879	—	—	—	4,888
—	3,347	10,919	—	19	19,817
—	14,398	18	—	56	16,843
—	—	28,910	—	26,801	118,412
1,000	—	—	—	—	87,395
—	—	—	—	602	3,664
<u>4</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4</u>
<u>45,347</u>	<u>789,520</u>	<u>67,516</u>	<u>253,627</u>	<u>92,752</u>	<u>1,787,241</u>
—	60,940	—	—	—	60,940
—	575,768	—	—	2,478	579,982
8,443	41,605	—	—	2,729	285,502
—	—	—	—	—	209,689
—	107,160	—	—	260	107,420
—	—	—	—	—	662
13,709	—	—	—	—	72,491
—	—	—	—	—	72,459
166,249	—	—	—	241	831,995
77	—	—	—	244	5,574
<u>4,063</u>	<u>3,235,857</u>	<u>152,648</u>	<u>639</u>	<u>42,035</u>	<u>3,985,780</u>
<u>192,541</u>	<u>4,021,330</u>	<u>152,648</u>	<u>639</u>	<u>47,987</u>	<u>6,212,494</u>
<u>237,888</u>	<u>4,810,850</u>	<u>220,164</u>	<u>254,266</u>	<u>140,739</u>	<u>7,999,735</u>
—	133	—	—	—	133
7,330	29,704	—	4,671	—	41,705
61	2,985	14,295	107	2,201	23,044
<u>39</u>	<u>37,708</u>	<u>7,245</u>	<u>23</u>	<u>1,148</u>	<u>48,399</u>
<u>7,430</u>	<u>70,530</u>	<u>21,540</u>	<u>4,801</u>	<u>3,349</u>	<u>113,281</u>

West Virginia

Combining Statement of Net Position Discretely Presented Component Units June 30, 2019 (Expressed in Thousands) (Continued)

	West Virginia Lottery	Economic Development Authority	Housing Development Fund	Parkways Authority
Liabilities:				
Current Liabilities:				
Accounts Payable	23,563	44	—	8,966
Interest Payable	—	—	1,790	636
Accrued and Other Liabilities	32,143	2,816	17,495	7,034
Unearned Revenue	—	—	—	—
Due to Primary Government	151,454	326	—	195
Due to Component Units	4,879	9	—	—
Revenue Bonds Payable	—	17,971	26,940	2,650
Capital Leases and Other Debt	—	301	—	—
Compensated Absences	655	21	473	760
Total Current Liabilities	<u>212,694</u>	<u>21,488</u>	<u>46,698</u>	<u>20,241</u>
Noncurrent Liabilities:				
Unearned Revenue	—	282	—	—
Advances from Primary Government	—	119,209	—	—
Liabilities Payable from Restricted Assets	—	—	67,562	—
Accrued and Other Liabilities	—	—	—	—
Revenue Bonds Payable	—	209,689	279,490	176,886
Capital Leases and Other Debt	—	3,066	688	—
Net Pension Liability	1,360	119	999	2,742
Net OPEB Liability	3,187	261	834	8,725
Compensated Absences	—	17	—	327
Total Noncurrent Liabilities	<u>4,547</u>	<u>332,643</u>	<u>349,573</u>	<u>188,680</u>
Total Liabilities	<u>217,241</u>	<u>354,131</u>	<u>396,271</u>	<u>208,921</u>
Deferred Inflows of Resources:				
Fair Value of Hedging Derivative Instruments	—	—	—	—
Gain on Bond Refundings	—	—	—	—
Related to Pensions	843	97	677	1,707
Related to OPEB	823	283	799	2,085
Service Concession Arrangements	—	—	—	—
Grants and Contributions	—	—	—	—
Total Deferred Inflows of Resources	<u>1,666</u>	<u>380</u>	<u>1,476</u>	<u>3,792</u>
Net Position:				
Net Investment in Capital Assets	46,373	22,817	8,409	471,790
Restricted for:				
Capital Projects	—	—	—	—
Debt Service	—	—	369,969	102,227
Nonexpendable	—	—	—	—
Lending Activities	—	7,325	73,547	—
Specific Component Unit Purposes	—	—	—	—
Unrestricted	<u>9,248</u>	<u>136,164</u>	<u>83,263</u>	<u>(173,551)</u>
Total Net Position (Deficit)	<u>\$ 55,621</u>	<u>\$ 166,306</u>	<u>\$ 535,188</u>	<u>\$ 400,466</u>

The accompanying notes are an integral part of the financial statements.

<u>Water Development Authority</u>	<u>Higher Education</u>	<u>Corrections and Rehabilitation</u>	<u>School Building Authority</u>	<u>Other Component Units</u>	<u>Total</u>
25	65,107	12,648	—	732	111,085
1,354	9,816	124	—	—	13,720
—	224,542	11,145	5,350	643	301,168
—	83,288	—	—	10	83,298
1	6,152	4,628	15,984	124	178,864
—	—	—	—	—	4,888
8,950	121,906	7,990	36,765	—	223,172
—	9,054	1,014	—	—	10,369
—	48,117	—	52	1,344	51,422
<u>10,330</u>	<u>567,982</u>	<u>37,549</u>	<u>58,151</u>	<u>2,853</u>	<u>977,986</u>
—	—	—	—	46	328
—	—	—	—	—	119,209
—	—	—	—	14,631	82,193
—	134,070	—	—	200	134,270
162,085	1,164,438	8,420	376,667	—	2,377,675
—	131,220	9,785	—	—	144,759
89	13,808	21,130	420	3,237	43,904
174	262,154	61,190	175	7,061	343,761
66	4,079	8,964	—	212	13,665
<u>162,414</u>	<u>1,709,769</u>	<u>109,489</u>	<u>377,262</u>	<u>25,387</u>	<u>3,259,764</u>
<u>172,744</u>	<u>2,277,751</u>	<u>147,038</u>	<u>435,413</u>	<u>28,240</u>	<u>4,237,750</u>
—	—	—	—	—	—
573	—	—	—	—	573
79	9,112	12,946	130	2,270	27,861
69	66,587	19,912	43	2,127	92,728
—	39,697	—	—	—	39,697
—	10,889	—	—	—	10,889
<u>721</u>	<u>126,285</u>	<u>32,858</u>	<u>173</u>	<u>4,397</u>	<u>171,748</u>
4,064	2,097,811	125,439	640	42,034	2,819,377
—	27,322	—	—	—	27,322
—	13,015	9,440	88,895	—	583,546
—	292,803	—	—	244	293,047
25,333	—	—	—	—	106,205
—	195,351	(73,071)	—	35,375	157,655
<u>42,456</u>	<u>(148,958)</u>	<u>—</u>	<u>(266,054)</u>	<u>33,798</u>	<u>(283,634)</u>
<u>\$ 71,853</u>	<u>\$ 2,477,344</u>	<u>\$ 61,808</u>	<u>\$ (176,519)</u>	<u>\$ 111,451</u>	<u>\$ 3,703,518</u>

West Virginia

**Combining Statement of Activities
Discretely Presented Component Units
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

<u>Program Revenues</u>					
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
Component Units:					
West Virginia Lottery	\$ 1,158,664	\$ 1,143,147	\$ —	\$ —	\$ (15,517)
Economic Development Authority	6,101	9,342	—	—	3,241
Housing Development Fund	97,173	39,674	70,445	—	12,946
Parkways Authority	271,609	138,108	—	13,653	(119,848)
Water Development Authority	8,326	11,438	—	—	3,112
Higher Education	1,976,028	944,595	498,538	30,029	(502,866)
Corrections and Rehabilitation	358,740	112,775	11,579	—	(234,386)
School Building Authority	76,860	—	3,567	—	(73,293)
Other Component Units	<u>55,568</u>	<u>11,161</u>	<u>1,808</u>	<u>—</u>	<u>(42,599)</u>
Total Component Units	<u>\$ 4,009,069</u>	<u>\$ 2,410,240</u>	<u>\$ 585,937</u>	<u>\$ 43,682</u>	<u>\$ (969,210)</u>

The accompanying notes are an integral part of the financial statements.

General Revenue

<u>Unrestricted Investment</u>	<u>Grants and Contributions Not Restricted for Specific Programs</u>	<u>Miscellaneous</u>	<u>Payments from the State of West Virginia</u>	<u>Total General Revenues and Special Item</u>	<u>Change in Net Position</u>	<u>Net Position (Deficit) Beginning of Year, as Reclassified</u>	<u>Net Position (Deficit) End of Year</u>
\$ 3,964	\$ —	\$ 11,975	\$ —	\$ 15,939	\$ 422	\$ 55,199	\$ 55,621
1,795	—	178	—	1,973	5,214	161,092	166,306
6,241	—	—	—	6,241	19,187	516,001	535,188
1,905	—	552	—	2,457	(117,391)	517,857	400,466
1,069	—	11	—	1,080	4,192	67,661	71,853
40,376	—	79,146	463,271	582,793	79,927	2,397,417	2,477,344
476	—	3,866	252,839	257,181	22,795	39,013	61,808
5,009	—	11	90,062	95,082	21,789	(198,308)	(176,519)
<u>1,129</u>	<u>2,421</u>	<u>1,365</u>	<u>49,837</u>	<u>54,752</u>	<u>12,153</u>	<u>99,298</u>	<u>111,451</u>
<u>\$ 61,964</u>	<u>\$ 2,421</u>	<u>\$ 97,104</u>	<u>\$ 856,009</u>	<u>\$ 1,017,498</u>	<u>\$ 48,288</u>	<u>\$3,655,230</u>	<u>\$3,703,518</u>



**STATE OF WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The State of West Virginia (the State) is governed by elected officials. These financial statements present the State (the primary government) and its component units. The component units discussed below are included in the State's reporting entity because of the significance of their operational or financial relationships with the State.

Individual Component Unit Disclosures

United States generally accepted accounting principles (GAAP) define component units as those entities which are legally separate organizations for which the State's elected officials are financially accountable, or other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. GAAP specifies two methods of presentation: blending the financial data of the component units' balances and transactions in a manner similar to the presentation of the State's balances and transactions, or discrete presentation of the component units' financial data in columns separate from the State's financial data.

Blended Component Units

The entities below are legally separate from the State and meet the GAAP criteria for component units. These entities are blended with the primary government because they provide services entirely or almost entirely to the State, or there is a financial benefit or burden relationship with the primary government.

Transportation

The Division of Highways, within the Department of Transportation (Transportation), is governed by a commissioner appointed by the Governor; it does not have a governing board separate from the State Legislature. It is a legally separate entity defined by the State Constitution. Since its operations are to improve the State's roads, Transportation is blended in the major special revenue funds of the State.

West Virginia Investment Management Board

The West Virginia Investment Management Board (IMB) is governed by a thirteen-member Board of Trustees. The IMB was created as a public corporation by West Virginia Code §12-6-1 to serve as the administrator, investor, and manager of the State's pension, Workers' Compensation, Pneumoconiosis, and other state funds. The Governor, the State Auditor, and the State Treasurer are members of the Board and the other members are appointed by the Governor. Because there is a financial benefit-burden relationship between the State and the IMB, and assets of the State and its component units comprise over 90% of the assets managed by the IMB, it is blended in the Internal Service Funds of the State.

West Virginia Board of Treasury Investments

The West Virginia Board of Treasury Investments (BTI) is governed by a five-member board. The Governor, the State Auditor, and the State Treasurer are members of the Board and the other two members are appointed by the Governor. The BTI was created as a public corporation by West Virginia Code §12-6C-4 to provide prudent fiscal administration, investment and management for the Consolidated Fund and is blended in the Internal Service Funds of the State.

Tobacco Settlement Finance Authority

The Tobacco Settlement Finance Authority (TSFA) is governed by a five-member board, including the Secretary of Administration, the State Treasurer, and three persons appointed by the Governor. The TSFA was created to issue bonds related to the State's portion of the tobacco receipts from the Master Settlement Agreement between tobacco manufacturers and the covered states. The revenue bonds, secured by the tobacco revenues, are not a general obligation of the State. The TSFA is blended in the debt service funds of the State, since its activities only benefit the State.

Blended Component Unit Financial Statements

Audited financial statements for these blended component units can be obtained directly from their respective administrative offices.

Administrative Offices:

Transportation
1900 Kanawha Blvd., East
Building 5, Room A-109
Charleston, WV 25305

West Virginia Investment Management Board
500 Virginia St. East, Suite 200
Charleston, WV 25301

Board of Treasury Investments
1900 Kanawha Blvd., East
Building 1, Room E-122
Charleston, WV 25305

Tobacco Settlement Finance Authority
1900 Kanawha Blvd., East
Building 1, Room E-119
Charleston, WV 25305

Discretely Presented Component Units

Discretely presented component units are entities which are legally separate from the State, but are financially accountable to the State, or whose relationship with the State is such that exclusion would cause the State's financial statements to be misleading or incomplete. Because of the nature of the services they provide and the State's ability to impose its will on them, the following component units are discretely presented. The State has both governmental (providing services to the government) and proprietary (providing services to external parties) component units. The component units are presented in a single column on the government-wide statements.

The major discretely presented component units are composed of the following entities:

West Virginia Lottery

The West Virginia Lottery (Lottery) is governed by a seven-member board appointed by the Governor. It was formed to assist the State in funding education, debt service, the promotion of tourism, and other basic governmental activities. Even though the Lottery was created primarily to generate revenue for the State, the service provided by the Lottery – the opportunity for financial gain – is provided to anyone who chooses to participate. When prizes are awarded to winners and financial gain is achieved, the lottery operation does not exclusively, or almost exclusively, benefit the primary government as an institution, not meeting the criteria for blending and thus requiring discrete component unit presentation.

Economic Development Authority

The Economic Development Authority (EDA) is administered by a nine-member board composed of the Governor, Secretary of Revenue, and seven other members appointed by the Governor. EDA is responsible for developing and advancing the business prosperity and economic welfare of the State. EDA is authorized to make loans, including direct financing and operating leases to industrial development agencies for the promotion and retention of new and existing commercial and industrial development. EDA is empowered to borrow money and issue bonds (with approval of the State), notes, commercial paper, and other debt instruments to furnish money for the enhancement of business development projects, and has the ability to establish loan terms, including interest rates, at its discretion. EDA promotes economic development among private industries, and though its services benefit the State by increasing the tax base; its primary function is to provide jobs.

Housing Development Fund

The Housing Development Fund (HDF) is governed by an eleven-member board consisting of the Governor, the Attorney General, the Commissioner of Agriculture, the State Treasurer, and seven other members appointed by the Governor. The Governor or his designee is the chair of the board of directors. HDF is responsible for providing residential

housing programs for low-income and moderate-income families, elderly persons, and other eligible persons and families, as well as financing certain nonresidential projects. It is empowered to issue bonds which are payable from the mortgage payments. The assets and revenues of the bond programs of the HDF are restricted by resolution to repay the outstanding debt. As the State is able to impose its will over the HDF, it is included as a discretely presented component unit.

Parkways Authority

The Parkways Authority (Parkways) is composed of seven members. The Governor or his designee serves as its chairperson, the Secretary of the Department of Transportation is on the board, and five members are appointed by the Governor. Its responsibilities include the operation and maintenance of the West Virginia Turnpike (the Turnpike) as well as economic development and tourism projects approved by Transportation. Parkways sets the rates for using the Turnpike and may issue Parkways' revenue refunding bonds payable solely from revenues of the Turnpike. Transportation, as well as the State, is able to impose its will on Parkways.

Water Development Authority

The Water Development Authority (Water Development) is governed by a seven-member board. The Governor, the Secretary of the Department of Environmental Protection, and the Commissioner of the Bureau for Public Health are members ex-officio of the board. Four members are appointed by the Governor, who serves as the chair. Water Development is responsible for assisting in the preservation, protection, improvement, and management of the State's water resources. Water Development oversees a loan pool program which provides low-interest financing to local governments for water and wastewater projects. Water Development issues bonds to fund the loan pool and uses the proceeds to purchase local government revenue bonds. The revenue bonds are payable solely from the revenues of the projects. Water Development also serves as the financial administrator of the West Virginia Infrastructure and Jobs Development Council and the Drinking Water Treatment Revolving Fund, which are enterprise funds.

Higher Education Fund

Each college and university in the Higher Education Fund (the Fund) is governed by a Governing Board, which is responsible for the general determination, control, supervision, and management of the financial business and educational policies and affairs of the institution(s). The West Virginia Higher Education Policy Commission (the Policy Commission), in accordance with Senate Bill No. 653, is the single accountability point responsible for developing, gaining consensus around, and overseeing the implementation and development of a higher education public policy agenda. It is comprised of ten persons appointed by the Governor with the advice and consent of the Senate. The Policy Commission is responsible for preparing and submitting a consolidated budget and allocating state appropriations to supplement institutional operating revenues.

Senate Bill 448 created the West Virginia Council for Community and Technical College Education (the Council), which has responsibility for developing, overseeing, and advancing the State's public policy agenda as it relates to community and technical college education. The Council is composed of twelve persons appointed by the Governor with the advice and consent of the Senate.

The Fund is composed of the following: Bluefield State College, BridgeValley Community and Technical College, New River Community and Technical College, Concord University, Eastern West Virginia Community and Technical College, Fairmont State University, Glenville State College, Marshall University (including Marshall University Graduate College), Mountwest Community and Technical College, Pierpont Community and Technical College, Shepherd University, Blue Ridge Community and Technical College, Southern West Virginia Community and Technical College, West Liberty University, West Virginia Higher Education Policy Commission (including West Virginia Network for Educational Telecomputing), West Virginia Council for Community and Technical College Education, West Virginia Northern Community College, West Virginia State University, West Virginia School of Osteopathic Medicine, West Virginia University (including Potomac State College and West Virginia University Institute of Technology), and West Virginia University at Parkersburg Community and Technical College. These entities are included in the Fund's financial statements as blended component units: Concord University Research and Development Corporation, Glenville State College Research Corporation, Glenville State College Housing Corporation, Marshall University Research Corporation, Shepherd University Research and Development Corporation, West Liberty University Research Corporation, West Virginia State University Research and Development Corporation, West Virginia University Research and Development Corporation, and West Virginia Regional Technology Park.

The Fund's component units' financial statements are included in the Fund's component unit column in the Discretely Presented Major Component Units Financial Statements of the CAFR. The component units are the separate private nonprofit organizations of each applicable institution. Those organizations report under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

Various foundations have been established as separate nonprofit organizations incorporated in the State of West Virginia, having as their purpose ". . . to aid, strengthen and further in every proper and useful way, the work and services of the (individual institutions within the Fund), and their affiliated nonprofit organizations." Oversight of the foundations is the responsibility of separate and independently elected Boards of Directors not otherwise affiliated with the Fund. In carrying out its responsibilities, the Boards of Directors of the foundations employ management, form policy, and maintain fiscal accountability over funds administered by the foundations. Although the individual institutions within the Fund do not control the timing or amount of receipts from the foundations, the majority of resources, or income thereon, which the foundations hold and invest are restricted to the activities of the individual institutions within the Fund by donors. Because these restricted resources held by the foundations as detailed in the basic financial statements can only be used by, or for the benefit of, the individual institutions within the Fund, the foundations are considered component units of the individual

institutions and are therefore included with the Fund's financial statements.

The West Virginia University Foundation Inc. is appropriately not reported because the economic resources held do not entirely or almost entirely benefit West Virginia University. The Kanawha Valley Community and Technical College Foundation, Inc., the Bridgemont Community and Technical College Foundation, the Eastern West Virginia Community and Technical College Foundation Inc., the Mountwest Foundation, Inc., and Tech Foundation, Inc. are not included because they were not significant to their institutions. The Higher Education Foundation is not included because it was not significant to the Fund.

Complete financial statements for any college, university or foundation can be obtained by contacting the Business Office of the West Virginia Higher Education Policy Commission, 1018 Kanawha Boulevard, E., Suite 700, Charleston, WV 25301.

West Virginia Division of Corrections and Rehabilitation

The West Virginia Division of Corrections and Rehabilitation (the Division) oversees the State's adult and juvenile offender populations. It combined the West Virginia Division of Corrections, the West Virginia Regional Jail and Correctional Facility, and the West Virginia Division of Juvenile Services into one agency. The Division is governed by a nine-member board consisting of the Commissioner of the Division of Corrections, the Assistant Commissioner of the Bureau of Juvenile Service, the Secretary of the Department of Military Affairs and Public Safety, the Secretary of the Department of Administration, and five members appointed by the Governor.

School Building Authority

The School Building Authority (SBA) is governed by a ten-member board appointed by the Governor. The State Superintendent of Schools serves as president of the Authority. The remaining nine members consist of three members of the State Board of Education and six citizens, one of whom must be a representative of the construction trades. The SBA is to "facilitate and provide State funds for the acquisition, construction, and maintenance of elementary and secondary public school facilities so as to meet the educational needs of the people of the State in an efficient and economical manner." The SBA's program is designed to provide modern, efficient public school facilities throughout the State by promoting the consolidation of elementary and secondary public schools, enabling the State to more efficiently utilize its educational resources.

The nonmajor discretely presented component units are composed of the following entities:

Educational Broadcasting Authority

The Educational Broadcasting Authority (EBA) consists of eleven members. Seven members are appointed by the Governor. The other four members include the State Superintendent of Schools, one member from the West Virginia Board of Education, and two members from the Policy Commission. EBA is responsible for extending educational, cultural, and informational experiences to all state citizens. This is accomplished through the construction and operation of noncommercial educational television and radio stations and related facilities statewide. EBA provides statewide telecommunication services for other state and public service agencies for nonbroadcasted activities such as teleconferencing, in-service training, and data delivery. EBA's revenues are derived primarily through donations, with a portion of operational costs supplemented by state and federal grants.

Jobs Investment Trust

The Jobs Investment Trust (JIT) consists of thirteen members. The Governor, the President of West Virginia University, the President of Marshall University, the Chancellor of the West Virginia Higher Education Policy Commission, and the Executive Director of the West Virginia Housing Development Fund serve on the board by virtue of their respective positions. One member is appointed by the Governor from a list of two names submitted by the Board of Directors of the Housing Development Fund. One member is appointed by the Governor from a list of two names submitted by the Commissioner of the Division of Tourism. The other six members are appointed from the general public by the Governor. JIT is responsible for the development, promotion, and expansion of West Virginia's economy and to provide opportunities to businesses and college and university students to develop and implement plans for innovative projects and investment opportunity.

West Virginia State Rail Authority

The West Virginia State Rail Authority (Rail Authority) consists of seven members. Six members are appointed by the Governor and the seventh member is the Secretary of the Department of Transportation. The Rail Authority is responsible for the rehabilitation, improvement, and restoration of the financial stability of the railway system in the State. It can issue bonds and set rates for the rail system. The Rail Authority receives federal and state grants to supplement its cost of operations.

Solid Waste Management Board

The Solid Waste Management Board (Solid Waste) is composed of seven members. Five members are appointed by the Governor and the remaining members are the Secretary of the Department of Health and Human Resources and the Director of the Division of Environmental Protection. Solid Waste is responsible for improving collection and disposal of solid wastes and encouraging recycling, reuse, and recovery of resources from wastes.

Solid Waste is the financing mechanism for solid waste projects and is empowered to issue bonds (with approval of the Water Development Authority) and set a rate structure.

Racing Commission

The Racing Commission consists of three members appointed by the Governor, by and with the consent of the Senate. The State Legislature has the ability to approve and modify the Racing Commission's budget. The Racing Commission has full jurisdiction over and shall supervise all horse-race meetings, all dog-race meetings, and all persons involved in the holding and conducting of horse- and dog-race meetings. It has the power to set fees and grant licenses and permits pertaining to horse- and dog-race meetings, as well as regulate the horse- and dog-race wagering.

Public Defender Corporation

The Public Defender Corporation represents the combined nonprofit corporations, created under authority of West Virginia Code §29-21, for the purpose of fulfilling the State's obligation to provide legal representation to eligible clients. Funding of the individual public defender corporations is by appropriation disbursed in periodic allotments determined by the Executive Director of the Public Defender Services, who is appointed by the Governor. The governing body of each public defender corporation is a Board of Directors appointed by the county commissions and the Governor.

Municipal Pension Oversight Board

The Municipal Pension Oversight Board is responsible for monitoring and improving the performance of the municipal policemen's and firemen's pension and relief funds. The board, which is the governing body, ensures legal compliance of the funds and distribution of tax revenues to the relief funds as well as any reasonable actions necessary to provide for the security and fiscal integrity of pension funds. The board consists of nine members, including the executive directors of the State's IMB and Consolidated Public Retirement Board, an active or retired member from both the Municipal Policeman's Pension and Relief Fund, and the Municipal Fireman's Pension and Retirement Fund, an attorney experienced in finance and investment matters related to pensions management, two persons experienced in pension management, a certified public accountant experienced in auditing and one person chosen from a list of three persons submitted to the Governor. It would be misleading to exclude the Municipal Pension Oversight Board, so it is presented as a discretely presented component unit.

Discretely Presented Component Unit Financial Statements

Complete audited financial statements of the individual discretely presented component units can be obtained directly from their respective administrative offices.

Administrative Offices:

West Virginia Lottery
900 Pennsylvania Avenue
Charleston, WV 25302

Housing Development Fund
5710 MacCorkle Avenue, S.E.
Charleston, WV 25304

Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Educational Broadcasting Authority
600 Capitol Street
Charleston, WV 25301

West Virginia State Rail Authority
120 Water Plant Drive
Moorefield, WV 26836

Racing Commission
900 Pennsylvania Avenue, Ste. 533
Charleston, WV 25302

Municipal Pension Oversight Board
301 Eagle Mountain Road, Suite 251
Charleston, WV 25311

Division of Corrections and
Rehabilitation
Building 84, Suite 230
1409 Greenbrier Street
Charleston, WV 25311

Economic Development Authority
Northgate Business Park
180 Association Drive
Charleston, WV 25311-1217

Parkways Authority
P.O. Box 1469
Charleston, WV 25325-1469

Higher Education Policy Commission
Administrative Services
1018 Kanawha Boulevard, East
Suite 700
Charleston, WV 25301

School Building Authority
Finance Division
2300 Kanawha Boulevard, East
Charleston, WV 25311

Jobs Investment Trust
1012 Kanawha Boulevard, East
5th Floor
Charleston, WV 25301-2877

Solid Waste Management Board
601 57th Street, SE
Charleston, WV 25304

Public Defender Corporation
One Players Club Drive, Suite 301
Charleston, WV 25311

Basis of Presentation

The accompanying basic financial statements of the State of West Virginia conform to United States GAAP for governments. The GASB is the accepted standard-setting body for governmental accounting and financial reporting. In addition, GAAP requires that the State's proprietary activities apply GAAP in a similar manner as applied for business activities in the private sector. As a result, the financial statements of certain component units follow the specialized reporting practices of the insurance, housing finance agency, and other not-for-profit industries, as prescribed by the GASB. Certain net position and fund balance amounts presented for the preceding year have been reclassified. See Note 2 for further explanation.

The basic financial statements have been prepared primarily by the Financial Accounting and Reporting Section (FARS) of the Department of Administration from accounts maintained by the State Auditor's Office, the State Treasurer's Office, the Board of Treasury Investments, and the Investment Management Board. Additional data has been derived from the audited financial statements of certain entities and from reports and data prepared by various state agencies and departments, based on independent or subsidiary accounting records maintained by them.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements, which are the statement of net position and the statement of activities, report information on all the nonfiduciary activities of the primary government and its component units. These activities are reported as governmental activities, business-type activities, or component units. The governmental activities are normally supported by taxes, intergovernmental revenues, and other nonexchange revenues, and are reported separately from the business-type activities. The business-type activities rely significantly on fees and charges to external parties. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net position presents the State's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes, and other debt of resources that are attributed to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

- Restricted net position results when constraints are placed on net position used by external creditors, grantors, contributors, etc. or imposed by law through constitutional provisions or enabling legislation and reduced by liabilities and deferred inflows of resources related to those assets.
- Unrestricted net position consists of net position which does not meet the definition of the two preceding categories. Unrestricted net position is often designated, which indicates that management does not consider it available for general operations. They also often have constraints on resources imposed by management, but can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included in program revenues are reported as general revenue.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with nonmajor funds being combined into a single column.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds have no measurement focus. These funds report only assets and liabilities, recognizing receivables and payables using the accrual basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. "Available" means expected to be collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, revenues are primarily considered available if received in the first 60 days of the new fiscal year. Significant revenues susceptible to accrual include income, sales and use, corporation and other taxes, federal awards, federal reimbursements, and other reimbursements for use of materials and services. Revenues from federal awards are considered available when the related

expenditures have been incurred and if received in twelve months. Receipts and disbursements of U.S. Government food stamps are accounted for in the General Fund. The electronic benefits transfer (EBT) process for food stamp revenue equal to expenditures is recognized when the underlying transaction (food purchase) occurs. Revenues from other sources are recognized when received.

Expenditures generally are recorded when the related liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to retirement costs, compensated absences, environmental obligations, and claims and judgments, are recorded only when payments are due.

Governmental Fund Types

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes (other than debt service and capital projects).

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds).

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the State or its citizenry. The Irreducible School Fund was constitutionally established for educational purposes.

The State reports the following major governmental funds:

The General Fund is the primary operating fund of the State. It is used to account for all financial resources obtained and spent for those services normally provided by the State (e.g., health, social assistance, public safety, primary and secondary education), which are not required to be accounted for within other funds.

Transportation, a special revenue fund, has responsibility for the construction, maintenance, and improvement of all state roads; development of public transportation facilities, services, equipment, and methods; and supervision and control of commercial, state, and municipal airports and ports. Financial resources for these responsibilities are federal grants, registration fees, license fees, and taxes.

The TSFA, a special revenue fund, was established to sell bonds that are being funded by projected future cash flows from the Master Settlement Agreement between the manufacturers and the states. The TSFA acquired the State's rights to the revenue under the Master Settlement Agreement. The TSFA receives the cash flows and transfers the monies to the trustee upon receipt.

State Road, constitutionally established fund that is operated within the Department of Transportation. Certain taxes, fees, and other revenue sources are expended for the construction and maintenance of roads.

Proprietary Fund Types

Enterprise Funds are used to account for operations of those state agencies providing goods or services to the general public on a user-charge basis, or where the State has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. This fund type is also used when the activity is financed with debt that is secured by a pledge of the net revenues from the fees and charges of the activity. These funds include the State's risk management and insurance funds as well as the Alcohol Beverage Control Administration, two water treatment loan programs, the West Virginia Prepaid College Plan, and the West Virginia Infrastructure and Jobs Development Council.

Internal Service Funds account for the operations of those state agencies that provide goods and services to other state agencies and governmental units on a cost-reimbursement basis. These services include government building and vehicle maintenance and leasing, data processing functions, and the investment and management of state funds. In the government-wide statements, Internal Service Funds are included with governmental activities.

The State reports the following major enterprise funds:

The Water Pollution Control Revolving Fund provides low-interest loans to communities to upgrade or establish sewer service, to clean up the State's water supply, and assist local governmental entities in complying with the Clean Water Act.

The Workers' Compensation Fund provides compensation for injury or illness sustained during the course of employment with a date of injury on or before June 30, 2005 (see Note 14).

Unemployment Compensation operates local offices throughout the State to provide temporary assistance to eligible unemployed workers.

The West Virginia Infrastructure and Jobs Development Council coordinates the review and funding of water, wastewater, and economic development projects within the State through proceeds of its bond program, certain mineral severance taxes, repayments of principal and interest, and statutorily dedicated legislative appropriations from the excess lottery revenue fund.

The Public Employees' Insurance Agency and the Board of Risk and Insurance Management are the State's health insurance and risk management funds and are shown with the proprietary major funds due to their importance to management.

Additionally, the State reports the following fund types:

Fiduciary Fund Types

Pension and Other Employee Benefit Trust Funds report resources that are required to be held in trust for the members and beneficiaries of the State's defined benefit retirement plans, the defined contribution retirement plan, and the multiemployer, cost-sharing other postemployment benefit plan, in which the State is a participating employer.

Investment Trust Funds report resources in external investment pools that belong to local governments and municipalities.

Private Purpose Trust Funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The SMART 529 College Savings Plan allows citizens to invest monies for college tuition and defer taxes on earnings from those investments.

Agency Funds report assets held by the State, functioning as an agent for individuals, private organizations, or other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds are taxes that will be remitted to respective local governments, hospital patient, performance bonds, appropriations for the patient injury fund, and interest earnings.

Interfund Activity and Balances

As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this rule are: activities between funds reported as governmental activities and funds reported as business-type activities; and activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

In the fund financial statements, transfers represent flows of assets without equivalent flows of assets in return or a requirement for repayment. In addition, transfers are recorded when a fund receiving revenue provides it to the fund expending the resources.

Interfund receivables and payables have been eliminated from the statement of net position, except for the residual amounts due between governmental and business-type activities.

Major Reserve/Stabilization Funds

The Revenue Shortfall Reserve Fund (Rainy Day Fund) began when West Virginia Code §11B-2-20 was passed on March 11, 1994 with surplus funds available at the close of FY 1994. According to §11B-2-20, the first 50% of all surplus General Revenue funds accrued during the fiscal year just ended must be deposited into the fund until the aggregate amount of the fund exceeds 13% of the total appropriations from the General Revenue Fund for the fiscal year just ended.

Originally, the Rainy Day Fund could be used only to offset a shortfall in revenues that would otherwise require the Governor to impose expenditure reductions. In July 1996, the West Virginia Code was amended to allow the Legislature to make appropriations from the fund for emergency revenue needs caused by acts of God or natural disasters, or for other fiscal needs as determined by the Legislature. Legislation, which became effective June 9, 2006, also permits the fund to be invested and to retain those earnings. The first \$100 million is invested by the BTI and any amounts over \$100 million are invested by the IMB. As of June 30, 2019, the fund contained \$298.4 million, which amounted to six percent of FY 2019 total appropriations.

The Legislature also authorized the Governor, by executive order, to borrow funds from the Rainy Day Fund when revenues are inadequate to make timely payments of the State's obligations. The amount borrowed may not exceed 1.5% of the General Revenue Fund estimate for the fiscal year in which the funds are borrowed and shall be repaid to the fund within 90 days of its withdrawal. Because of an expected cash flow shortfall experienced each year in the first quarter of the fiscal year, the Governor has borrowed from the fund each year since August 1996 in order to pay obligations in a timely manner. The loans were repaid before September 30 of each year, all within the 90-day limit allowed by law.

The Revenue Shortfall Reserve Fund – Part B (Rainy Day Fund – Part B) began with the cash balance of the West Virginia Tobacco Settlement Medical Trust Fund on June 9, 2006, the effective date of the bill, West Virginia Code §11B-2-20. The funds are invested by the IMB and interest and other returns on the invested funds are credited to the fund.

Expenditures may not be made from the Rainy Day Fund – Part B unless all monies in the Revenue Shortfall Reserve Fund have been first expended. After June 30, 2025, interest and other amounts earned on monies held in the Rainy Day Fund – Part B may be appropriated by the Legislature for continued support of the programs offered by the Public Employees' Insurance Agency; funding for expansion of the federal-state Medicaid program; funding for public health programs, services, and agencies; funding for any State-owned or operated health facilities; or in instances of revenue shortfalls or fiscal emergencies of an extraordinary nature. On June 30, 2019, the balance in the Rainy Day Fund – Part B was \$454.3 million.

The Income Tax Refund Reserve Fund was established during FY 1990 by West Virginia Code §11-21-93 to pay personal income tax refunds, interest, and penalties to taxpayers in a timely manner. It may also be used by the Legislature to make appropriations from the fund to address other items as the Legislature so desires. Personal income taxes received by the State can be added to this fund, if the state tax commissioner determines the balance in the fund is not enough to ensure the timely payment of income tax refunds. On June 30, 2019, the balance in the Income Tax Refund Reserve Fund was \$23 million.

Assets and Liabilities

Cash and Cash Equivalents – Cash equivalents are short-term investments with maturities, when purchased, of three months or less. The State Treasurer principally deposits the State's cash in investment pools maintained by the BTI and IMB, and such

deposits are generally available with overnight notice. Cash deposits in outside bank accounts are considered to be cash and cash equivalents.

Investments – Amounts reported as investments include certain deposits with the IMB, the BTI, and other investments maintained in outside accounts. The investments at IMB are maintained in investment pools having long-term investment securities designated as trading securities or established to acquire participant-directed securities. IMB’s investments in the Short-Term Fixed Income Pool are carried at amortized cost. Futures and option contracts are valued at the last settlement price established each day by the exchange on which they are traded. Investments in commingled investment pools are valued at the net asset value of the individual funds. The State also participates in three external investment pools managed by the BTI. Two are reported at amortized cost, which approximates fair value. The third is a longer-term investment pool that carries investments at fair value. The fair value of investments is derived from quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date and by inputs that are observable for an asset or liability, either directly or indirectly. Because fair value of the investments of the State Building Fund approximates amortized cost, no noncash change in fair value is reported.

Inventories – Consumable inventories, consisting of expendable materials and supplies held for consumption, are valued and reported for financial statement purposes. Materials and supplies inventories are physically counted and primarily valued at the first-in, first-out (FIFO) and average cost methods at year-end. Inventories of governmental funds are recorded using the consumption method. Nonspendable fund balance is recorded for the ending inventory amount, indicating that inventory does not constitute “expendable available financial resources.” Proprietary fund and component units’ inventories are valued at the lower-of-cost or market, cost being determined on FIFO, and are expensed when used.

Capital Assets – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost, or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value at the time of the donation. In accordance with the capitalization policy adopted by the State for financial reporting, equipment with a purchase price in excess of \$25,000 is capitalized. Certain small, blended component units follow other capitalization policies, which range from \$5,000 to \$25,000 for equipment. The Fund component unit uses \$1,000 and \$5,000 thresholds. Buildings and improvements which extend the useful lives and/or significantly increase values of capitalized buildings with a combined value in excess of \$100,000 are capitalized. All land, regardless of acquisition price, is capitalized. Intangibles include off-the-shelf computer software, patents, easements, and mineral rights over \$25,000 and internally generated software over \$1 million.

West Virginia is one of only four states that owns all the paved roads in the State, except for municipal streets. Infrastructure was capitalized for the first time in fiscal year 2002. Transportation’s infrastructure constructed from July 1, 1980, to July 1, 2001, has been

recorded at estimated historical cost. The estimated historical cost for years 1980-2001 was based on capital outlay expenditures reported by Transportation in the annual reports for those years, less an amount estimated for the historical cost of the acquisition of land for right-of-way. Transportation has not capitalized any infrastructure expenditures for assets constructed prior to July 1, 1980. The costs of normal maintenance and repairs that do not add to the asset's value or materially extend an asset's useful life are not capitalized. No interest was capitalized during the fiscal year. Other agencies are capitalizing all infrastructure assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The capital assets are depreciated over their estimated useful lives using the straight-line depreciation method. Amortization of capital lease assets is included with depreciation expense. Equipment, depending on type, is depreciated over 3-20 years. Buildings are depreciated over various lives, ranging from 20-50 years. The infrastructure assets are depreciated over a period of 20-50 years. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Impaired assets and insurance recoveries are analyzed for significance and recorded accordingly.

The State possesses certain capital assets that have not been capitalized and depreciated, including works of art and historical treasures, such as monuments, historical documents, paintings, antiques, pioneer, Native American, and Civil War artifacts, etc. Works of art and historical treasures that are held for public exhibition, education, or research in furtherance of public service, rather than financial gain; protected, kept unencumbered, cared for, and preserved; and subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections are not capitalized.

Accrued Tuition Contract Benefits – An accrued tuition contract benefits liability is recognized based upon the actuarial present value of the future tuition contract obligation. This valuation method reflects the present value of estimated tuition contract benefits that will be paid in future years and is adjusted for the effects of projected tuition and fee increases and termination of contracts. When a beneficiary of the prepaid tuition program is accepted to an eligible college or university, the contract becomes redeemable. Benefits can be transferred to any fully accredited private or out-of-state college or university within the United States in an amount based on the average cost of tuition and fees then charged by West Virginia public colleges and universities. While a beneficiary has up to ten years after high school to use the plan benefit, four other options are available: 1) the purchaser may transfer the contract benefits to an eligible substitute beneficiary; 2) at any time four years or more after the beneficiary's expected college entrance date, the purchaser may request a refund of the contract benefit value, less a termination fee and an earnings penalty required by federal law; 3) at any time, the purchaser may cancel the contract and receive a refund of payments made, less administrative fees and any benefits already paid; or 4) the purchaser may transfer the prepaid contract value to the West Virginia College Prepaid Tuition and Saving Program in accordance with state and federal regulations.

Insurance Enterprises and Obligations – The Board of Risk and Insurance Management (BRIM), the Public Employees Insurance Agency (PEIA), and the Workers’ Compensation Fund (WCF) each represent and are accounted for as insurance enterprise funds of the State. BRIM and PEIA are considered public entity risk pools (enterprise funds). Each organization has included the required supplementary information (in accordance with GASB Statement No. 30) in its separately audited financial statements.

Capital Leases Payable to Component Units – The EDA has issued revenue bonds to provide financial assistance to the State’s governmental entities for the acquisition and construction of facilities. The EDA has entered into a lease purchase agreement with the State. A Capital Leases Payable to Component Units has been recorded in the governmental activities at June 30, 2019, of approximately \$227.7 million. There is also an offset of Capital Leases Receivable from Primary Government recorded by the EDA.

Advances – The amount of EDA loans held by the State’s General Fund at June 30, 2019, is approximately \$119 million and is recorded as Advances to/from Component Units. There is a revolving loan agreement with the BTI to borrow up to \$175 million (\$119.2 million outstanding) to be reloaned for economic development purposes, with interest equal to the twelve-month average of BTI’s yield on its cash liquidity pool, adjusted annually. Monthly payments must be sufficient to repay outstanding principal over ten years, secured by a security interest in the investments derived from the loan. Another revolving loan agreement exists with the BTI to borrow up to \$50 million (\$1.5 million outstanding) to provide loan insurance for broadband projects, with interest equal to the twelve-month average of BTI’s yield on its money market pool, adjusted quarterly. There is also a note payable to the BTI, nonrecourse with right of offset against a note receivable, amount not to exceed \$25 million (\$324 thousand outstanding), interest at 3%, principal due in annual installments through June 2022, unsecured. Note repayments are dependent upon the proceeds received from the investments in venture capital funds. The nonrecourse note has been written down based upon the borrowing agreement with BTI.

Long-Term Liabilities – In the government-wide financial statements and proprietary fund financial statements, long-term obligations (including claims and judgments, environmental obligations, net pension liability, net other postemployment benefits liability (OPEB), and compensated absences) are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are charged to expenses as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pollution Remediation Obligations – In the government-wide statement of net position, pollution remediation obligations, including landfills, mine reclamation, oil and gas wells, and underground storage tanks, are reported in the Accrued and Other Liabilities line item at the current value of expected outlays to fund remediation costs using a technique substantially similar to the expected cash flow technique. The technique uses contracts issued, measuring averages and standard deviations, and variances to all the other sites without contracts. A range of possible estimated amounts is used, as well as all expectations about possible cash flows on a site-specific basis. Ranges are based on actual remediation cost experience, remediation cost estimates, and/or discrete cost remediation treatment possibilities. All reported obligation amounts are estimates and are subject to change resulting from price increases or reductions, technology, or changes in applicable laws or regulations. In cases when remediation costs are not reasonably estimable liabilities, a liability for such cases is not reported. For a more detailed explanation of the liability, see Note 15, Commitments and Contingencies.

Pensions – The State’s retirement pension plans cover all employees of the State and are funded according to matching portions of employee payroll prescribed by the Plans. For purposes of measuring the net pension asset, net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, and information about the fiduciary net positions of the Plans, and additions to/deductions from their respective fiduciary net positions, have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The actuarial cost method used for accounting and financial reporting purposes was individual entry age normal. Investments are reported at fair value.

Other Postemployment Benefits (OPEB) – The State OPEB plan covers all employees of the State as set forth in the West Virginia Code. For purposes of measuring net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, and information about the fiduciary net position of the Plan, and additions to/deductions from their fiduciary net position, have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The actuarial cost method used for accounting and financial reporting purposes was individual entry age normal. Investments are reported at fair value.

Compensated Absences – Employees accumulate annual leave (vacation) balances to maximum amounts ranging from 240 to 320 hours. Most employees receive a 100% termination payment upon separation based upon their final rate of pay. The liability for annual leave is valued at 100% of the balance plus the State’s share of Social Security and retirement contributions. State employees earn sick leave benefits, which accumulate, but do not vest. When separated from employment with the State, an employee’s sick leave benefits are considered ended and no reimbursement is provided. However, eligible employees may convert, at the time of retirement, any unused accumulated sick leave to pay a portion of the employee’s postemployment health care insurance premium. See Other Postemployment Benefits discussion in Note 13.

Deferred Inflows/Outflows – A deferred inflow of resources is an acquisition of net assets that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net assets that is applicable to a future reporting period.

Net Position/Fund Balance – The difference between assets plus deferred outflows of resources less liabilities and deferred inflows or resources is “Net Position” on the government-wide, proprietary, and fiduciary fund statements, and “Fund Balance” on the governmental fund statements. Net position is reported in three categories:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Net position that is restricted due to legal restrictions from creditors, grantors, or laws and regulations of other governments, and in some cases by legally enforceable enabling legislation or constitution of the State, is as restricted net position.
- Unrestricted net position consists of net position which does not meet the definition of the two preceding categories.

The fund balance category, general government operations, is based primarily on the extent to which the State is bound to honor constraints on the specific purposes for which the amounts in those funds can be spent. Fund balances are reported in the following categories:

- Nonspendable fund balances include amounts that cannot be spent because they are in a nonspendable form, such as inventory, or they are legally or contractually required to be maintained intact, such as the corpus of a permanent fund.
- Restricted fund balances are restricted due to legal restriction from creditors, grantors, or laws and regulations of other governments, or by legally enforceable enabling legislation or constitution of the State.
- Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by appropriation legislation passed by the State Legislation, which is the highest level of decision-making authority for the State. Those committed amounts cannot be used for any other purpose unless the Legislature passes new legislation concerning those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund

have been specifically committed for use in satisfying those contractual requirements.

- Assigned fund balances are constrained by the government's intent to use such funds for specific purposes, but are neither restricted nor committed, except for major reserve/stabilization arrangements. The specific purpose for which the funds are intended is expressed within the appropriation requests of the agencies and approved by the State Budget Office, according to the West Virginia State Code. Assigned fund balances include all remaining amounts (except negative amounts) that are reported in the governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed. Amounts in the General Fund that are intended to be used for a specific purpose are also assigned. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, the State has assigned those amounts to the purposes of the respective funds.
- Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Any negative fund balances are unassigned. The General Fund is the only fund that reports a positive unassigned fund balance.

Agency-level assigned and unassigned fund balance spending is at the discretion of the agency, with approval of the State Budget Office. It is the State's overall policy to use restricted balances first, then unrestricted balances in the following order: committed, assigned, and unassigned.

Revenues and Expenditures/Expenses – In the government-wide Statement of Activities, revenues and expenses are segregated by activity (governmental or business type and discretely presented component units), then further by function (e.g., administration, education, transportation). Additionally, revenues are classified between program and general revenues. Program revenues include: charges to customers or applicants for goods, services, or privileges provided; operating grants and contributions; and capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as program revenue. General revenues include all taxes. Certain indirect costs are included in the program expenses reported for individual functions.

In the governmental fund financial statements, revenues are reported by source. For budgetary control purposes, revenues are further classified as either "general purpose" or "restricted." General purpose revenues are available to fund any activity accounted for in the fund. Restricted revenues are, either restricted by state law or by outside restriction (e.g., federal awards), available only for specified purposes. Unused restricted revenues at year-end are recorded as restricted fund balance.

In the governmental fund financial statements, expenditures are reported by character: “Current,” “Capital Outlay,” or “Debt Service.” Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services. Capital outlay includes expenditures for real property or infrastructure. Debt service includes both interest and principal outlays related to bonds and payments on capital leases.

Revenues and expenses of proprietary funds are classified as operating or nonoperating and are subclassified by object (e.g., sales, depreciation). Operating revenues and expenses generally result from providing services and producing and delivering goods. All other revenues and expenses are reported as nonoperating.

Retiree Drug Subsidies – The retiree drug subsidy (RDS) revenue from the federal government under the provisions of Medicare Part D has been recorded by the Retiree Health Benefit Trust Fund (RHBT). RHBT has accounted for the RDS revenue as voluntary nonexchange transactions. Accordingly, RDS-estimated revenue is recognized as RHBT incurs Medicare-eligible retiree prescription drug expenditures.

Other Financing Sources – These additions to governmental fund balances in the fund financial statements include resources and financing provided by bond proceeds, capital leases, and transfers from other funds.

Other Financing Uses – These reductions of governmental fund resources in the fund financial statements are uses of funds that could substantially distort a government’s regular operations. They include discounts on debt issued, refunding transactions, and transfers.

Interfund Services Provided and Used – When a sale or purchase of program-related goods and/or services between funds occurs, for a price approximating their external exchange value, the seller reports revenue and the purchaser reports an expenditure or expense, depending on the fund type. Transactions between the primary government and a discretely presented component unit are generally classified as revenues and expenses, unless they represent repayments of loans or similar activities.

Future Adoption of Accounting Pronouncements

The GASB issued Statement No. 84, “Fiduciary Activities.” This statement is to improve guidance with the identification of fiduciary activities for accounting and financial reporting and how those activities should be reported. This statement is effective for fiscal year 2020, and management has not yet determined the financial statement impact of the pronouncement.

The GASB issued Statement No. 87, “Leases,” to improve the accounting and financial reporting for leases by governments and to increase the usefulness of the governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. This statement is effective for fiscal year 2021, and management has not yet determined the financial statement impact of the pronouncement.

The GASB issued Statement No. 89, “Accounting for Interest Cost Incurred Before the End of a Construction Period,” which enhances the relevance and comparability of information relating to capital assets and the cost of borrowing for a reporting period, as well as simplifying accounting for interest cost incurred before the end of a construction period. The statement is effective for fiscal year 2021, and management has not yet determined the financial statement impact of the pronouncement.

The GASB issued Statement No. 90, “Majority Equity Interests – An amendment of GASB statements No. 14 and No. 61,” which improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement is effective for fiscal year 2020, and management has not yet determined the financial statement impact of the pronouncement.

The GASB issued Statement No. 91, “Conduit Debt Obligations,” which provides a single method of reporting conduit debt obligations by issuers and eliminated diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This statement is effective for fiscal year 2022, and management has not yet determined the financial statement impact of the pronouncement.



NOTE 2

RECLASSIFICATION FOR REORGANIZATION AND
RESTRICTED BALANCES

Reclassification of Beginning Balances

Effective July 1, 2018, House Bill 4338 created the West Virginia Division of Corrections and Rehabilitation which combined the West Virginia Division of Corrections, West Virginia Regional Jail Authority, West Virginia Division of Juvenile Services, and West Virginia Correctional Industries. Therefore, net position beginning balances for the General Fund, Other Enterprise Funds and Component Units have been reclassified reflecting this legislative reorganization.

The effects of the reorganization on the State's reporting units are as follows as of July 1, 2018 (expressed in thousands):

<u>Entity /Reporting Unit</u>	<u>Fund Balances or Net Position</u>		
	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Reclassified</u>
Governmental Funds:			
General	\$ 1,203,508	\$ 3,399	\$ 1,206,907
Total Governmental Funds	3,799,356	3,399	3,802,755
Enterprise Funds:			
Other Enterprise Funds	196,600	(6,274)	190,326
Total Enterprise Funds	2,231,561	(6,274)	2,225,287
Component Units:			
Regional Jail Authority	104,858	(104,858)	—
Corrections and Rehabilitation	—	39,013	39,013
Total Component Units	<u>3,721,075</u>	<u>(65,845)</u>	<u>3,655,230</u>
Government-wide:			
Governmental Activities	5,709,722	63,108	5,772,830
Business-type Activities	<u>2,231,561</u>	<u>(6,274)</u>	<u>2,225,287</u>
Total Primary Government	<u>7,941,283</u>	<u>56,834</u>	<u>7,998,117</u>
Total Component Units	<u>3,721,075</u>	<u>(65,845)</u>	<u>3,655,230</u>

Restricted Net Position

The following table summarizes the restricted net position of funds included in “other” columns at June 30, 2019 (expressed in thousands):

Fund Type/Fund	Restricted for:						
	Total Reporting Entity	Capital Projects	Lending Activities	Insurance Activities	General Government Activities	Non-Expendable	Other Specific Fund Purposes
Enterprise Funds:							
Drinking Water Treatment Revolving	\$ 178,270	\$ —	\$ 178,270	\$ —	\$ —	\$ —	\$ —
West Virginia Prepaid College Plan	2,391	—	—	—	2,391	—	—
State Entities Workers' Compensation	<u>17,847</u>	<u>—</u>	<u>—</u>	<u>17,847</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>198,508</u>	<u>—</u>	<u>178,270</u>	<u>17,847</u>	<u>2,391</u>	<u>—</u>	<u>—</u>
Internal Service Funds:							
State Building Fund	16,617	16,617	—	—	—	—	—
Travel Management	<u>3,733</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,733</u>
	<u>20,350</u>	<u>16,617</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,733</u>
Discretely Presented Component Units:							
Educational Broadcasting Authority	244	—	—	—	—	244	—
Solid Waste Management Board	4,539	—	—	—	—	—	4,539
Municipal Pensions Oversight Board	<u>30,836</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>30,836</u>
	<u>35,619</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>244</u>	<u>35,375</u>
Total	<u>\$ 254,477</u>	<u>\$16,617</u>	<u>\$ 178,270</u>	<u>\$ 17,847</u>	<u>\$ 2,391</u>	<u>\$ 244</u>	<u>\$ 39,108</u>

The government-wide statement of net position reports \$3,224,103 of restricted net position for the primary government, of which \$1,035,342 is restricted by enabling legislation.

Restricted Fund Balance

The following table summarizes, by fund, the restricted fund balance of each of the funds included in “other” columns at June 30, 2019 (expressed in thousands):

Fund Type/Fund	Total Reporting Entity	Capital Projects	Debt Service	Development, Tourism, and Recreation	Education	Public Protection
Governmental Funds:						
Special Revenue Funds:						
Environmental Protection	\$ 84,948	\$ —	\$ —	\$ —	\$ —	\$ 84,948
Public Service Commission	9,447	—	—	—	—	9,447
Wildlife Resources	<u>65,000</u>	<u>—</u>	<u>—</u>	<u>65,000</u>	<u>—</u>	<u>—</u>
	<u>159,395</u>	<u>—</u>	<u>—</u>	<u>65,000</u>	<u>—</u>	<u>94,395</u>
Capital Projects Funds:						
State Road	904,958	904,958	—	—	—	—
Education, Arts, Sciences, and Tourism Fund	9,522	9,522	—	—	—	—
Cacapon Project Fund	23,582	23,582	—	—	—	—
State Parks Projects	54,207	54,207	—	—	—	—
Lease Purchase Accounts	<u>10,614</u>	<u>10,614</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>1,002,883</u>	<u>1,002,883</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Debt Service:						
Lease Purchase Accounts	5,733	—	5,733	—	—	—
Education, Arts, Sciences, and Tourism Fund	1,014	—	1,014	—	—	—
Economic Development Project Fund	47,984	—	47,984	—	—	—
Cacapon Project Fund	1,466	—	1,466	—	—	—
State Parks Projects	<u>1,930</u>	<u>—</u>	<u>1,930</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>58,127</u>	<u>—</u>	<u>58,127</u>	<u>—</u>	<u>—</u>	<u>—</u>
Permanent Funds:						
Irreducible School	<u>427</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>427</u>	<u>—</u>
Total	<u>\$ 1,220,832</u>	<u>\$ 1,002,883</u>	<u>\$ 58,127</u>	<u>\$ 65,000</u>	<u>\$ 427</u>	<u>\$ 94,395</u>



NOTE 3**NET POSITION/FUND DEFICITS**

Individual funds with net position/fund balance deficits at June 30, 2019, were as follows (expressed in thousands):

	Net Position/ Fund Balance Deficit
Enterprise Funds:	
West Virginia College Prepaid Tuition and Savings Program	\$ 517
Discretely Presented Component Units:	
School Building Authority	176,519
Public Defender Corporation	<u>368</u>
Total Deficits	<u>\$ 177,404</u>

Enterprise Funds

West Virginia College Prepaid Tuition and Savings Program (the Program) has a net position deficiency of \$517 thousand as of June 30, 2019. This deficiency was created over time by investment performance, tuition rate growth, various actuarial assumption adjustments, and certain economic events. The West Virginia College Prepaid Tuition and Savings Program's ability to pay obligations of the Prepaid Tuition Program is dependent on long-term investment programs and adequate levels of future cash flows. In March 2003, the West Virginia Legislature closed the Program to new enrollment until the Legislature authorizes it to reopen. Contract holders are supposed to continue to pay any amounts due, and the Program will continue to pay all benefits due.

The Program sought and received support from the State Legislature to support payment of plan benefits. In March 2003, the Legislature created the Prepaid Tuition Trust Escrow Account (the Escrow Account) to guarantee payment of plan contracts. Under the legislative action, the Escrow Account may receive transfers of up to \$1 million each year there is an actuarially determined unfunded liability of the Program. All earnings on the transferred funds will remain in the Escrow Account.

In the event the Program is unable to cover the amount of money needed to meet its current obligations, funds may be withdrawn from the Escrow Account to meet those obligations. The funds were invested and have had a net investment gain of \$3 million for the fifteen years ended June 30, 2019, leaving the account with a balance of \$24.3 million at June 30, 2019. Because there was an actuarially determined unfunded liability of approximately \$2.9 million in the Program as of June 30, 2018, an additional \$1 million was transferred from the Fund to the Escrow Account on September 13, 2019, in accordance with the provisions enacted by the Legislature.

Discretely Presented Component Units

The School Building Authority of West Virginia's (the SBA) combined net position deficiency at June 30, 2019, is approximately \$176.5 million, which is primarily driven by future obligations related to long-term debt. These revenue bonds are secured by and satisfied from certain net profits of the West Virginia Lottery.

At year-end, the SBA had \$413.4 million in bonds outstanding, compared to \$443.3 million at June 30, 2018, a decrease of 6.74%. This decrease of \$29.9 million was due to the scheduled retirement of the existing bonds. Since the SBA receives all its debt service funding from allocations from the West Virginia Lottery, any bonds issued by the SBA will always be assigned a debt rating based on the performance of the West Virginia Lottery.

The Public Defender Corporation's net position deficiency at June 30, 2019, is \$368 thousand. The deficiency is due to the increase of the net pension liability and related net deferred inflows of resources.



NOTE 4

DEPOSITS AND INVESTMENTS

Deposits

The State's deposit policy is described in West Virginia's Code §12-2-2 and 3. All monies are to be maintained in the State's accounting system or in an outside bank account approved by the State Treasurer's Office.

Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, the State would not be able to recover its deposits or collateralized securities that are in possession of the outside parties. According to State Code §12-1-5, the amount of funds on deposit in any depository financial institution in excess of the amount insured by the FDIC shall not exceed 90% of the value of collateral pledged by the depository institution. The State minimizes custodial credit risk by obtaining the required amount of collateral in the name of the State. The State Treasurer has statutory responsibility for the daily cash management of the State's agencies, departments, boards, and commissions.

Primary Government

At June 30, 2019, the reported amount of the primary government's deposits was \$14,446,000 and the bank balance was \$248,184,000. Of that bank balance, \$7,412,000 was uninsured and collateralized with securities held by the pledging financial institution but not in the name of the State.

Component Units

At June 30, 2019, the reported amount of the component units' deposits was \$409,578,000 and the bank balance was \$227,912,000. Of that bank balance, \$14,437,000 was uninsured and collateralized with securities held by the pledging financial institution but not in the name of the State, and \$951,000 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the name of the State.

Investments

The Board of Treasury Investments (BTI) manages the individual investment pools and accounts of the Consolidated Fund under authority of West Virginia Code, §12-6C, West Virginia Treasury Investments Act. The Consolidated Fund provides for the investment of monies not currently needed to fund state governmental operations, as well as providing the opportunity for local governments to participate in large investment pools, and for those funds statutorily required to be invested in the Consolidated Fund.

The BTI is authorized by West Virginia Code, §12-6C-9, to invest in United States government and agency obligations, commercial paper, corporate bonds, repurchase agreements, asset-backed securities, and investments in accordance with the Linked Deposit Program, which is a program using financial institutions in the State to reduce loan costs to small businesses by offsetting interest reductions on the loans with certificates of deposit, loans approved by the Legislature, and any other programs authorized by the Legislature. In addition to the

restrictions in investment types, at no time shall more than 75% of the Consolidated Fund be invested in any bond, note, debenture, commercial paper or other evidence of indebtedness of any private corporation or association, and at no time shall more than 5% be invested in securities issued by a single private corporation or association. Further, no less than 15% of the Consolidated Fund shall be invested in any direct obligation of or obligation guaranteed by the United States government.

The Investment Management Board (IMB) focuses on the State's long-term trust investments. The IMB provides prudent fiscal administration and investment management services to designated state pension funds, the State's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds. The State Treasurer's Office determines which funds to transfer to the IMB and BTI for investment in accordance with West Virginia Code, policies set by the IMB and BTI, and by provisions of bond indentures and trust agreements, when applicable.

Investment Valuation

Fair value of an investment is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price).

A hierarchy that prioritizes the inputs to valuation techniques is used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.

Level 3 Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

Generally, the fair value of IMB's fund portfolio securities is determined as outlined in the hierarchy levels above and more specifically as follows and applicable:

- Equity securities and money market mutual funds are valued at the last sale price or official closing price reported in the market in which they are primarily traded.
- Equity securities that trade in non-U.S. markets are valued in U.S. dollars using period-end spot market exchange rates as supplied by the pool's custodian.
- Fixed income securities are valued according to prices furnished by independent pricing services to the pool's custodian. These services determine the security prices by a number of methods, including, but not limited to, dealer quotes, live market trading levels when available, live feeds of trade execution data, spreads over U.S. Treasury securities, and other models and formulae appropriate to the specific security type.
- Open-end regulated investment companies or other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.
- Futures and option contracts are valued at the last settlement price established each day by the exchange on which they are traded.
- Repurchase agreements and time deposits are valued at amortized cost, provided such amount approximates fair value.
- Credit default, interest rate, and currency swap values are based on market values received from third parties or are determined by valuation models.
- Foreign currency forward contracts are valued at the prevailing market exchange rates at month-end.
- Investments in private equity partnerships, real estate limited partnerships and funds, and other private funds are not securities for which market quotations are readily available. The IMB has concluded that the net asset value reported by the general partners or fund administrators approximates the fair value of these investments and consequently, these investments are carried at net asset value as a practical expedient for fair market value. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds, and consequently, the fair value of the IMB's interest in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is therefore reasonably possible that if the IMB were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and the discount could be significant. The IMB believes that the net asset value of such investments is a reasonable estimate of fair value at June 30, 2019.

Investments not generally described above are described in detail in the individual pool disclosures in the pages that follow.

The BTI is an investment vehicle of the State and its component units, all of which are government entities. The investments of the WV Money Market, WV Government Money Market, WV Bank, Loan, and Reserve pools and accounts are carried at amortized cost. The pools transact with their participants at a stable net asset value per share and meet the requirements for portfolio maturity, portfolio quality, portfolio diversification, portfolio liquidity, and shadow pricing. The BTI does not place any limitations or restrictions on participant withdrawals from the WV Money Market and WV Government Money Market

pools, such as redemption notice periods, maximum transaction amounts, and any authority to impose liquidity fees or redemption gates. The specific exceptions to fair value reporting for the other pools as defined in professional standards are as follows:

<u>Pool</u>	<u>Exception</u>
WV Bank	Non-negotiable certificates of deposit which are nonparticipating interest-earning investment contracts
Loan	Loans receivable arising from lending activities of economic development authorities
Reserve	Banks' depository account that has no market

The investments of the remaining pools and participant accounts are reported at fair value, which is determined by a third-party pricing service based on asset portfolio pricing models and other sources. The BTI measures fair value at the end of each month. Investments in commingled investment pools are valued at the reported unit values of the individual funds. Commissions on the purchases of securities by the BTI are a component of the security price quoted by the seller and are included in the investment cost.

A more detailed discussion of the IMB's and BTI's investment pools can be found in the IMB's and BTI's annual reports. A copy of the IMB's annual report can be obtained from the following address: 500 Virginia Street East, Suite 200, Charleston, WV 25301 or <http://www.wvimb.org>. A copy of the BTI's annual report can be obtained from the following address: West Virginia Board of Treasury Investments, 315 70th Street SE, Charleston, WV 25304 or <http://www.wvbt.org>.

Except as specifically disclosed in this note, the State currently does not have specific overall policies addressing limitations on specific risk types, such as credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk.

In addition to amounts invested with the IMB and BTI, certain governmental funds and discretely presented component units are permitted to invest bond proceeds with third-party trustees named in bond indentures. Governmental funds, including the State Building Fund, Education, Arts, Sciences, and Tourism Fund; West Virginia Infrastructure and Jobs Development Council; Tobacco Settlement Finance Authority; the Department of Health and Human Resources; and the Department of Administration have investments with bond trustees. The West Virginia Infrastructure and Jobs Development Council enterprise fund also has investments with bond trustees. The following discretely presented component units have reported investments held with third-party trustees: Corrections and Rehabilitation; Economic Development Authority (EDA); Educational Broadcasting Authority; Jobs Investment Trust; Housing Development Fund; Parkways Authority; Water Development Authority; School Building Authority; and Higher Education Fund. IMB has operating funds in an institutional Treasury Money Market Fund. The Teachers' Defined Contribution Retirement System of the Consolidated Public Retirement Board and the SMART 529 College Savings Plan have their assets held by outside third parties.

Permissible investments for all agencies include those guaranteed by the United States of America, its agencies and instrumentalities (U.S. Government obligations); equities; corporate debt obligations, including commercial paper, which meet certain ratings; certain money market mutual funds; investment agreements with certain financial institutions; repurchase agreements; state and local government series (SLGS) securities; and other investments. Other investments consist primarily of single-family mortgage loans and collateralized mortgage obligations. SLGS are direct obligations of the U.S. Government, issued to state and local government entities to provide those governments with required cash flows at yields which do not exceed IRS arbitrage limits.

Repurchase Agreements

In connection with repurchase agreement transactions, it is the IMB's policy that its designated custodian or mutual third-party take possession of the underlying collateral securities, the fair value of which exceeds the principal amount of a repurchase transaction at all times. If a seller defaults and the fair value of the collateral declines, realization of the collateral by the IMB may be delayed or limited.

The BTI uses only tri-party repurchase agreements. Under the terms of a tri-party repurchase agreement, the seller transfers collateral securities to an account of the BTI's manager/agent at the seller's custodian bank. This arrangement perfects the BTI's lien on the collateral and effectively protects the BTI from a default by the seller. The BTI requires sellers in repurchase transactions to pledge collateral of at least 102% of the cash borrowed from the BTI. If a seller defaults and the fair value of the collateral declines, realization of the collateral by the BTI may be delayed or limited.

Derivatives

The State's investment strategy includes the use of derivatives as a tool in managing market risk and providing an opportunity for enhanced return. The IMB invests in derivative financial investments as authorized by its Board of Trustees. As of June 30, 2019, IMB held derivative financial investments that included futures contracts, foreign exchange forward contracts, interest rate swaps, option contracts and credit default swaps which were deemed immaterial to the State's financial statements. The IMB is indirectly exposed to derivative risk through participation in institutional commingled funds. Credit risk and interest rate risk pertaining to derivatives are disclosed in each participating pool's section in this note. The change in fair value of derivatives is included in the Unrestricted Investment Earnings on the Government-wide Statement of Activities; Interest and Other Investment Income on the Statement of Revenues, Expenses, and Changes in Fund Net Position, Proprietary Funds; and Net Appreciation in Fair Value of Investments on the Statement of Changes in Fiduciary Net Position, Fiduciary Funds. The fair value of derivatives is included in the Investments and Cash Equivalents on the Government-wide Statement of Net Position; Investments on the Statement of Net Position, Proprietary Funds; and Investments on the Statement of Fiduciary Net Position, Fiduciary Funds. More details of the changes in fair value may be obtained from the financial statements of the IMB.

Foreign Currency

Amounts denominated in or expected to settle in foreign currencies are translated into United States dollars at exchange rates reported by the pool's custodian, Bank of New York Mellon, on the following basis:

- Market value of investment securities, other assets, and liabilities - at the closing rate of exchange at the valuation date
- Purchases and sales of investment securities, income, and expenses - at the rate of exchange prevailing on the respective dates of such transactions

Asset-Backed Securities

The IMB invests in various asset-backed securities, mortgage-backed securities, and structured corporate debt. The BTI has certain pools that invest in various asset-backed securities and structured corporate debt. The securities are reported at fair value. The IMB and BTI invest in these securities to enhance yields on investments. Changes in market interest rates affect the cash flows of these securities and may result in changes in fair value. The overall return or yield on these securities depends on the changes in the interest and principal payment patterns and market value of the underlying assets.

Securities Lending

The IMB is authorized by statute and policy to participate in a securities lending program. The Bank of New York Mellon, IMB's custodial agent, loans securities to various brokers on a temporary basis. Each transaction for U.S. securities is secured by initial collateral of at least 102% of the market value of the securities loan plus accrued income. For international securities, the collateral is at least 105% of the market value of the securities on loan. The IMB receives compensation in the form of loan premium fees and income from the investment of the cash collateral. Expenses related to the lending of securities are rebates paid by the lending agent to brokers and the lending agent's fees for its services. The income earned by the IMB is reported in the statement of operations as net securities lending income. The agent fees and broker rebates are reported as expenses. Unrealized gains or losses resulting from changes in the value of the investment of cash collateral are reported as part of the change in unrealized appreciation or depreciation of investments. The IMB continues to receive interest and dividends on the securities loaned. Gains or losses in the fair value of the securities loaned that may occur during the term of the loans are reflected in the financial statements of the various investment pools. The IMB cannot pledge or sell such collateral without a default.

At June 30, 2019, the fair value of securities on loan and collateral held by the pools of the IMB are as follows (expressed in thousands). Of the collateral held, \$465.8 million was received as cash. The collateral received as cash is invested in the Mellon GSL DBT II Funds.

	Fair Value of Securities on Loan	Collateral Held
Domestic Equity Pool	\$ 641,014	\$ 673,597
International Equity Pool	362,390	404,136
Total Return Fixed Income Pool	121,630	124,947
Core Fixed Income Pool	60,985	62,424
Private Markets Pool	<u>20,534</u>	<u>21,978</u>
Total	<u>\$ 1,206,553</u>	<u>\$ 1,287,082</u>

Investment Pools

Schedule of Participation

The following schedule details the participation in the various IMB pools exclusive of those pools comprising the Consolidated Fund or Participant-Directed Accounts as of June 30, 2019 (expressed in thousands):

	Domestic Equity	International		Equity	Short- Term Fixed Income
		Qualified	Nonqualified		
Primary Government:					
Revenue Shortfall Reserve Fund	\$ —	\$ —	\$ —	\$ —	\$ —
Revenue Shortfall Reserve Fund B	50,478	—	16,949	35,359	—
Workers' Compensation Old Fund	162,444	—	55,236	113,678	39,162
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	5,007	—	1,685	3,464	1,536
Workers' Compensation Self-Insured Employer Security Risk Pool	7,634	—	2,586	5,373	2,117
Workers' Compensation Uninsured	1,966	—	662	1,382	1,287
Pneumoconiosis	34,833	—	11,809	24,400	10,024
Wildlife Endowment Fund	16,042	—	5,434	11,241	63
Prepaid Tuition Trust Fund	—	—	—	—	6,774
Board of Risk & Insurance Management	23,121	—	7,763	16,133	7,864
Public Employees' Insurance Agency	25,918	—	9,326	19,812	—
WV Department of Environmental Protection Trust	2,946	—	989	2,045	—
WV Department of Environmental Protection Agency	<u>39,819</u>	<u>—</u>	<u>13,373</u>	<u>27,799</u>	<u>—</u>
Total Primary Government	<u>370,208</u>	<u>—</u>	<u>125,812</u>	<u>260,686</u>	<u>68,827</u>
Percentage of Ownership	8.07%	0.00%	59.86%	7.99%	37.00%
Fiduciary Funds:					
Judges' Retirement System	52,616	17,016	—	37,276	391
Emergency Medical Services Retirement System	20,815	6,517	—	15,187	338
Public Employees' Retirement System	1,698,197	558,010	—	1,214,443	14,156
Teachers' Retirement System	1,918,351	629,522	—	1,363,648	84,127
Municipal Police Officers and Firefighters' Retirement System	2,649	622	—	2,085	472
Municipal Policemen's or Firefighter's Pension and Relief Fund	1,004	335	—	701	45
State Police Retirement System	51,197	15,573	—	37,428	962
State Police Death, Disability and Retirement Fund	166,807	55,557	—	116,454	16,319
Retiree Health Benefit Trust	248,998	—	83,843	173,189	—
Deputy Sheriff's Retirement System	<u>57,610</u>	<u>18,323</u>	<u>—</u>	<u>41,170</u>	<u>393</u>
Total Fiduciary Funds	<u>4,218,244</u>	<u>1,301,475</u>	<u>83,843</u>	<u>3,001,581</u>	<u>117,203</u>
Percentage of Ownership	91.90%	100%	39.89%	91.98%	63.00%
Other Participants:					
Berkeley County Development Authority	<u>1,537</u>	<u>—</u>	<u>517</u>	<u>1,070</u>	<u>—</u>
Total Amount	<u>\$ 4,589,989</u>	<u>\$ 1,301,475</u>	<u>\$ 210,172</u>	<u>\$ 3,263,337</u>	<u>\$ 186,030</u>
State Percentage of Ownership	99.97%	100%	99.75%	99.97%	100%

Total Return Fixed Income	Core Fixed Income	TIPS	Private Equity	Hedge Funds	Total (Memorandum Only)
\$ 68,869	\$ 29,763	\$ 98,710	\$ —	\$ —	\$ 197,342
179,527	77,653	105,223	—	—	465,189
299,009	129,214	114,404	—	192,574	1,105,721
7,760	3,362	3,493	—	7,899	34,206
11,867	5,129	5,357	—	12,157	52,220
2,569	1,114	1,370	—	3,118	13,468
54,182	23,419	24,499	—	55,439	238,605
5,714	2,470	—	16,624	7,412	65,000
13,817	13,922	—	—	—	34,513
35,870	15,508	16,062	—	36,375	158,696
58,940	25,503	34,192	—	51,623	225,314
791	343	—	—	2,144	9,258
<u>53,485</u>	<u>23,122</u>	<u>—</u>	<u>—</u>	<u>47,103</u>	<u>204,701</u>
<u>792,400</u>	<u>350,522</u>	<u>403,310</u>	<u>16,624</u>	<u>415,844</u>	<u>2,804,233</u>
35.70%	36.20%	100%	0.37%	17.53%	14.03%
18,135	7,852	—	55,073	24,296	212,655
7,431	3,220	—	21,526	9,616	84,650
576,580	249,812	—	1,796,477	787,712	6,895,387
641,299	277,315	—	2,031,952	890,571	7,836,785
981	425	—	2,643	1,213	11,090
469	203	—	880	470	4,107
18,227	7,908	—	52,265	23,542	207,102
54,351	23,511	—	179,590	77,231	689,820
88,937	38,465	—	253,848	114,290	1,001,570
<u>20,135</u>	<u>8,738</u>	<u>—</u>	<u>59,666</u>	<u>26,541</u>	<u>232,576</u>
<u>1,426,545</u>	<u>617,449</u>	<u>—</u>	<u>4,453,920</u>	<u>1,955,482</u>	<u>17,175,742</u>
64.27%	63.77%	—%	99.59%	82.44%	85.94%
<u>548</u>	<u>237</u>	<u>—</u>	<u>1,561</u>	<u>707</u>	<u>6,177</u>
<u>\$ 2,219,493</u>	<u>\$ 968,208</u>	<u>\$ 403,310</u>	<u>\$ 4,472,105</u>	<u>\$ 2,372,033</u>	<u>\$ 19,986,152</u>
99.98%	99.98%	100%	99.97%	99.97%	99.97%

Investment Pool Descriptions

Domestic Equity Pool

The pool's objective is to exceed, net of external management fees, the Russell 3000 Stock Index over three-year to five-year periods. AJO, BlackRock, INTECH Investment Management, LCC and Westfield Capital Management manage assets of this pool.

Credit Risk and Interest Rate Risk

The pool is exposed to credit risk from investments made with cash collateral for securities loaned. The money market mutual fund has the highest credit rating. This risk is limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. Short-term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's at the time of purchase. The pool is exposed to interest rate risk from certain investments made with cash collateral for securities loaned. As of June 30, 2019, the money market mutual fund has a weighted-average maturity (WAM) of 43 days. The weighted-average maturity for investments made with cash collateral for securities loaned is not to exceed 90 days.

The following table provides the credit ratings indicative of the greatest degree of risk of the pool's securities lending collateral investments as of June 30, 2019 (expressed in thousands):

<u>Rating</u>	<u>Fair Value</u>
AAA / A-1	\$ 33,117
AA	151,145
A	5,340
BBB	2,428
B	226
Not applicable	<u>50,048</u>
Total securities lending collateral	<u>\$ 242,304</u>

Fair Value Measurements

The table below summarizes the valuation of the investment securities in accordance with the fair value hierarchy levels as of June 30, 2019 (expressed in thousands):

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Commingled Equity Fund	\$ 1,937,693	\$ —	\$ —	\$ 1,937,693
Common Stock	2,682,108	—	—	2,682,108
Money Market Mutual Fund	27,792	—	—	27,792
Securities Lending Mutual Fund	<u>—</u>	<u>242,304</u>	<u>—</u>	<u>242,304</u>
Total	<u>\$ 4,647,593</u>	<u>\$ 242,304</u>	<u>\$ —</u>	<u>\$ 4,889,897</u>

The fair value measurement valuation techniques used for the investments in the Domestic Equity Pool can be found on page 90.

International Qualified

Funds of this pool are invested in Silchester International Investors' International Value Equity Group Trust, which is a collective trust fund that invests in equities denominated in foreign currencies. This pool's objective is to produce investment returns that exceed the Morgan Stanley Capital International's Europe Australasia Far East (EAFE) Index by 200 basis points on an annualized basis over three-year to five-year periods, net of external investment management fees. Only "qualified participants" (as defined by the Internal Revenue Code) may invest in this pool. The value of this investment at June 30, 2019, was \$1,301,531. This investment, although denominated in U.S. dollars, is exposed to foreign currency risk through the underlying investments.

Fair Value Measurements

U.S. GAAP does not require the pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share practical expedient. The investment in Silchester is valued using the net asset value per share practical expedient. As Silchester is the only investment in the pool, a fair value hierarchy table is not presented. The investment strategy is to achieve desired exposure to publicly traded equity securities of companies ordinarily incorporated in countries other than the United States. Redemption is monthly within seven business days following month-end.

International Nonqualified

Funds of this pool are invested in Silchester International Investors' International Value Equity Group Trust, which is a collective trust fund that invests in equities denominated in foreign currencies. This pool's objective is to produce investment returns that exceed the Morgan Stanley Capital International's EAFE Index by 200 basis points on an annualized basis over three- to five-year periods, net of external investment management fees. This pool exists for participants who are not "qualified" (as defined by the Internal Revenue Code). The value of this investment at June 30, 2019, was \$210,181. This investment, although denominated in U.S. dollars, is exposed to foreign currency risk through the underlying investments.

Fair Value Measurements

U.S. GAAP does not require the pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share practical expedient. The investment in Silchester is valued using the net asset value per share practical expedient. As Silchester is the only investment in the pool, a fair value hierarchy table is not presented. The investment strategy is to achieve desired exposure to publicly traded equity securities of companies ordinarily incorporated in countries other than the United States. Redemption is monthly within seven business days following month-end.

International Equity

This pool invests in the equities of international companies. Acadian Asset Management, LLC, Axiom International Investors, LLC, Brandes Investment Partners, L.P., LSV Asset Management, and Oberweis Asset Management, Inc., manage assets of this pool. The objective of the International Equity Pool is to exceed, net of external investment management fees, Morgan Stanley Capital International's All Country World Free Ex US Index over three- to five-year periods.

Credit Risk and Interest Rate Risk

The pool is exposed to credit risk from investments made with cash collateral for securities loaned. The money market mutual fund has the highest credit rating. This risk is limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. Short-term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's at the time of purchase. The pool is exposed to interest rate risk from certain investments made with cash collateral for securities loaned. As of June 30, 2019, the money market mutual fund has a weighted-average maturity (WAM) of 43 days. The weighted-average maturity for investments made with cash collateral for securities loaned is not to exceed 90 days.

West Virginia

The following table provides the credit rating indicative of the greatest degree of risk of the pool's securities lending collateral investments as of June 30, 2019 (expressed in thousands):

<u>Rating</u>	<u>Fair Value</u>
AAA / A-1	\$ 9,678
AA	44,168
A	1,560
BBB	710
B	66
Not applicable	<u>14,625</u>
Total securities lending collateral	<u>\$ 70,807</u>

This pool has both equity securities and cash that are denominated in foreign currencies and are exposed to foreign currency risks. The amounts at fair value (in U.S. dollars) of investments and cash denominated in foreign currencies as of June 30, 2019, consisted of the following (expressed in thousands):

<u>Currency</u>	<u>Equity Investments</u>	<u>Cash</u>	<u>Foreign Currency Spot Contracts</u>	<u>Total</u>
Australian Dollar	\$ 126,545	\$ 975	\$ —	\$ 127,520
Brazil Real	135,983	682	(2)	136,663
British Pound	284,807	2,169	(2)	286,974
Canadian Dollar	125,313	2,518	—	127,831
Chilean Peso	6,037	—	—	6,037
Danish Krone	4,586	—	—	4,586
Egyptian Pound	926	—	—	926
Emirati Dirham	1,689	10	—	1,699
Euro Currency Unit	463,116	6,782	3	469,901
Hong Kong Dollar	365,906	2,136	—	368,042
Hungarian Forint	11,477	41	—	11,518
Indian Rupee	89,501	946	—	90,447
Indonesian Rupiah	41,637	38	—	41,675
Israeli Shekel	17,395	31	—	17,426
Japanese Yen	380,550	2,595	—	383,145
Malaysian Ringgit	19,851	290	—	20,141
Mexican Peso	55,332	486	—	55,818
New Taiwan Dollar	91,450	553	—	92,003
New Zealand Dollar	553	50	—	603
Norwegian Krone	20,433	463	—	20,896
Pakistan Rupee	1,413	—	—	1,413
Philippine Peso	17,899	4	—	17,903
Polish Zloty	1,027	1,570	—	2,597
Qatar Riyal	756	51	—	807
Singapore Dollar	21,213	540	—	21,753
South African Rand	44,180	448	—	44,628
South Korean Won	201,839	2,128	(1)	203,966
Swedish Krona	71,775	2,166	—	73,941
Swiss Franc	95,408	42	—	95,450
Thailand Baht	60,524	(3)	—	60,521
Turkish Lira	21,677	293	—	21,970
Subtotal	<u>2,780,798</u>	<u>28,004</u>	<u>(2)</u>	<u>2,808,800</u>
United States Currency	<u>413,517</u>	<u>1,018</u>	<u>—</u>	<u>414,535</u>
Total Assets	<u>\$ 3,194,315</u>	<u>\$ 29,022</u>	<u>\$ (2)</u>	<u>\$ 3,223,335</u>

Fair Value Measurements

The table below summarizes the valuation of the investment securities in accordance with the fair value hierarchy levels as of June 30, 2019 (expressed in thousands):

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stock	\$ 3,142,466	\$ —	\$ —	\$ 3,142,466
Money Market Mutual Funds	26,048	—	—	26,048
Preferred Stock	51,666	—	—	51,666
Rights	183	—	—	183
Securities Lending Collateral	—	<u>70,807</u>	—	<u>70,807</u>
Total	<u>\$ 3,220,363</u>	<u>\$ 70,807</u>	<u>\$ —</u>	<u>\$ 3,291,170</u>

The fair value measurement valuation techniques used for the investments in the International Equity Pool can be found on page 90.

Short-Term Fixed Income

This pool is structured as a money market fund to maintain sufficient liquidity to fund withdrawals by the participant plans and to invest any contributions until such time as the money can be transferred to other asset classes without sustaining capital losses. JP Morgan Investment Advisors, Inc. manages this pool. For purposes of evaluating investment returns, net of external investment management fees, this pool is expected to meet or exceed the Citigroup ninety-day T-bill index.

Credit Risk and Interest Rate Risk

The IMB limits the exposure to credit risk in the Short-Term Fixed Income Pool by requiring all corporate bonds to be rated AA or higher. Commercial paper must be rated A-1 by Standard & Poor's and P-1 by Moody's. Additionally, the pool must have at least 15% of its assets in United States Treasury issues. The weighted-average maturity of the investments of the Short-Term Fixed Income Pool cannot exceed 60 days. The maturity of floating rate notes is assumed to be the next interest rate reset date.

The following table provides the WAM for the different asset types in the pool as of June 30, 2019, of the Short-Term Fixed Income pool's investments (expressed in thousands):

<u>Investment Type</u>	<u>Carrying Value</u>	<u>WAM Days</u>
U.S. Government Agency Bonds	\$ 91,095	10
U.S. Treasury Bills	49,955	16
Repurchase Agreements (Underlying Securities):		
U.S. Treasury Issues*	<u>45,000</u>	1
Total Investments	<u>\$ 186,050</u>	9

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

Fair Value Measurements

The table below summarizes the valuation of the investment securities in accordance with the fair value hierarchy levels as of June 30, 2019 (expressed in thousands):

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Repurchase Agreement*	\$ —	\$ 45,000	\$ —	\$ 45,000
U.S. Government Agency Bonds	—	91,095	—	91,095
U.S. Treasury Bonds	—	<u>49,955</u>	—	<u>49,955</u>
Total	<u>\$ —</u>	<u>\$ 186,050</u>	<u>\$ —</u>	<u>\$ 186,050</u>

*Underlying Securities:

U.S. Treasury Issues \$45,000

All securities of the Short-Term Fixed Income Pool are valued at amortized cost provided such amount approximates fair value. The basic premise underlying the use of the amortized cost method of valuation is that high-quality, short-term debt securities held until maturity will eventually return to their amortized cost value, regardless of any current disparity between the amortized cost value and market value, and would not ordinarily be expected to fluctuate significantly in value. The pool values its securities at amortized cost so long as the deviation between the amortized cost and current market value remains minimal and results in the computation of a share price that represents fairly the current net asset value per share of the fund.

Total Return Fixed Income

The main objective of the Total Return Fixed Income Pool is to generate investment income, provide stability and diversification, but not at the expense of total return. Dodge & Cox (DAC), Franklin Templeton Investments (FTI), and Western Asset Management Company, LLP (Western) manage this pool. The pool's investment objective is to outperform the Bloomberg Barclays U.S. Universal bond index over three-year to five-year periods.

Credit Risk and Interest Rate Risk

The IMB limits the exposure to credit risk in the Total Return Fixed Income Pool by maintaining at least an average rating of investment grade as defined by the Nationally Recognized Statistical Rating Organizations. Credit risk from securities lending collateral investments is limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standard & Poor's. Short-term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's. The IMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk.

The following table provides credit ratings for the pool's fixed income investments as of June 30, 2019 (expressed in thousands):

	<u>Rating</u>	<u>Fair Value</u>
AAA / A-1		\$ 14,485
AA		685,964
A		105,271
BBB		553,241
BB		320,377
B		204,230
CCC		13,962
D		1,050
Withdrawn		7,324
Not Rated		<u>55,807</u>
Total fixed income investments		<u>\$ 1,961,711</u>

The following table provides credit ratings for the pool's securities lending collateral investments as of June 30, 2019 (expressed in thousands):

	<u>Rating</u>	<u>Fair Value</u>
AAA / A-1		\$ 12,154
AA		55,470
A		1,960
BBB		891
B		83
Not applicable		<u>18,368</u>
Total securities lending collateral		<u>\$ 88,926</u>

The Total Return Fixed Income Pool invests in commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The cash flows from these securities are based on the payment of the underlying collateral. The effective duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions, and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2019, the Total Return Fixed Income Pool held \$500,160,000 of these securities. This represents approximately 25% of the value of the pool's securities.

West Virginia

The following table provides the weighted-average effective duration for the various asset types in the pool as of June 30, 2019 (expressed in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration (years)</u>
Commingled Debt Funds	\$ 214,489	2.9
Corporate ABS Residual	3,835	1.9
Corporate Asset-Backed Issues	72,659	(0.1)
Corporate CMO	40,069	1.1
Foreign Asset-Backed Issues	27,005	1.0
Foreign Corporate Bonds	271,117	5.4
Foreign Government Bonds	317,462	5.1
Municipal Bonds	34,254	9.9
Repurchase Agreements (Underlying Securities):		
U.S. Treasury Issues*	8,000	0.0
Short-Term Investments	6,083	0.0
U.S. Corporate Bonds	402,522	7.0
U.S. Government Agency Bonds	9,464	0.2
U.S. Government Agency CMO	57,221	1.1
U.S. Government Agency CMO Interest-Only	5,786	4.8
U.S. Government Agency MBS	293,479	1.8
U.S. Government Agency TBA	106	1.4
U.S. Treasury Bonds	157,216	15.6
U.S. Treasury Inflation-Protected Security	<u>40,944</u>	20.6
Total	<u>\$ 1,961,711</u>	

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

Fair Value Measurements

U.S. GAAP does not require the pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share practical expedient. All of the pool's investments in other funds were valued using the net asset value per share; as such, they have not been categorized in the fair value hierarchy. The fair value measurement valuation techniques for the Total Return Fixed Income Pool's asset categories can be found on page 90, except for the investments in other funds, which are measured using the net asset value per share practical expedient.

The table below summarizes the valuation of investment securities in accordance with the fair value hierarchy levels as of June 30, 2019 (expressed in thousands):

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate ABS Residual	\$ —	\$ 3,835	\$ —	\$ 3,835
Corporate Asset-Backed Issues	—	72,659	—	72,659
Corporate Collateralized Mortgage Obligations	—	40,069	—	40,069
Corporate Preferred Security	9,979	—	—	9,979
Foreign Asset-Backed Issues	—	27,005	—	27,005
Foreign Corporate Bonds	—	271,117	—	271,117
Foreign Currency Forward Contracts	—	378	—	378
Foreign Equity Investments	14	—	—	14
Foreign Government Bonds	—	317,462	—	317,462
Futures Contracts	9,647	—	—	9,647
Money Market Mutual Fund	41,138	—	—	41,138
Municipal Bonds	—	34,254	—	34,254
Options Contracts Purchased	558	530	—	1,088
Repurchase Agreement	—	8,000	—	8,000
Securities Lending Collateral	—	88,926	—	88,926
Short-Term Investments	—	6,083	—	6,083
Swaps	—	3,683	—	3,683
U.S. Corporate Bonds	—	402,522	—	402,522
U.S. Government Agency Bond	—	9,464	—	9,464
U.S. Government Agency CMO	—	57,221	—	57,221
U.S. Government Agency CMO Interest-Only	—	5,786	—	5,786
U.S. Government Agency MBS	—	293,479	—	293,479
U.S. Government Agency TBAs	—	106	—	106
U.S. Treasury Bonds	—	157,216	—	157,216
U.S. Treasury Inflation-Protected Securities	—	40,944	—	40,944
Total	<u>\$ 61,336</u>	<u>\$ 1,840,739</u>	<u>\$ —</u>	<u>1,902,075</u>
Investments in Other Funds				<u>214,489</u>
Total				<u>\$2,116,564</u>
<u>Liabilities</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Foreign Currency Forward Contracts	\$ —	\$ (2,357)	\$ —	\$ (2,357)
Futures Contracts	(15,161)	—	—	(15,161)
Options Contracts Written	(1,081)	(73)	—	(1,154)
Swaps	—	(20,337)	—	(20,337)
Total	<u>\$ (16,242)</u>	<u>\$ (22,767)</u>	<u>\$ —</u>	<u>\$ (39,009)</u>

The pool's investments in commingled debt funds were measured at the net asset value (NAV) as of June 30, 2019. These commingled debt funds invest in certain niche sectors, particularly ones that are not a significant percentage to the pool, to provide economies of scale and efficiencies in establishing and managing a diversified portfolio that would otherwise be difficult to achieve.

The pool can redeem these investments daily.

Core Fixed Income Pool

The main objective of the Core Fixed Income Pool is to generate investment income, provide stability and diversification, but not at the expense of total return. JP Morgan Investment Advisors, Inc. manages this pool. This pool's investment objective, net of external investment management fees, is to outperform the Bloomberg Barclays U.S. Aggregate Bond Index over three-year to five-year periods.

Credit Risk and Interest Rate Risk

The IMB limits the exposure to credit risk in the pool by maintaining at least an average rating of investment grade as defined by the nationally recognized statistical rating organizations. The IMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. The money market mutual fund has the highest credit rating. Credit risk from securities lending collateral investments are limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standard & Poor's. Short-term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's. The IMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk.

The following table provides the credit ratings in the Core Fixed Income Pool's fixed income investments as of June 30, 2019 (expressed in thousands):

	<u>Rating</u>	<u>Fair Value</u>
AAA		\$ 61,950
AA		518,002
A		93,012
BBB		141,310
BB		10,003
B		600
CCC		562
D		146
Withdrawn		3,013
Not rated		<u>45,328</u>
Total Investments		<u>\$ 873,926</u>

The following table provides credit ratings for the pool's securities lending collateral investments as of June 30, 2019 (expressed in thousands):

	<u>Rating</u>	<u>Fair Value</u>
AAA / A-1		\$ 7,859
AA		35,868
A		1,267
BBB		576
B		54
Not applicable		<u>11,877</u>
Total securities lending collateral		<u>\$ 57,501</u>

The Core Fixed Income Pool does not invest more than 5% of the value of the Pool in any one corporate name. At June 30, 2019, the pool was in compliance with the restriction and is not exposed to concentration of credit risk.

The IMB monitors rate risk by evaluating the effective duration of the investments in the pool. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1% change in interest rates. The effective duration calculation considers the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds, commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations.

The following table provides the weighted-average effective duration for the pool's fixed income investments as of June 30, 2019 (expressed in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration (years)</u>
Corporate Asset-Backed Issues	\$ 122,361	1.6
Corporate CMO	33,139	3.2
Corporate CMO Interest Only	303	(2.8)
Corporate CMO Principal Only	74	3.5
Foreign Asset-Backed Issues	2,698	3.3
Foreign Corporate Bonds	59,221	5.8
Foreign Government Bonds	3,125	8.0
Municipal Bonds	10,261	13.0
U.S. Corporate Bonds	165,080	7.7
U.S. Government Agency Bonds	5,257	1.2
U.S. Government Agency CMO	109,465	4.7
U.S. Government Agency CMO Interest Only	2,153	12.7
U.S. Government Agency CMO Principal Only	5,062	6.2
U.S. Government Agency MBS	150,176	4.4
U.S. Treasury Bonds	205,102	9.1
U.S. Treasury Inflation-Protected Security	<u>449</u>	1.9
Total	<u>\$ 873,926</u>	

Fair Value Measurements

The table below summarizes the valuation of the investment securities in accordance with the fair value hierarchy levels as of June 30, 2019 (expressed in thousands):

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate Asset-Backed Issues	\$ —	\$ 122,361	\$ —	\$ 122,361
Corporate CMO	—	33,139	—	33,139
Corporate CMO Interest Only	—	303	—	303
Corporate CMO Principal Only	—	74	—	74
Foreign Asset-Backed Issues	—	2,698	—	2,698
Foreign Corporate Bonds	—	59,221	—	59,221
Foreign Government Bonds	—	3,125	—	3,125
Money Market Mutual Fund	55,686	—	—	55,686
Municipal Bonds	—	10,261	—	10,261
Securities Lending Collateral	—	57,501	—	57,501
U.S. Corporate Bonds	—	165,080	—	165,080
U.S. Government Agency Bonds	—	5,257	—	5,257
U.S. Government Agency CMO	—	109,465	—	109,465
U.S. Government Agency CMO Interest Only	—	2,153	—	2,153
U.S. Government Agency CMO Principal Only	—	5,062	—	5,062
U.S. Government Agency MBS	—	150,176	—	150,176
U.S. Treasury Bonds	—	205,102	—	205,102
U.S. Treasury Inflation-Protected Security	—	<u>449</u>	—	<u>449</u>
Total	<u>\$ 55,686</u>	<u>\$ 931,427</u>	<u>\$ —</u>	<u>\$ 987,113</u>

The fair value measurement valuation techniques used for the Core Fixed Income Pool can be found on page 90.

TIPS Pool

The pool invests in Treasury Inflation-Protected Securities (TIPS) and its objective is to generate a return that exceeds the rate of inflation over a market cycle, to provide investment income and stability of principal, and to diversify interest rate exposure. The pool is measured against the Bloomberg Barclay's U.S. Treasury Inflation Protection Index on an annualized basis over rolling three-year to five-year periods, gross of fees. The pool invests in the BlackRock U.S. Treasury Inflation Protected Securities Fund B (BlackRock). BlackRock invests primarily in a portfolio of debt securities with the objective of closely approximating the total rate of return for all outstanding U.S. Treasury Inflation-Protected Securities with a maturity of one year or greater.

Credit Risk and Interest Rate Risk

The pool invests in a commingled bond fund that holds primarily U.S. Treasury inflation-protected securities. This investment is exposed to credit and interest rate risk. This fund is not rated by a nationally recognized statistical rating organization. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1% change in interest rates. The IMB limits the exposure to credit risk in the pool by primarily investing in these securities. The IMB monitors interest rate risk of the pool by evaluating the real modified duration of the investments in the Pool.

Fair Value Measurements

The table below summarizes the valuation of the investment securities in accordance with GASB 72 fair value hierarchy levels as of June 30, 2019 (expressed in thousands):

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Commingled Bond Funds	\$ 397,843	\$ —	\$ —	\$ 397,843
Money Market Mutual Fund	<u>5,500</u>	<u>—</u>	<u>—</u>	<u>5,500</u>
Total	<u>\$ 403,343</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 403,343</u>

The fair value measurement valuation techniques used for the TIPS Pool can be found on page 90.

Private Markets Pool

The pool holds the IMB's investments in a commingled equity fund, opportunistic income funds, private equity funds, real estate investment trusts, and real estate limited partnerships and funds. The selection of investments in the Private Markets Pool is approved by the Board of Trustees or by its established committee.

Credit Risk and Interest Rate Risk

The pool is exposed to credit risk from its fixed income investments, money market fund investments, investments in unrated opportunistic income funds, and certain investments made with cash collateral for securities loaned. The IMB limits the exposure to credit risk in the pool by maintaining at least an average rating of investment grade, as defined by a nationally recognized statistical rating organization. The IMB reviews available ratings from Standard & Poor's and Moody's, and reports the rating indicative of the greatest degree of risk. The money market fund has the highest credit rating. Credit risk associated with the unrated opportunistic income funds is limited by requiring that underlying fund holdings are at least 90% collateralized by one or more assets of the issuer.

The following table provides the credit ratings in the Private Markets Pool's fixed income investments as of June 30, 2019 (expressed in thousands):

<u>Rating</u>	<u>Fair Value</u>
BBB	\$ 13,257
BB	1,591
B	<u>511</u>
Total Investments	<u>\$ 15,359</u>

Credit risk from securities lending collateral investments is limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. The IMB reviews available ratings from Standard & Poor's and Moody's, and reports the rating indicative of the greatest degree of risk.

The following table provides credit ratings for the pool's securities lending collateral investments as of June 30, 2019 (expressed in thousands):

<u>Rating</u>	<u>Fair Value</u>
AAA / A-1	\$ 860
AA	3,922
A	139
BBB	63
B	6
Not applicable	<u>1,299</u>
Total securities lending collateral	<u>\$ 6,289</u>

The pool is exposed to interest rate risk through its investments in U.S. corporate bonds, opportunistic income funds, securities lending collateral investments, and a money market mutual fund. The IMB monitors interest rate risk of U.S. corporate bonds by evaluating the effective duration. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1% change in interest rates. The effective duration calculation takes into account the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds. As of June 30, 2019, the effective duration for U.S. corporate bonds was 5.0 years. The IMB manages interest rate risk of the opportunistic income fund by requiring at least 80% of the opportunistic income fund holdings that mature in more than one year to have variable or floating interest rate structures. As of June 30, 2019, the money market mutual fund has a weighted-average maturity (WAM) of 43 days. The WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2019, the WAM for securities lending collateral was 1 day.

Fair Value Measurements

The fair value measurement valuation techniques for the Private Markets Pool's asset categories can be found on page 90, except for the opportunistic, private equity partnerships, and real estate limited partnerships and funds, which are measured using the net asset value per share practical expedient. The table that follows sets forth information about the level within the fair value hierarchy at which the pool's assets and liabilities are measured at June 30, 2019. All the investments valued using the net asset value per share practical expedient are not required to be categorized in the fair value hierarchy below as of June 30, 2019 (expressed in thousands):

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Commingled Equity Fund	\$ 80,475	\$ —	\$ —	\$ 80,475
Foreign Common Stock	39,813	—	—	39,813
Money Market Mutual Fund	96,635	—	—	96,635
Securities Lending Collateral	—	6,289	—	6,289
U.S. Common Stock	82,787	—	—	82,787
U.S. Corporate Bonds	—	15,359	—	15,359
U.S. Preferred Stock	<u>12,918</u>	<u>—</u>	<u>—</u>	<u>12,918</u>
Total	<u>\$ 312,628</u>	<u>\$ 21,648</u>	<u>\$ —</u>	334,276
Opportunistic Income Funds				569,356
Private Equity Partnerships				1,826,265
Real Estate Limited Partnership and Funds				<u>1,723,705</u>
Total				<u>\$ 4,453,602</u>

The following table presents information on investments measured at the NAV as of June 30, 2019 (expressed in thousands):

<u>Strategies</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Contractual Termination Date Range (a)</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Opportunistic Income:					
Middle Market Loan Funds (b)	\$ 315,725	\$ 50,168	N/A	N/A	N/A
Real Estate Income Funds (c)	253,631	104,154	2021 to 2029	Quarterly	45 days
Private Equity Partnerships:					
Corporate Finance – Buyout (d)	1,112,888	694,069	2019 to 2034	N/A	N/A
Corporate Finance – Distressed Debt (e)	63,474	14,803	2019 to 2020	N/A	N/A
Corporate Finance – Growth Equity (f)	60,527	61,398	2020 to 2027	N/A	N/A
Corporate Finance – Hard Assets (g)	100,190	56,871	2019 to 2028	N/A	N/A
Corporate Finance – Mezzanine (h)	72,341	49,917	2020 to 2028	N/A	N/A
Corporate Finance – Turnaround (i)	89,832	53,025	2019 to 2026	N/A	N/A
Venture Capital (j)	327,013	96,773	2023 to 2034	N/A	N/A
Real Estate Limited Partnerships and Funds:					
Core Funds (k)	974,569	32,850	2020 to 2022	Quarterly	30-60 days
Opportunistic Funds (l)	278,468	236,347	2019 to 2028	N/A	N/A
Value Funds (m)	<u>470,668</u>	<u>412,773</u>	2020 to 2028	N/A	N/A
Total	<u>\$ 4,119,326</u>	<u>\$ 1,863,148</u>			

- (a) Investments without standard redemption frequencies cannot be redeemed until termination of the partnership.
- (b) Middle Market Loan Funds seek to generate current income while preserving capital, primarily through investments in senior secured loans to middle-market companies domiciled in North America.
- (c) Real Estate Income Funds invest in U.S. commercial real estate mortgage and debt investments.
- (d) Corporate Finance – Buyout funds acquire controlling or influential interests in companies.
- (e) Corporate Finance – Distressed Debt funds acquire the debt of companies experiencing operational or financial distress, usually converting the debt to equity and exercising control of the business.
- (f) Corporate Finance – Growth Equity funds invest in companies to expand or restructure operations, enter new markets, or finance an acquisition.
- (g) Corporate Finance – Hard Assets funds acquire controlling or influential interests in companies operating in natural resources or infrastructure.
- (h) Corporate Finance – Mezzanine funds acquire or issue subordinated debentures frequently in businesses controlled by the General Partner, but in another fund.
- (i) Corporate Finance – Turnaround funds acquire the debt and/or equity of companies experiencing operational or financial distress in order to radically reorganize and improve the business.
- (j) Venture Capital funds make investments in early-stage through late-stage companies, frequently start-ups in technology or healthcare.
- (k) Core funds are more conservative real estate investments that use a very modest level of financing to acquire and hold high-quality, stable properties typically located in major markets. These assets tend to have high occupancy rates, higher credit tenants, and staggered lease terms, with a number of long-term leases expiring in five to ten years.
- (l) Opportunistic funds have higher risk/return profiles and have broad strategies to achieve these types of returns. Common strategies are properties that need significant rehabilitation or a total redevelopment to transition to a different type of property (for example, converting an office building to condominiums). It may also include new development, distressed debt strategies, and more complex transactions, as well as a more traditional value-add strategy that is financed with a higher amount of leverage.
- (m) Value funds typically use more leverage than Core funds and target higher return opportunities by acquiring properties that the manager believes they can add value through capital renovations to the physical facility or enhanced leasing and management activities. Most of these properties have in-place cash flow, which is expected to increase as the business plans are implemented. This could include making physical improvements to the asset that will allow it to command higher rents, increasing efforts to lease vacant space at the property to quality tenants, or improving the management of the property and thereby increasing customer satisfaction or lowering operating expenses where possible.

Hedge Fund

This pool was established to hold the IMB's investments in hedge funds. Albourne America, LLC has been retained by the IMB to provide consulting services for this investment strategy. This pool holds shares in hedge funds and shares of a money market fund. As of June 30, 2019, the money market mutual fund is rated AAA by Standard & Poor's and Aaa by Moody's and has a weighted-average maturity of 43 days. The investments in hedge funds might be indirectly exposed to foreign currency risk, interest rate risk, and/or custodial credit risk.

Fair Value Measurements

U.S. GAAP does not require the pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share practical expedient.

All of the pool's investments in hedge funds were valued using the net asset value per share practical expedient.

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Mutual Fund	<u>\$ 656</u>	<u>\$ —</u>	<u>\$ —</u>	\$ 656
Hedge Funds				<u>2,081,618</u>
Total				<u>\$ 2,082,274</u>

The following table presents information on investments measured at the NAV as of June 30, 2019 (expressed in thousands):

<u>Hedge Fund Strategies</u>	<u>Fair Value</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Directional (a)	\$ 154,484	Monthly, Quarterly	5 to 30 days
Equity Long/Short (b)	272,424	Monthly, Quarterly, Every 3 years	30 to 60 days
Event-Driven (c)	37,715	Quarterly	65 days
Long-Biased (d)	61,426	Monthly	90 days
Multi-Strategy (e)	1,265,338	Monthly, Quarterly, Annually	3 to 95 days
Relative-Value (f)	<u>290,231</u>	Weekly, Monthly, Quarterly	5 to 60 days
Total Investment Measured at NAV	<u>\$ 2,081,618</u>		

- (a) Directional strategies employ various techniques to forecast the direction of segments of the market and then invest in either short or long positions to take advantage of that. The segments may be geographic economies, industry sectors, currency, or asset class. The investments may be in physical securities or derivatives. The strategies may be trend-following or mean-reverting and may be specific to that segment or universally applied across them.
- (b) An equity long/short strategy involves taking long positions in stocks that are expected to increase in value and short positions in stocks that are expected to decrease in value. Investments representing approximately 60% of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.
- (c) Event-driven managers maintain positions in companies currently or prospectively involved in various corporate transactions, including, but not limited to, mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated, and frequently involve additional derivative securities. Event-driven exposure includes a combination of sensitivities to equity markets, credit markets and company-specific developments. The sole fund in this investment strategy is subject to maximum withdrawal restrictions.
- (d) Long-biased strategies employ analytical techniques in which the investment thesis is predicated on assessment of the valuation characteristics of the underlying companies, with the goal of identifying undervalued companies. Long-biased strategies may vary the investment level or the level of long exposure over market cycles, but the primary distinguishing characteristic is that the manager maintains consistent long exposure.
- (e) Multi-strategy managers combine several strategies within the same fund in order to provide diversification benefits to reduce return volatility and decrease asset-class and single-strategy risks. These funds typically add incremental returns through active allocation adjustments based on market opportunities. Risk is managed through a combination of quantitative and qualitative constraints, including, but not limited to, active risk, liquidity risk, currency risk, manager risk, derivative risk, and leverage risk. Investments representing approximately 43% of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.
- (f) Relative-value managers maintain positions in which the investment thesis is predicated on the realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment insights, and security types range broadly across equity, fixed income, derivative or other security types. Fixed income strategies are typically quantitatively driven to measure the existing relationship between investments and, in some cases, identify attractive positions in which the risk-adjusted spread between these instruments represents an attractive opportunity.

Investments in hedge funds are not securities for which market quotations are readily available. The IMB has concluded that the net asset value reported by the underlying funds approximates the fair value of these investments, and consequently, these investments are carried at net asset value as a practical expedient for fair market value. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds, and consequently, the fair value of the IMB's interest in the funds.

Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is therefore reasonably possible that if the IMB were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and the discount could be significant. The IMB believes that the net asset value of such investments is a reasonable estimate of fair value at June 30, 2019.

Consolidated Fund

The Consolidated Fund is a statutory term for the collective investment of those monies not currently needed to fund state governmental operations, participation by local governments, or those monies that are required by other statutory provisions to be invested in the Consolidated Fund. The following seven investment pools and participant-directed accounts comprise the Consolidated Fund and are managed by the BTI.

WV Money Market

This pool consists of the operating funds of the State, funds held by state agencies, and funds from local governments that desire the opportunity to invest with the State. Its purpose is to provide for the investment of all surplus funds and to supply the daily cash needs of the State. The pool is co-managed by Federated Investors and UBS Global Asset Management.

Credit Risk

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all corporate debt to be rated A+ or higher by Standard & Poor's (or its equivalent) and short-term corporate debt be rated as A-1 or higher by Standard & Poor's (or its equivalent). The pool must have at least 15% of its assets in U.S. Treasury issues.

The following table provides information on the credit ratings as of June 30, 2019, of the WV Money Market Pool's investments (expressed in thousands):

<u>Security Type</u>	<u>Credit Rating</u>		<u>Carrying Value</u>	<u>Percent of Pool Assets</u>
	<u>Moody's</u>	<u>S&P</u>		
U.S. Treasury Notes *	Aaa	AA+	\$ 24,927	0.63%
U.S. Treasury Bills *	P-1	A-1+	329,390	8.33%
Commercial Paper	P-1	A-1+	733,411	18.54%
	P-1	A-1	1,494,297	37.77%
	P-2	A-1	8,490	0.21%
Negotiable Certificates of Deposit	P-1	A-1+	179,251	4.53%
	P-1	A-1	534,891	13.52%
Money Market Funds	Aaa	AAAam	178,619	4.51%
Repurchase Agreements (Underlying Securities):				
U.S. Treasury Bonds and Notes*	Aaa	AA+	426,000	10.77%
U.S. Agency Bonds and Notes	Aaa	AA+	47,200	1.19%
Total			<u>\$ 3,956,476</u>	<u>100%</u>

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

Interest Rate Risk

The overall weighted-average maturity of the investments of the WV Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides information on the WAM for the various asset types in the WV Money Market Pool as of June 30, 2019 (expressed in thousands):

<u>Security Type</u>	<u>Total Carrying Value</u>	<u>Primary Government</u>	<u>Investment Trust Funds</u>	<u>Agency Funds</u>	<u>Component Units</u>	<u>WAM (Days)</u>
U.S. Treasury Notes	\$ 24,927	\$ 19,891	\$ 1,234	\$ 322	\$ 3,480	125
U.S. Treasury Bills	329,390	262,853	16,305	4,249	45,983	34
Commercial Paper	2,236,198	1,784,486	110,692	28,847	312,173	57
Negotiable Certificates of Deposit	714,142	569,886	35,350	9,212	99,694	33
Repurchase Agreements (Underlying Securities):						
U.S. Treasury Bonds and Notes	426,000	339,948	21,087	5,495	59,470	
U.S. Agency Bonds and Notes	47,200	37,666	2,336	609	6,589	
Money Market Funds	178,619	142,538	8,842	2,304	24,935	3
Total	<u>\$ 3,956,476</u>	<u>\$ 3,157,268</u>	<u>\$ 195,846</u>	<u>\$ 51,038</u>	<u>\$ 552,324</u>	42
Percentage of Ownership	100%	79.80%	4.95%	1.29%	13.96%	

WV Government Money Market

This pool consists of investors who wish to invest in a pool that restricts its investments to U.S. Government Obligations, U.S. Government Agency Obligations, or repurchase agreements. The pool is managed by UBS Global Asset Management.

Credit Risk

The BTI limits the exposure to credit risk in the WV Government Money Market Pool by limiting the pool to U.S. Treasury issues, U.S. Government Agency issues, money market funds investing in U.S. Treasury issues and U.S. Government Agency issues, and repurchase agreements collateralized by U.S. Treasury issues and U.S. Government Agency issues. The pool must have at least 15% of its assets in U.S. Treasury issues.

West Virginia

The following table provides information on the credit ratings of the WV Government Money Market Pool's investments as of June 30, 2019 (expressed in thousands):

Security Type	Credit Rating		Carrying Value	Percent of Pool Assets
	Moody's	S&P		
U.S. Treasury Bills *	P-1	A-1+	\$ 57,785	22.93%
U.S. Agency Bonds and Notes	Aaa	AA+	30,975	12.28%
U.S. Agency Discount Notes	P-1	A-1+	110,373	43.77%
Money Market Funds	Aaa	AAAm	111	0.04%
Repurchase Agreements (Underlying Securities):				
U.S. Agency Bonds and Notes	Aaa	AA+	<u>52,900</u>	<u>20.98%</u>
Total			<u>\$ 252,144</u>	<u>100%</u>

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

Interest Rate Risk

The overall weighted-average maturity of the investments of the WV Government Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days.

The following table provides information on the WAM for the various asset types in the WV Government Money Market Pool as of June 30, 2019 (expressed in thousands):

Security Type	Carrying Value	Primary Government	Investment Trust Fund	Component Units	WAM (Days)
U.S. Treasury Bills	\$ 57,785	\$ 555	\$ 54,121	\$ 3,109	65
U.S. Agency Bonds and Notes	30,975	298	29,011	1,666	75
U.S. Agency Discount Notes	110,373	1,060	103,375	5,938	35
Repurchase Agreements (Underlying Securities):					3
U.S. Treasury Notes					
U.S. Agency Notes	52,900	508	49,546	2,846	
Money Market Funds	<u>111</u>	<u>1</u>	<u>104</u>	<u>6</u>	3
Total	<u>\$ 252,144</u>	<u>\$ 2,422</u>	<u>\$ 236,157</u>	<u>\$ 13,565</u>	40
Percentage of Ownership	100%	0.96%	93.66%	5.38%	

WV Short-Term Bond

This pool consists of the operating funds of the State that are not immediately needed to fund the State's liquidity requirements. The pool is managed by Sterling Capital Management.

Credit Risk

The BTI limits the exposure to credit risk in the WV Short-Term Bond Pool by requiring all corporate debt be rated BBB- by Standard & Poor's (or its equivalent) and all short-term corporate debt be rated A-1 or higher by Standard & Poor's (or its equivalent). Mortgage-backed and asset-backed securities must be rated AAA by Standard & Poor's and Aaa by Moody's.

The following table provides information on the credit ratings of the WV Short-Term Bond Pool's investments as of June 30, 2019 (expressed in thousands):

Security Type	Credit Rating		Carrying Value	Percent of Pool Assets
	Moody's	S&P		
U.S. Treasury Notes *	Aaa	AA+	\$ 115,292	15.75%
U.S. Agency Collateralized Mortgage Obligations:				
U.S. Government Guaranteed	Aaa	AA+	26,472	3.62%
Non-U.S. Government Guaranteed	Aaa	AA+	23,674	3.23%
Corporate Bonds and Notes	Aaa	AA+	2,147	0.30%
	Aa2	AA+	5,024	0.69%
	Aa2	AA	5,577	0.76%
	Aa2	A+	8,566	1.17%
	Aa2	NR	2,784	0.38%
	Aa3	AA+	5,042	0.69%
	Aa3	AA-	16,616	2.27%
	Aa3	A+	13,139	1.80%
	Aa3	A	2,765	0.38%
	A1	AA-	18,323	2.50%
	A1	A+	15,880	2.17%
	A1	A	7,426	1.01%
	A1	A-	8,612	1.18%
	A1	NR	5,223	0.71%
	A2	A	19,418	2.65%
	A2	A-	24,214	3.31%
	A3	A+	8,592	1.17%
	A3	A	13,148	1.80%
	A3	A-	35,050	4.79%
	A3	BBB+	30,732	4.20%
	Baa1	A-	6,889	0.94%
	Baa1	BBB+	14,806	2.02%
	Baa1	BBB	5,213	0.71%
	Baa2	A-	6,143	0.84%
	Baa2	BBB+	14,524	1.98%
	Baa2	BBB	37,277	5.09%
	Baa2	BBB-	6,369	0.87%
	Baa3	BBB+	1,091	0.15%
	Baa3	BBB	9,193	1.26%
	Baa3	BBB-	36,044	4.92%
	Ba1	BBB	2,013	0.28%
	Ba1	BBB-	4,214	0.58%
	NR	A	8,761	1.20%
	NR	BBB+	2,658	0.36%
Collateralized Mortgage Obligations	NR	AAA	5,958	0.81%
Commercial Mortgage-Backed Securities	Aaa	NR	377	0.05%
Asset-Backed Securities	Aaa	AAA	45,739	6.25%
	Aaa	NR	75,441	10.31%
	NR	AAA	35,020	4.78%
Money Market Funds	Aaa	AAAm	523	0.07%
Total			<u>\$ 731,969</u>	<u>100%</u>

NR = Not Rated

* U.S. Agency Mortgage-Backed Securities are explicitly guaranteed by the U.S. Government and are not subject to credit risk.

Interest Rate Risk

The overall effective duration of the investments of the WV Short-Term Bond Pool is limited to a +/- 20% band around the effective duration of the portfolio's benchmark (the ICE BofAML 1-3 US Corporate & Government Index). As of June 30, 2019, the effective duration of the benchmark was 657 days. Maximum effective duration of individual securities cannot exceed 1,827 days (five years) from date of purchase. The following table provides information on the effective duration for the various asset types in the WV Short-Term Bond Pool as of June 30, 2019 (expressed in thousands):

<u>Security Type</u>	<u>Total Carrying Value</u>	<u>Primary Government</u>	<u>Investment Trust Funds</u>	<u>Component Units</u>	<u>Effective Duration (Days)</u>
U.S. Treasury Bonds and Notes	\$ 115,292	\$ 105,112	\$ 357	\$ 9,823	816
U.S. Agency Collateralized Mortgage Obligations	50,146	45,719	155	4,272	976
Corporate Fixed-Rate Bonds and Notes	365,352	333,091	1,133	31,128	847
Corporate Floating-Rate Bonds and Notes	38,121	34,755	118	3,248	286
Collateralized Mortgage Obligations	5,958	5,432	18	508	752
Asset-Backed Securities	377	344	1	32	15
Commercial Mortgage-Backed Securities	156,200	142,408	484	13,308	393
Money Market Funds	<u>523</u>	<u>476</u>	<u>2</u>	<u>45</u>	—
Total	<u>\$ 731,969</u>	<u>\$ 667,337</u>	<u>\$ 2,268</u>	<u>\$ 62,364</u>	723
Percentage of Ownership	100%	91.17%	0.31%	8.52%	

Fair Value Measurements

The table below summarizes the valuation for the WV Short-Term Bond Pool in accordance with the fair value hierarchy levels as of June 30, 2019 (expressed in thousands):

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Notes	\$ 115,292	\$ —	\$ —	\$ 115,292
U.S. Agency Collateralized Mortgage Obligations	—	50,146	—	50,146
Corporate Fixed-Rate Bonds and Notes	—	365,352	—	365,352
Corporate Floating-Rate Bonds and Notes	—	38,121	—	38,121
Collateralized Mortgage-Backed Obligations	—	5,958	—	5,958
Commercial Mortgage-Backed Securities	—	377	—	377
Asset-Backed Securities	—	156,200	—	156,200
Money Market Funds	<u>523</u>	<u>—</u>	<u>—</u>	<u>523</u>
Total	<u>\$ 115,815</u>	<u>\$ 616,154</u>	<u>\$ —</u>	<u>\$ 731,969</u>

The fair value measurement valuation techniques used for the WV Short-Term Bond Pool can be found on page 90.

WV Bank Pool

This pool consists of certificates of deposit purchased by the State through the West Virginia CD program. The program purchases CDs from eligible banks and depositories to make state investment funds available for consumer and business loans within the State. The non-negotiable certificates of deposit in this pool total approximately \$77 million, with maturities ranging from July 2019 to December 2019, and an interest in a money market mutual fund valued at approximately \$232,000.

Loan Pool

This pool is composed of loans made by the State. The \$1 unit price is utilized for accounting purposes only. The State is the sole participant in this pool. This pool primarily holds intergovernmental loans and an investment in a money market mutual fund in the amount of approximately \$34,000, with a weighted-average maturity of one day which is rated AAAM by Standard & Poor's and Aaa by Moody's. The loans are not rated by any nationally recognized statistical rating organization; however, as there is the potential for defaults, they are exposed to credit risk. For financial statement purposes, the intergovernmental loans are reflected in the Advances to Component Units line on the Statement of Net Position. The BTI addresses the credit risk by evaluating the need for and establishing a reserve for uncollectible loans.

Reserve Pool

This pool is composed of an interest-bearing depository account with funds totaling approximately \$19,546,000 in a bank depository and an interest in a money market mutual fund valued at approximately \$1,000. The pool was created to provide an added layer of security for the WV Money Market and WV Government Money Market pools. The objective of this pool is to provide support for the WV Money Market and WV Government Money Market pools to ensure their unit net position levels do not fall below \$0.9985. The State is the sole participant in this pool.

Participant-Directed Accounts

The BTI also maintains pools for individual state agencies with specific investment needs. These pools include the following: Municipal Bond Commission (MBC), School Fund, and Economic Development Authority - American Woodmark (EDA - AW). Each agency is the sole owner of the investments in its pool and is responsible for the investment decisions in accordance with the legal restrictions applicable to those assets. Effective May 31, 2019, the MBC Account was closed after the MBC withdrew the proceeds of matured investments held by the account.

School Fund

The School Fund account holds an interest in a money market mutual fund valued at \$1,425,000 using Level 1 inputs with a weighted-average maturity of one day. The mutual fund is rated AAAM by Standard & Poor's and Aaa by Moody's as of June 30, 2019 (expressed in thousands):

Security Type	Carrying Value	Investment Maturities			
		Less than 1	1-5	6-10	More than 10
Governmental Activities:					
Money Market	\$ 1,425	\$ 1,425	\$ —	\$ —	\$ —

West Virginia

EDA-AW

This account holds a U.S. Treasury bond valued at \$1,703,000 using Level 1 inputs that mature on August 15, 2023. The EDA's investment policy limits this account to holding only U.S. Treasury securities with twenty-year maturities at time of purchase as of June 30, 2019 (expressed in thousands):

Security Type	Carrying Value	Investment Maturities			
		Less than 1	1-5	6-10	More than 10
Component Unit Activities:					
U.S. Treasury Bond	\$ 1,703	\$ —	\$ 1,703	\$ —	\$ —

This schedule reconciles disclosed investment values to net asset values of the pools as reflected in the accompanying financial statements, at IMB and BTI at June 30, 2019 (expressed in thousands):

	Disclosed Value	Pool Receivables/ (Payables)	Net Asset Values
IMB Pools			
Domestic Equity	\$ 4,619,801	\$ (29,812)	\$ 4,589,989
International Qualified	1,301,531	(56)	1,301,475
International Nonqualified	210,181	(9)	210,172
International Equity**	3,194,315	69,022	3,263,337
Short-Term Fixed Income	141,050	44,980	186,030
Total Return Fixed Income**	1,961,711	257,782	2,219,493
Core Fixed Income	873,926	94,282	968,208
TIPS Pool	397,843	5,467	403,310
Private Markets Pool	4,119,326	352,779	4,472,105
Hedge Fund	2,081,618	290,415	2,372,033
BTI Pools			
WV Money Market Pool	3,956,476	2,837	3,959,313
WV Government Money Market Pool	252,144	15	252,159
WV Short-Term Bond Pool	731,969	5,856	737,825
WV Bank Pool	77,232	542	77,774
Loan Pool	119,243	159	119,402
Reserve Pool	19,547	41	19,588
School Fund Account	1,425	2	1,427
EDA-AW	<u>1,703</u>	<u>33</u>	<u>1,736</u>
Total Pooled Investments	<u>24,061,041</u>	<u>1,094,335</u>	<u>25,155,376</u>
Less EDA	117,729	—	117,729
Less Non-negotiable Certificates of Deposit	77,000	542	77,542
Less Reserve Pool in Depository	<u>19,547</u>	<u>41</u>	<u>19,588</u>
Total for Disclosure	<u>\$ 23,846,765</u>	<u>\$ 1,093,752</u>	<u>\$ 24,940,517</u>

**Pools had cash denominated in foreign currencies.

Outside Investments

In addition to the amounts invested with the IMB above, certain funds are permitted to invest bond proceeds with a third-party trustee named in the bond indenture. The following information relates to these outside investments.

Credit Risk

The following table provides information on the credit ratings of the State's third-party trustee investments as of June 30, 2019 (expressed in thousands):

Security Type	Carrying Value	Credit Rating	
		S&P	Moody's
Primary Government:			
Money Market/Mutual Funds	\$ 442	Unrated	Unrated
Money Market/Mutual Funds	361,568	AAA	Aaa-mf
Money Market/Mutual Funds	3,899	AAA	Aaa
Corporate Bonds	7,491	A-1+	P-1
Repurchase Agreement*	71,181	AA+	Aaa
U.S. Government and Agency Obligations	89,240	AA+	Aaa
Total Primary Government	\$ 533,821		
Pension & Private Purpose Trust Funds:			
Money Market/Mutual Funds	\$ 2,744,047	Unrated	Unrated
Guaranteed Investment Contract	463,903	Unrated	Unrated
Total Pension & Private Purpose Trust Funds	\$ 3,207,950		
Component Units:			
Common and Preferred Stocks	\$ 163,706	Unrated	Unrated
Corporate Bonds	2,981	AAA-BBB	AAA-Baa3
Corporate Bonds	33,199	Unrated	Unrated
Corporate Stock	2,206	Unrated	Unrated
Fixed Income Fund	5,285	Unrated	Unrated
Fixed Income Fund	284	AAA	Unrated
Fixed Income Fund	9,629	Aa2	Aa2
Money Market/Mutual Funds	4,778	Unrated	Baa3
Money Market/Mutual Funds	200,098	AAA	Aaa-mf
Money Market/Mutual Funds	4,605	Aa2	Aa2
Money Market/Mutual Funds	14,020	AAA	Aaa
Money Market/Mutual Funds	18,939	AA+	Aaa
Money Market/Mutual Funds	2,563	A+	A+
Money Market/Mutual Funds	262,138	Unrated	Unrated
Money Market/Mutual Funds	9,440	AAA	Aaa-mf
Mortgages Held for Investment	15,418	Unrated	Unrated
Other Investments	240	AAA	Unrated
Other Investments	191,622	Unrated	Unrated
Repurchase Agreements **	2,601	Unrated	Unrated
State and Local Government Securities	856	AA+	Aaa
U.S. Government and Agency Obligations	223,664	AA+	Aaa
U.S. Government and Agency Obligations	4,434	Unrated	AAA-mf
U.S. Government and Agency Obligations	61,639	Unrated	Unrated
Total Component Units	\$ 1,234,345		

Underlying Securities:

* Primary Government:

U.S. Treasury Notes – \$78,195

** Component Units:

The \$2,601 is invested in U.S. Government National Mortgage Association Securities.

West Virginia

Concentration of Credit Risk

As of June 30, 2019, the State had investment balances with the following issuers which are greater than or equal to 5% of the respective third-party trustee investment balance (expressed in thousands):

<u>Security Type</u>	<u>Carrying Value</u>	<u>Issuer</u>	<u>Percentage of Concentration</u>
Primary Government:			
Repurchase Agreement	\$ 71,181	DEPFA Bank, PLC	13.33%
Component Units:			
Other Investments	191,021	The \$106,853,000 of the \$191,021,000 is invested by the Foundations at the Higher Education institutions which are reported under FASB and the information is not available.	15.48%
Common & Preferred Stock	161,227	Common Stock	13.06%

Interest Rate Risk

The following table provides information on the interest rate risk of the State's third-party trustee investments as of June 30, 2019 (expressed in thousands):

<u>Security Type</u>	<u>Carrying Value</u>	<u>Investment Maturities (Years)</u>				
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>	<u>N/A</u>
Primary Government:						
Money Market/Mutual Funds	\$ 365,909	\$ 365,909	\$ —	\$ —	\$ —	\$ —
Corporate Bonds	7,491	5,992	1,499	—	—	—
Repurchase Agreements*	71,181	—	—	—	71,181	—
U.S. Government and Agency Obligations	<u>89,240</u>	<u>89,240</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Primary Government	<u>533,821</u>	<u>461,141</u>	<u>1,499</u>	<u>—</u>	<u>71,181</u>	<u>—</u>
Pension & Private Purpose Trust Funds:						
Money Market/Mutual Funds	2,744,047	2,744,047	—	—	—	—
Guaranteed Investment Contract	<u>463,903</u>	<u>463,903</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Pension & Private Purpose Trust Funds	<u>3,207,950</u>	<u>3,207,950</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Component Units:						
Common and Preferred Stocks	163,706	—	—	—	2,479	161,227
Corporate Bonds	36,180	832	8,157	660	—	26,531
Corporate Stock	2,206	—	—	—	—	2,206
Fixed Income Fund	15,198	939	10,254	2,195	1,810	—
Money Market/Mutual Funds	516,581	259,692	25,303	9,347	2,823	219,416
Mortgages Held for Investment	15,418	—	171	997	14,250	—
Other Investments	191,862	841	100	—	—	190,921
Repurchase Agreements**	2,601	2,601	—	—	—	—
State and Local Government Securities	856	—	2	132	722	—
U.S. Government and Agency Obligations	<u>289,737</u>	<u>100,032</u>	<u>69,115</u>	<u>92,576</u>	<u>2,173</u>	<u>25,841</u>
Total Component Units	<u>1,234,345</u>	<u>364,937</u>	<u>113,102</u>	<u>105,907</u>	<u>24,257</u>	<u>626,142</u>
Total Outside Investments	<u>\$ 4,976,116</u>	<u>\$ 4,034,028</u>	<u>\$ 114,601</u>	<u>\$ 105,907</u>	<u>\$ 95,438</u>	<u>\$ 626,142</u>

Underlying Securities:

* Primary Government:
U.S. Treasury Notes – \$78,195

**Component Units:
The \$2,601 is invested in U.S. Government National Mortgage Association Securities.

Fair Value Measurements

The investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Investments classified in Level 2 of the fair value hierarchy are valued based on securities' relationship to benchmark quoted prices from third-party pricing services and based on inputs other than quoted prices (based on similar assets). Level 3 represents investments with no observable market.

U.S. GAAP does not require the categorization within the fair value hierarchy table investments for which fair value is measured using the net asset value per share practical expedient. All of the outside investments were valued using the net asset value per share practical expedient. These investments involve varying degrees of illiquidity and varying times of commitments to those investments.

The table below summarizes the valuation of the investment securities in accordance with the fair value hierarchy levels as of June 30, 2019 (expressed in thousands):

Security Type	Investment Amount	Level Amounts		
		1	2	3
Primary Government:				
Money Market/Mutual Funds	\$ 365,909	\$ 365,909	\$ —	\$ —
Corporate Bonds	7,491	—	7,491	—
Repurchase Agreements*	71,181	—	71,181	—
U.S. Government & Agency Obligations	<u>89,240</u>	<u>—</u>	<u>89,240</u>	<u>—</u>
Total Primary Government	<u>533,821</u>	<u>365,909</u>	<u>167,912</u>	<u>—</u>
Pension & Private Purpose Trust Funds:				
Money Market/Mutual Funds	2,744,047	2,744,074	—	—
Guaranteed Investment Contract	<u>463,903</u>	<u>—</u>	<u>463,903</u>	<u>—</u>
Total Pension & Private Purpose Trust Funds	<u>3,207,950</u>	<u>2,744,074</u>	<u>463,903</u>	<u>—</u>
Component Units:				
Common and Preferred Stocks	163,706	58,839	169	2,479
Corporate Bonds	36,180	15,629	20,551	—
Corporate Stock	2,206	—	—	2,206
Fixed Income Fund	15,198	5,569	9,629	—
Money Market/Mutual Funds	516,581	455,854	31,160	—
Mortgages Held for Investment	15,418	—	—	15,418
Other Investments	191,862	12,118	82,224	1,669
Repurchase Agreements**	2,601	2,601	—	—
State & Local Government Securities	856	—	856	—
U.S. Government & Agency Obligations	<u>289,737</u>	<u>205,919</u>	<u>83,818</u>	<u>—</u>
Total Component Units	<u>1,234,345</u>	<u>756,529</u>	<u>228,407</u>	<u>21,772</u>
Outside Investments at Fair Value	\$ 4,748,479	<u>\$ 3,866,485</u>	<u>\$ 860,222</u>	<u>\$ 21,772</u>
FV Investments at Net Asset Value	<u>227,637</u>			
Total Outside Investments	<u>\$ 4,976,116</u>			

Underlying Securities:

* Primary Government

U.S. Treasury Notes – \$78,195

** Component Units

The \$2,601 is invested in U.S. Government National Mortgage Association Securities.

The significant investment strategies of the underlying investees of the investments reported at net asset value comprise the following:

- To invest in foreign and domestic debt, including exposure to global sovereign bonds, opportunistic and high-yield instruments. Withdrawal can occur monthly – quarterly with 5 to 90 days’ notice period.
- To invest primarily in U.S. or foreign equities, attempt to meet or exceed the return of specific equity indices. Withdrawal can occur monthly – quarterly with 5 to 90 days’ notice period.
- To produce attractive returns with moderate to low correlations to equity and credit markets to generate fixed-income-like volatility, and to be opportunistic during periods of distress. Withdrawal can occur monthly – quarterly with 5 to 90 days’ notice period.
- To invest in liquid real assets with the objective of providing an inflation hedge, diversification in assets with low or negative correlation to other assets, and attractive risk-adjusted returns. Withdrawal can occur monthly – quarterly with 5 to 90 days’ notice period.

Redemption is quarterly with 90 days’ prior written notice limited to 25% of the fund balance each quarter.

Reconciliation to Financial Statements

The following schedule reconciles the amount disclosed as deposits and investments included in this footnote to cash and cash equivalents, investments, and restricted cash and investments in the Statement of Net Position at June 30, 2019 (expressed in thousands):

Deposits:

Cash and Cash Equivalents as Reported on the Statement of Net Position	\$ 6,874,825
Cash and Cash Equivalents as Reported on the Statement of Fiduciary Net Position	618,899
Add:	
Restricted Cash and Cash Equivalents as Reported on the Statement of Net Position	242,632
Certificates of Deposit Disclosed as Deposits	7,300
Less:	
Cash Equivalents and Restricted Cash Disclosed as Investments	(7,114,947)
Cash with U.S. Treasury for Unemployment Programs	<u>(204,685)</u>
Reported Value of Deposits as Disclosed in this Footnote	<u>\$ 424,024</u>

Investments:

Investments as Reported on the Statement of Net Position	\$ 2,145,749
Investments as Reported on the Statement of Fiduciary Net Position	20,388,440
Add:	
Restricted Investments as Reported on the Statement of Net Position	217,950
Cash Equivalents and Restricted Cash Disclosed as Investments	7,114,947
Mortgages Held for Investment Disclosed as Investments	15,418
Accrued Interest Disclosed as Investments	39,990
Less:	
Non-Negotiable Certificates of Deposit Disclosed as Deposits	<u>(7,300)</u>
Reported Value of Investments as Disclosed in this Footnote	<u>\$ 29,915,194</u>

NOTE 5

RECEIVABLES

(Expressed in Thousands)

Receivables at June 30, 2019, consisted of the following:

	Governmental Funds				
	General	Transportation	Tobacco Settlement Finance Authority	Other Governmental	Total Governmental Receivables
Taxes	\$ 460,801	\$ 99,805	\$ —	\$ —	\$ 560,606
Accounts	329,000	176,103	30,331	11,150	546,584
Loans	3,259	—	—	—	3,259
Accrued Interest	<u>19,635</u>	<u>—</u>	<u>24</u>	<u>10,154</u>	<u>29,813</u>
Total Receivables	812,695	275,908	30,355	21,304	1,140,262
Allowance for Doubtful Accounts	<u>(137,889)</u>	<u>—</u>	<u>—</u>	<u>(5,200)</u>	<u>(143,089)</u>
Receivables, Net	<u>\$ 674,806</u>	<u>\$ 275,908</u>	<u>\$ 30,355</u>	<u>\$ 16,104</u>	<u>\$ 997,173</u>
As Reported on the Fund Financial Statements:					
Current Receivables	\$ 674,806	\$ 275,908	\$ 30,355	\$ 16,104	\$ 997,173
Noncurrent Receivables	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Receivables, Net	<u>\$ 674,806</u>	<u>\$ 275,908</u>	<u>\$ 30,355</u>	<u>\$ 16,104</u>	<u>\$ 997,173</u>

	Fiduciary Funds		
	Pension and Other Employee Benefit Trust Fund	SMART 529	Agency Funds
Accounts	\$ 8,238	\$ —	\$ —
Loans	2,001	—	—
Leases	—	—	—
Contributions	30,296	3,013	—
Accrued Interest	<u>—</u>	<u>—</u>	<u>514</u>
Total Receivables	40,535	3,013	514
Allowance for Doubtful Accounts	<u>(468)</u>	<u>—</u>	<u>—</u>
Receivables, Net	<u>\$ 40,067</u>	<u>\$ 3,013</u>	<u>\$ 514</u>
As Reported on the Fund/Component Units' Financial Statements:			
Current Receivables, Net	\$ 40,067	\$ 3,013	\$ 514
Noncurrent Receivables, Net	<u>—</u>	<u>—</u>	<u>—</u>
Total Receivables, Net	<u>\$ 40,067</u>	<u>\$ 3,013</u>	<u>\$ 514</u>

Enterprise Funds

Water Pollution Control Revolving Fund	Workers' Compensation Fund	Unemployment Compensation	West Virginia Infrastructure and Jobs Development Council	Public Employees' Insurance Agency	Board of Risk and Insurance Management	Other Enterprise	Total Enterprise	Internal Service Funds
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
482	865	8,275	17	36,608	4,335	925	51,507	8,932
647,975	—	—	564,419	—	—	142,881	1,355,275	—
—	—	—	2,223	—	—	70	2,293	9
648,457	865	8,275	566,659	36,608	4,335	143,876	1,409,075	8,941
—	—	—	—	(1,261)	—	—	(1,261)	—
<u>\$ 648,457</u>	<u>\$ 865</u>	<u>\$ 8,275</u>	<u>\$ 566,659</u>	<u>\$ 35,347</u>	<u>\$ 4,335</u>	<u>\$ 143,876</u>	<u>\$ 1,407,814</u>	<u>\$ 8,941</u>
\$ 36,140	\$ 865	\$ 8,275	\$ 28,620	\$ 35,347	\$ 4,335	\$ 10,931	\$ 124,513	\$ 8,941
612,317	—	—	538,039	—	—	132,945	1,283,301	—
<u>\$ 648,457</u>	<u>\$ 865</u>	<u>\$ 8,275</u>	<u>\$ 566,659</u>	<u>\$ 35,347</u>	<u>\$ 4,335</u>	<u>\$ 143,876</u>	<u>\$ 1,407,814</u>	<u>\$ 8,941</u>

Discretely Presented Component Units

West Virginia Lottery	Economic Development Authority	Housing Development Fund	Parkways Authority	Water Development Authority	Higher Education	Division of Corrections & Rehabilitation	School Building Authority	Other Component Units	Total Discretely Presented Component Units
\$ 33,571	\$ —	\$ 771,406	\$ 7,441	\$ 103	\$ 166,852	\$ 7,484	\$ —	\$ 1,128	\$ 987,985
—	138,681	84,994	—	184,506	57,324	—	—	3,138	468,643
—	53,495	—	—	—	—	—	—	—	53,495
—	—	—	—	—	—	—	—	—	—
—	4,078	413	179	2,749	—	—	335	25	7,779
33,571	196,254	856,813	7,620	187,358	224,176	7,484	335	4,291	1,517,902
—	(7,600)	(117,051)	—	—	(39,894)	—	—	—	(164,545)
<u>\$ 33,571</u>	<u>\$ 188,654</u>	<u>\$ 739,762</u>	<u>\$ 7,620</u>	<u>\$ 187,358</u>	<u>\$ 184,282</u>	<u>\$ 7,484</u>	<u>\$ 335</u>	<u>\$ 4,291</u>	<u>\$ 1,353,357</u>
\$ 33,571	\$ 24,530	\$ 5,656	\$ 7,620	\$ 12,666	\$ 142,677	\$ 7,484	\$ 335	\$ 1,321	\$ 235,860
—	164,124	734,106	—	174,692	41,605	—	—	2,970	1,117,497
<u>\$ 33,571</u>	<u>\$ 188,654</u>	<u>\$ 739,762</u>	<u>\$ 7,620</u>	<u>\$ 187,358</u>	<u>\$ 184,282</u>	<u>\$ 7,484</u>	<u>\$ 335</u>	<u>\$ 4,291</u>	<u>\$ 1,353,357</u>

Taxes Receivable

Taxes receivable at June 30, 2019, consisted of the following:

	<u>Governmental Funds</u>		
	<u>General</u>	<u>Transportation</u>	<u>Total</u>
Taxes Receivable:			
Consumer Sales & Use Tax	\$ 122,658	\$ —	\$ 122,658
Personal Income	168,763	—	168,763
Severance	51,661	—	51,661
Business & Occupation	14,521	—	14,521
Automobile Privilege Taxes	—	22,743	22,743
Gasoline Excise	—	73,182	73,182
Registration Fees	—	3,880	3,880
Insurance	40,274	—	40,274
Corporate Net Income	24,280	—	24,280
Medicaid	28,470	—	28,470
Other	<u>10,174</u>	<u>—</u>	<u>10,174</u>
Subtotal for Taxes Receivable	<u>460,801</u>	<u>99,805</u>	<u>560,606</u>
Refunds Allowance	<u>22,818</u>	<u>—</u>	<u>22,818</u>
Total	<u>\$ 437,983</u>	<u>\$ 99,805</u>	<u>\$ 537,788</u>

Leases Receivable

The Economic Development Authority (EDA) has entered into long-term direct financing lease agreements with commercial entities for land, buildings, and equipment. A schedule of future lease amounts due to the EDA is as follows:

<u>Year Ending June 30</u>	<u>Direct Financing Leases Amount Due</u>
2020	\$ 7,518
2021	7,518
2022	7,518
2023	7,518
2024	5,131
2025-2040	<u>28,844</u>
Total Minimum Amount Due	64,047
Less Amount Representing Interest	<u>(10,552)</u>
Present Value of Minimum Lease Amount Due	<u>\$ 53,495</u>



NOTE 6

INTERFUND BALANCES

The following table details the interfund balances and activity as of and for the year ended June 30, 2019 (expressed in thousands):

Due To	Due From				
	Governmental			Proprietary	
	General	Transportation	Other Nonmajor	Water Pollution Control Revolving Fund	Unemployment Compensation
Governmental Funds:					
General	\$ —	\$ 2,319	\$ 136	\$ —	\$ 4
Transportation	224	—	4	—	—
Other Nonmajor Governmental	3	39	238	—	—
Total Governmental Funds	227	2,358	378	—	4
Proprietary Funds:					
Unemployment Compensation	141	40	8	—	—
Public Employees Insurance Agency	6	2,920	—	—	—
Internal Service Funds	10,508	2,506	550	—	—
Total Proprietary Funds	10,655	5,466	558	—	—
Fiduciary Funds:					
Pension and Other Employee Benefit Trust Fund	60,912	2,041	321	—	—
Agency Funds	—	339	—	—	—
Total Fiduciary Funds	60,912	2,380	321	—	—
Discretely Presented Component Units					
Major:					
West Virginia Lottery	—	—	—	—	—
Water Development Authority	—	—	—	44	—
Higher Education	15,740	42	7	—	—
Corrections & Rehabilitation	—	267	—	—	—
Nonmajor:					
Educational Broadcasting Authority	—	—	—	—	—
State Rail Authority	80	—	—	—	—
Public Defender Corporation	—	—	—	—	—
Total Discretely Presented Component Units	15,820	309	7	44	—
Total	\$ 87,614	\$ 10,513	\$ 1,264	\$ 44	\$ 4

Due From

Proprietary							
West Virginia Infrastructure and Jobs Development Council	Public Employees Insurance Agency	Board of Risk and Insurance Management	Other Nonmajor Enterprise	Internal Service Funds	Pension and Other Benefit Trust Funds	Discretely Presented Component Units	Total
\$ —	\$ 832	\$ —	\$ —	\$ 21	\$ 120	\$ 168,038	\$ 171,470
—	49	—	—	—	1	38	316
<u>—</u>	<u>54</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,061</u>	<u>1,395</u>
<u>—</u>	<u>935</u>	<u>—</u>	<u>—</u>	<u>21</u>	<u>121</u>	<u>169,137</u>	<u>173,181</u>
—	—	—	—	—	—	155	344
—	—	—	9	366	10,533	5,213	19,047
<u>—</u>	<u>330</u>	<u>10</u>	<u>13</u>	<u>122</u>	<u>90</u>	<u>1,504</u>	<u>15,633</u>
<u>—</u>	<u>330</u>	<u>10</u>	<u>22</u>	<u>488</u>	<u>10,623</u>	<u>6,872</u>	<u>35,024</u>
—	576	—	3	8	461	2,855	67,177
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>339</u>
<u>—</u>	<u>576</u>	<u>—</u>	<u>3</u>	<u>8</u>	<u>461</u>	<u>2,855</u>	<u>67,516</u>
—	1	—	—	—	—	9	10
228	—	—	35	—	—	—	307
—	137	—	—	38	—	4,879	20,843
—	58	—	—	—	9	—	334
—	14	—	—	—	—	—	14
—	7	—	—	—	—	—	87
<u>—</u>	<u>1</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1</u>
<u>228</u>	<u>218</u>	<u>—</u>	<u>35</u>	<u>38</u>	<u>9</u>	<u>4,888</u>	<u>21,596</u>
<u>\$ 228</u>	<u>\$ 2,059</u>	<u>\$ 10</u>	<u>\$ 60</u>	<u>\$ 555</u>	<u>\$ 11,214</u>	<u>\$ 183,752</u>	<u>\$ 297,317</u> (a)

(a) Due from discretely presented component units includes \$150.4 million from the Lottery. The General Fund received \$116.7 million to be appropriated at a later date. The Legislature also approved the following distributions from the Lottery to the Senior Services (\$15.9 million), Library Commission (\$4.6 million), Department of Education – Public Education (\$7.5 million), and various other general purposes.

NOTE 7

INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2019, consisted of the following (expressed in thousands):

<u>Transfers To</u>	<u>Transfers From</u> <u>Governmental</u>		
	<u>General</u>	<u>Tobacco Settlement Finance Authority</u>	<u>Other Nonmajor</u>
Governmental Funds:			
General	\$ —	\$ 20,329 (a)	\$ 24,670 (d)
Transportation	110,387 (c)	—	—
Other Nonmajor Governmental	<u>59,052</u> (b)	<u>—</u>	<u>—</u>
Total Governmental Funds	<u>169,439</u>	<u>20,329</u>	<u>24,670</u>
Proprietary Funds:			
Water Pollution Control Revolving Fund	50	—	25,020 (e)
West Virginia Infrastructure and Jobs Development Council	—	—	158
Public Employees Insurance Agency	31,000	—	—
Other Nonmajor Proprietary	8,993	—	—
Internal Service Funds	<u>7,516</u>	<u>—</u>	<u>—</u>
Total Proprietary Funds	<u>47,559</u>	<u>—</u>	<u>25,178</u>
Total	<u>\$ 216,998</u>	<u>\$ 20,329</u>	<u>\$ 49,848</u>

(a) The deferred charge of the amortization of the future tobacco settlement revenue of the Tobacco Settlement Finance Authority resulted in a transfer of \$20.3 million to the General Fund.

(b) The General Fund transferred \$20.5 million to the West Virginia Infrastructure and Jobs Development Council and \$19 million to the Economic Development Project Fund for bond debt service.

(c) The \$110 million transferred from the General Fund to Transportation is miscellaneous legislative appropriations.

(d) Legislation passed during fiscal year 2015 required a reappropriation of funds from the Office of the Insurance Commissioner, resulting in a \$15 million transfer to the General Fund.

(e) The Water Pollution Revolving Fund received \$30 million in grants from the West Virginia Department of Environmental Protection. All other transfers are made to finance various programs to the Legislation.

Transfers From Proprietary				
Workers' Compensation Fund	West Virginia Infrastructure and Jobs Development Council	Other Nonmajor Enterprise	Internal Service Funds	Total
\$ 11,867	\$ —	\$ 23,039	\$ —	\$ 79,905
—	—	—	—	110,387
<u>—</u>	<u>—</u>	<u>—</u>	<u>5,365</u>	<u>64,417</u>
<u>11,867</u>	<u>—</u>	<u>23,039</u>	<u>5,365</u>	<u>254,709</u>
—	4,954	—	—	30,024
—	—	—	—	158
—	—	—	—	31,000
—	2,221	—	—	11,214
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,516</u>
<u>—</u>	<u>7,175</u>	<u>—</u>	<u>—</u>	<u>79,912</u>
<u>\$ 11,867</u>	<u>\$ 7,175</u>	<u>\$ 23,039</u>	<u>\$ 5,365</u>	<u>\$ 334,621</u>



NOTE 8

RESTRICTED ASSETS

Restricted assets are held by special revenue funds, enterprise funds, internal service funds, and discretely presented component units, primarily for the repayment of future long-term obligations and benefits payments. The restricted assets, composed of cash, investments, and other similar assets at June 30, 2019, are as follows (expressed in thousands):

	<u>Cash</u>	<u>Investments</u>	<u>Other</u>	<u>Totals</u>
Special Revenue:				
Environmental Programs	\$ 321	\$ —	\$ —	\$ 321
Public Service Commission	1,348	—	—	1,348
Total Special Revenue	<u>1,669</u>	<u>—</u>	<u>—</u>	<u>1,669</u>
Enterprise:				
Public Employees Insurance Agency	12,774	—	—	12,774
Board of Risk and Insurance Management	16,936	58,096	225,898	300,930
Total Enterprise	<u>29,710</u>	<u>58,096</u>	<u>225,898</u>	<u>313,704</u>
Internal Service:				
State Building Fund	16,617	—	—	16,617
Travel Management	3,733	—	—	3,733
Total Internal Services	<u>20,350</u>	<u>—</u>	<u>—</u>	<u>20,350</u>
Discretely Presented Component Units:				
Economic Development Authority	7,922	—	—	7,922
Housing Development Authority	94,570	69,477	673,820	837,867
Parkways Authority	18,991	89,377	—	108,368
Water Development Authority	13,709	1,000	166,330	181,039
Corrections and Rehabilitation	28,910	—	—	28,910
Solid Waste Management Board	4,330	—	409	4,739
Educational Broadcasting Authority	7,840	—	244	8,084
Racing Commission	14,631	—	434	15,065
Total Discretely Presented Component Units	<u>190,903</u>	<u>159,854</u>	<u>841,237</u>	<u>1,191,994</u>
Total Restricted Assets	<u>\$ 242,632</u>	<u>\$ 217,950</u>	<u>\$ 1,067,135</u>	<u>\$ 1,527,717</u>

Special Revenue Funds

Environmental Protection has restricted cash held in trust “to protect human health and the environment, in accordance with the terms of the State and Federal Consent Decrees...” The Public Service Commission (PSC) has restricted cash held in trust in accordance with PSC General Order 250-T. The funds are for Telecommunications Relay Services under the Americans with Disabilities Act.

Enterprise Funds

The Public Employees Insurance Agency’s restricted assets are the premium stabilization fund, consisting of accumulated dividends and interest on optional life insurance policies to defray future premium increases. The Board of Risk and Insurance Management’s (BRIM) cash and investment assets include funds to provide mine subsidence coverage to the general public. BRIM’s other restricted assets include advance deposits with insurance companies of \$226 million and \$1.1 million in receivables.

Internal Service Funds

The State Building Fund's restricted assets are held in trust primarily for the costs of asbestos removal and other capital projects. The Travel Management Fund's restricted assets are held in escrow for capital outlay.

Discretely Presented Component Units

The Economic Development Authority's assets are restricted to provide assurance that adequate amounts will be available to repay notes secured by the real estate being leased and to guarantee portions of certain loans made for economic development purposes. The Housing Development Fund's cash and cash equivalents assets are restricted on behalf of mortgagors and for payments collected on mortgages for which the fund acts as servicer only. The investments are primarily United States government and agency obligations, investment agreements, and certificates of deposit with maturities greater than 90 days to meet the requirements of bond resolutions. Other restricted assets for the Housing Development Fund of \$674 million include certain foreclosed properties, properties developed for flood activities, other land for restricted housing purposes, and miscellaneous receivables. These assets are restricted subject to the provisions of bond resolutions, or state or federal regulations. The Parkways Authority's assets restricted by the 1993 Trust Indenture are restricted for construction, turnpike maintenance and operation, and debt service. The Parkways Authority's assets restricted by the 2018 Master Trust Indenture are restricted for Turnpike capital costs, renewal and replacement costs, operation and maintenance expenses, and debt service. The cash and investment assets of the Water Development Authority are restricted as part of applicable bond covenants and the other restricted assets are \$166 million restricted for revenue bonds receivable, net of unamortized discount. The WV Division of Corrections and Rehabilitation's assets are restricted because of a safekeeping arrangement with inmates and for debt service and compliance with bond covenants. The Solid Waste Management Board's assets are restricted because their use is limited by applicable repayment agreements and certain assets are set aside to administer a revolving loan program in accordance with appropriations by the Legislature. The Educational Broadcasting Authority's (EBA) other restricted assets are in a charitable trust allowing the use of part of the interest to benefit the EBA. The West Virginia Racing Commission's cash is restricted for unclaimed winning tickets and other trust holdings which are mandated by West Virginia Code.

NOTE 9

CAPITAL ASSETS

Governmental Activities

(Expressed in Thousands)

	Beginning Balance July 1, 2018 (as Reclassified)	Increases	Decreases	Ending Balance June 30, 2019
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,344,292	\$ 64,902	\$ (2,483)	\$ 1,406,711
Construction in Progress	955,872	477,057	(236,699)	1,196,230
Intangibles	<u>2,752</u>	<u>—</u>	<u>—</u>	<u>2,752</u>
Total Capital Assets, Not Being Depreciated	<u>2,302,916</u>	<u>541,959</u>	<u>(239,182)</u>	<u>2,605,693</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	1,577,194	75,922	(7,527)	1,645,589
Equipment	498,845	29,327	(15,014)	513,158
Infrastructure	12,918,408	183,805	(1,509)	13,100,704
Library Holdings	16,876	350	(121)	17,105
Land Improvements	45,537	2,961	—	48,498
Intangibles	<u>168,326</u>	<u>4,401</u>	<u>—</u>	<u>172,727</u>
Total Capital Assets, Being Depreciated	<u>15,225,186</u>	<u>296,766</u>	<u>(24,171)</u>	<u>15,497,781</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(605,387)	(58,348)	4,712	(659,023)
Equipment	(401,493)	(24,999)	13,557	(412,935)
Infrastructure	(6,874,006)	(306,321)	141	(7,180,186)
Library Holdings	(16,366)	(301)	122	(16,545)
Land Improvements	(19,692)	(3,492)	—	(23,184)
Intangibles	<u>(61,106)</u>	<u>(8,105)</u>	<u>—</u>	<u>(69,211)</u>
Total Accumulated Depreciation	<u>(7,978,050)</u>	<u>(401,566)</u>	<u>18,532</u>	<u>(8,361,084)</u>
Total Capital Assets, Being Depreciated, Net	<u>7,247,136</u>	<u>(104,800)</u>	<u>(5,639)</u>	<u>7,136,697</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,550,052</u>	<u>\$ 437,159</u>	<u>\$ (244,821)</u>	<u>\$ 9,742,390</u>

Depreciation expense was charged to function as follows:

Legislative	\$ 78
Judicial	156
Executive	2,043
Administration	29,094
Commerce	9,083
Environmental Protection	122
Employment Programs	57
Education	2,226
Health and Human Resources	21,929
Military Affairs and Public Safety	12,648
Revenue	271
Transportation	319,219
Veterans Assistance	61
Regulatory Boards and Commissions	<u>4,579</u>
Total Governmental Activities	
Depreciation Expense	<u>\$ 401,566</u>

Business-type Activities

(Expressed in Thousands)

	Beginning Balance July 1, 2018 (as Reclassified)	Increases	Decreases	Ending Balance June 30, 2019
Business-type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 611	\$ —	\$ —	\$ 611
Total Capital Assets, Not Being Depreciated	<u>611</u>	<u>—</u>	<u>—</u>	<u>611</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	2,044	—	—	2,044
Equipment	3,000	140	(9)	3,131
Intangibles	<u>9,021</u>	<u>4</u>	<u>—</u>	<u>9,025</u>
Total Capital Assets, Being Depreciated	<u>14,065</u>	<u>144</u>	<u>(9)</u>	<u>14,200</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(1,304)	(79)	—	(1,383)
Equipment	(2,701)	(99)	8	(2,792)
Intangibles	<u>(8,766)</u>	<u>(49)</u>	<u>—</u>	<u>(8,815)</u>
Total Accumulated Depreciation	<u>(12,771)</u>	<u>(227)</u>	<u>8</u>	<u>(12,990)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,294</u>	<u>(83)</u>	<u>(1)</u>	<u>1,210</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,905</u>	<u>\$ (83)</u>	<u>\$ (1)</u>	<u>\$ 1,821</u>
Depreciation expense was charged to function as follows:				
Public Employees Insurance Agency	\$ 58			
Alcohol Beverage Control Administration	<u>169</u>			
Total Business-type Activities Depreciation Expense	<u>\$ 227</u>			

Discretely Presented Component Units

(Expressed in Thousands)

	Beginning Balance July 1, 2018, <u>(as Reclassified)</u>	<u>Increases</u>	<u>Decreases</u>	Ending Balance June 30, 2019
Discretely Presented Component Units:				
Capital Assets, Not Being Depreciated:				
Land	\$ 254,752	\$ 1,087	\$ (1,500)	\$ 254,339
Construction in Progress	<u>128,918</u>	<u>67,950</u>	<u>(96,204)</u>	<u>100,664</u>
Total Capital Assets, Not Being Depreciated	<u>383,670</u>	<u>69,037</u>	<u>(97,704)</u>	<u>355,003</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	4,201,941	53,403	(12,471)	4,242,873
Equipment	524,702	34,381	(14,266)	544,817
Infrastructure	1,537,869	92,862	(1)	1,630,730
Library Holdings	199,948	5,652	(592)	205,008
Land Improvements	105,585	3,790	(1,863)	107,512
Intangibles	<u>205,681</u>	<u>2,762</u>	<u>(3,319)</u>	<u>205,124</u>
Total Capital Assets, Being Depreciated	<u>6,775,726</u>	<u>192,850</u>	<u>(32,512)</u>	<u>6,936,064</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(1,285,756)	(94,888)	8,973	(1,371,671)
Equipment	(379,637)	(31,943)	15,603	(395,977)
Infrastructure	(1,041,297)	(51,264)	—	(1,092,561)
Library Holdings	(176,144)	(6,211)	339	(182,016)
Land Improvements	(61,054)	(6,146)	754	(66,446)
Intangibles	<u>(193,182)</u>	<u>(6,753)</u>	<u>3,319</u>	<u>(196,616)</u>
Total Accumulated Depreciation	<u>(3,137,070)</u>	<u>(197,205)</u>	<u>28,988</u>	<u>(3,305,287)</u>
Total Capital Assets, Being Depreciated, Net	<u>3,638,656</u>	<u>(4,355)</u>	<u>(3,524)</u>	<u>3,630,777</u>
Discrete Component Unit Activities Capital Assets, Net	<u>\$ 4,022,326</u>	<u>\$ 64,682</u>	<u>\$ (101,228)</u>	<u>\$ 3,985,780</u>
Depreciation expense charged to functions as follows:				
Economic Development Authority	\$ 1,060			
Housing Development Fund	483			
Parkways Authority	43,734			
Water Development Authority	584			
Higher Education	137,708			
Corrections and Rehabilitation	8,903			
Lottery	1,674			
School Building Authority	31			
Other Nonmajor Component Units	<u>3,028</u>			
Total Discrete Component Unit Depreciation Expense	<u>\$ 197,205</u>			



NOTE 10

LONG-TERM OBLIGATIONS

Primary Government:

Long-term obligations at June 30, 2019, and changes for the fiscal year then ended, are as follows (expressed in thousands):

Governmental Activities:	Balance June 30, 2018	Additions	Accretions	Reductions	Balance June 30, 2019	Amount Due Within One Year
General Obligation Bonds:						
Transportation	\$ 935,175	\$ —	\$ —	\$ (34,480)	\$ 900,695	\$ 35,410
Premium/(Discount)	<u>132,079</u>	<u>—</u>	<u>—</u>	<u>(8,146)</u>	<u>123,933</u>	<u>8,145</u>
Total Transportation	<u>1,067,254</u>	<u>—</u>	<u>—</u>	<u>(42,626)</u>	<u>1,024,628</u>	<u>43,555</u>
WV Infrastructure and Jobs Development Council	160,269	—	3,231	(16,480)	147,020	18,106
Premium/(Discount)	<u>12,827</u>	<u>—</u>	<u>—</u>	<u>(1,594)</u>	<u>11,233</u>	<u>1,735</u>
Total WV Infrastructure and Jobs Development Council	<u>173,096</u>	<u>—</u>	<u>3,231</u>	<u>(18,074)</u>	<u>158,253</u>	<u>19,841</u>
Total General Obligation Bonds	<u>1,240,350</u>	<u>—</u>	<u>3,231</u>	<u>(60,700)</u>	<u>1,182,881</u>	<u>63,396</u>
Revenue Bonds:						
Transportation	219,985	78,810	—	(15,310)	283,485	17,765
Premium/(Discount)	<u>38,333</u>	<u>12,060</u>	<u>—</u>	<u>(4,800)</u>	<u>45,593</u>	<u>4,170</u>
Total Transportation	<u>258,318</u>	<u>90,870</u>	<u>—</u>	<u>(20,110)</u>	<u>329,078</u>	<u>21,935</u>
Economic Development Project Fund	122,195	—	—	(11,825)	110,370	12,460
Premium/(Discount)	<u>(419)</u>	<u>—</u>	<u>—</u>	<u>69</u>	<u>(350)</u>	<u>(70)</u>
Total Economic Development Project Fund	<u>121,776</u>	<u>—</u>	<u>—</u>	<u>(11,756)</u>	<u>110,020</u>	<u>12,390</u>
Economic Development DNR	25,000	55,195	—	(400)	79,795	900
Premium/(Discount)	<u>4,178</u>	<u>7,217</u>	<u>—</u>	<u>(394)</u>	<u>11,001</u>	<u>(147)</u>
Total Economic Development DNR	<u>29,178</u>	<u>62,412</u>	<u>—</u>	<u>(794)</u>	<u>90,796</u>	<u>753</u>
Education, Arts, Sciences, & Tourism Fund	141,560	—	—	(3,795)	137,765	3,985
Premium/(Discount)	<u>13,979</u>	<u>—</u>	<u>—</u>	<u>(636)</u>	<u>13,343</u>	<u>636</u>
Tourism Fund	<u>155,539</u>	<u>—</u>	<u>—</u>	<u>(4,431)</u>	<u>151,108</u>	<u>4,621</u>
Total Revenue Bonds	<u>564,811</u>	<u>153,282</u>	<u>—</u>	<u>(37,091)</u>	<u>681,002</u>	<u>39,699</u>
Revenue Bonds:						
Direct Borrowings & Direct Placements Tobacco Settlement Finance Authority	<u>850,238</u>	<u>—</u>	<u>14,167</u>	<u>(12,910)</u>	<u>851,495</u>	<u>—</u>
Notes Payable	<u>30,004</u>	<u>5,864</u>	<u>—</u>	<u>(19,656)</u>	<u>16,212</u>	<u>6,927</u>
Total Direct Borrowings & Direct Placements	<u>880,242</u>	<u>5,864</u>	<u>14,167</u>	<u>(32,566)</u>	<u>867,707</u>	<u>6,927</u>
Capital Leases – Governmental	12,969	12,414	—	(11,075)	14,308	5,728
Capital Leases – Internal Service Funds	2,590	—	—	(138)	2,452	145
Capital Leases Payable to Component Units	<u>244,995</u>	<u>—</u>	<u>—</u>	<u>(17,335)</u>	<u>227,660</u>	<u>17,966</u>
Total Capital Leases (see Note 11)	<u>260,554</u>	<u>12,414</u>	<u>—</u>	<u>(28,548)</u>	<u>244,420</u>	<u>23,839</u>
Other Obligations:						
Medicaid	564,406	—	—	(128,882)	435,524	435,524
Tax Refunds	297,371	314,559	—	(297,371)	314,559	270,329
Claims and Judgments (see Note 15)	370,529	9,283	—	(16,145)	363,667	66,609
Other	<u>133,259</u>	<u>363,682</u>	<u>—</u>	<u>(353,375)</u>	<u>143,566</u>	<u>86,973</u>
Total Accrued and Other Liabilities	1,365,565	687,524	—	(795,773)	1,257,316	859,435
Compensated Absences	90,028	6,064	—	(12,625)	83,467	56,368
Net Pension Liability including ISF	3,600,429	—	—	(445,203)	3,155,226	—
Net OPEB Liability including ISF	<u>1,610,982</u>	<u>—</u>	<u>—</u>	<u>(314,443)</u>	<u>1,296,539</u>	<u>—</u>
Total Other Obligations	<u>6,667,004</u>	<u>693,588</u>	<u>—</u>	<u>(1,568,044)</u>	<u>5,792,548</u>	<u>915,803</u>
Total Governmental Activities Long-Term Obligations	<u>\$ 9,612,961</u>	<u>\$ 865,148</u>	<u>\$ 17,398</u>	<u>\$ (1,726,949)</u>	<u>\$ 8,768,558</u>	<u>\$ 1,049,664</u>

Business-type Activities:	Balance			Balance June 30, 2019	Amount Due Within One Year
	June 30, 2018	Additions	Reductions		
Revenue Bonds					
WV Infrastructure and Jobs					
Development Council Revenue Bonds	\$ 162,795	\$ —	\$ (5,515)	\$ 157,280	\$ 5,735
Premium/(Discount)	<u>15,600</u>	<u>—</u>	<u>(835)</u>	<u>14,765</u>	<u>835</u>
Total WV Infrastructure and Jobs	178,395	—	(6,350)	172,045	6,570
Development Council Revenue Bonds					
Other Obligations					
Accrued Tuition Contract Benefits	51,264	—	(12,995)	38,269	14,321
Insurance and Compensation Benefits	1,738,185	746,214	(752,950)	1,731,449	320,053
Compensated Absences	613	69	(161)	521	101
Net Pension Liability (see Note 12)	2,011	—	(791)	1,220	—
Net OPEB Liability (See Note 13)	4,056	48	(385)	3,719	—
Accrued and Other	<u>12,153</u>	<u>1,302</u>	<u>(4,033)</u>	<u>9,422</u>	<u>9,422</u>
Total Business-type Activities Long Term	<u>\$ 1,986,677</u>	<u>\$ 747,633</u>	<u>\$ (777,665)</u>	<u>\$ 1,956,645</u>	<u>\$ 350,467</u>

The assets of the general, special revenue, and internal service funds are used to liquidate the capital lease obligations and accrued and other liabilities of their respective fund types. Compensated absences liabilities are liquidated by the applicable governmental and internal service funds that account for the salaries and wages of the related employees, with the majority of the funds coming from the General Fund. The net pension liabilities are liquidated by the State’s governmental and internal service funds that contribute toward the pension funds based on plans established by the action of the State Legislature. The net pension liability and other postemployment benefits liability (OPEB) are adjusted each year based upon changes to participants, investment performance, contributions received and changes to actuarial assumptions. Please refer to Notes 12 and 13 for additional information related to the pension liability and OPEB. Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the totals for governmental activities. At year-end, \$1.7 million of internal service funds’ compensated absences are included in the governmental amounts.

Senate Bill No. 1002, enacted in January 2005, provides that on and after February 1, 2005, bonds may not be issued or refunded by the State or any of its agencies, boards, or commissions without the express written direction of the governor if (1) the ultimate user of the proceeds of the bonds is the State or any of its agencies, boards, commissions, or departments, or (2) the issuance or refunding of the bonds implicates the State’s credit rating.

Compliance – Various debt agreements governing the State’s bonds contain a number of covenants, including continuing disclosure requirements, debt service coverage ratio, and maintaining debt service reserve and maintenance reserve funds. It is required that debt service reserve funds and maintenance reserve funds are to be held with a trustee. As of June 30, 2019, the debt service reserve funds approximated \$73 million, and the maintenance reserve funds approximated \$10 million and are included in cash and investments on the statement of net position.

General Obligation Bonds – The State has constitutionally limited its ability to incur debt. The State’s general obligation debt must be authorized by constitutional amendment. A proposed amendment must be approved by two-thirds of both the Senate and the House of Delegates before it can be ratified or rejected by the voters. Once the amendment has voter approval, the Legislature must pass specific legislation authorizing the issuance of general obligation debt, such as bonds for the facilitation of the construction of highways, secondary roads and bridges, as well as for utility upgrades for water and sewer systems. The general obligation bonds are secured by pledged receipts of annual tax revenue.

General obligation bonds outstanding at June 30, 2019, were as follows (expressed in thousands):

	Final Maturity Date	Interest Rate(s)%	Balance
Transportation Bonds:			
Payable from State Road Fund to build roads, issued under:			
1996 SAFE Roads Amendment	2025	4.00%-5.00%	\$ 134,650
2018 Roads to Prosperity Bonds	2043	2.00%-5.00%	889,977
Infrastructure Bonds:			
Payable from dedicated severance tax revenues to fund			
water, wastewater, and economic development projects	2027	2.00%-7.625%	<u>158,254</u>
Total			<u><u>\$1,182,881</u></u>

Future amounts required to pay principal and interest on general obligation bonds at June 30, 2019, were as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2020	\$ 45,095	\$ 46,895	\$ 91,990
2021	47,051	44,876	91,927
2022	48,960	42,889	91,849
2023	51,335	40,523	91,858
2024	53,380	38,039	91,419
2025-2029	181,794	157,023	338,817
2030-2034	157,995	119,110	277,105
2035-2039	202,095	75,010	277,105
2040-2044	<u>201,245</u>	<u>20,439</u>	<u>221,684</u>
Total	988,950	584,804	1,573,754
Premium	<u>135,166</u>	—	<u>135,166</u>
Total	<u>\$ 1,124,116</u>	<u>\$ 584,804</u>	<u>\$1,708,920</u>
Capital Appreciation Bonds			
Year Ending June 30	Principal, Net of Accreted Amounts	Future Accreted Amounts	Total
2020	\$ 8,421	\$ 154	\$ 8,575
2021	8,022	603	8,625
2022	7,687	1,038	8,725
2023	7,260	1,440	8,700
2024	7,430	1,970	9,400
2025-2027	<u>19,945</u>	<u>8,155</u>	<u>28,100</u>
Total	<u>\$ 58,765</u>	<u>\$ 13,360</u>	<u>\$ 72,125</u>
Total General Obligation Bonds	<u>\$ 1,182,881</u>		

West Virginia

Revenue Bonds – Revenue bonds are issued by various state departments, agencies and authorities, and economic development projects. Revenue bonds are issued pursuant to specific statutory provisions enacted by the Legislature primarily for the purpose of financing capital construction. Principal and interest payments are made from specifically dedicated fees and other revenues. Revenue bonds do not constitute a general obligation of the State.

Revenue bonds outstanding (including premium or discount) at June 30, 2019, were as follows (expressed in thousands):

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate(s) %</u>	<u>Balance</u>
Transportation	2018	2043	5.00	\$ 329,078
Economic Development Project Fund	2004	2027	1.20-6.07	110,020
Economic Development Project Fund DNR	2018	2038	2.03-3.23	28,564
Economic Development DNR Parks Projects	2019	2040	3.12-5.00	62,232
Education, Arts, Sciences, and Tourism Fund	2010/2018	2040	2.00-5.00	<u>151,108</u>
Subtotal Governmental				681,002
WV Infrastructure and Jobs Development Council	2006-2016	2046	2.00-5.00	<u>172,045</u>
Total Governmental and Business-Type Activities				<u>\$ 853,047</u>

Future amounts required to pay principal and interest on revenue bonds at June 30, 2019, were as follows (expressed in thousands):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 40,845	\$ 36,472	\$ 77,317
2021	45,228	35,214	80,442
2022	47,098	32,913	80,011
2023	49,593	30,380	79,973
2024	52,180	27,715	79,895
2025-2029	251,808	96,428	348,236
2030-2034	159,365	44,732	204,097
2035-2039	96,708	17,099	113,807
2040-2044	23,835	2,117	25,952
2045-2049	<u>2,035</u>	<u>90</u>	<u>2,125</u>
	<u>768,695</u>	<u>323,160</u>	<u>1,091,855</u>
Premium	<u>84,352</u>	<u>—</u>	<u>84,352</u>
Total	<u>\$ 853,047</u>	<u>\$ 323,160</u>	<u>\$ 1,176,207</u>

Certain revenue bonds have call provisions providing for redemption at the option of the State, beginning ten years following the date of issuance, in whole or in part, in inverse order of maturity, and pay a redemption price not exceeding 103% of par value.

The following describes the purpose and dedicated revenue source of revenue bonds outstanding at June 30, 2019:

<u>Agency</u>	<u>Purpose</u>	<u>Revenue Source</u>
Transportation	Highway, road, and bridge construction	Federal reimbursement allowed by Title 23, Section 122
Economic Development Project Fund	To provide grants for various economic development projects	Certain net profits of the West Virginia Lottery
Education, Arts, Sciences, and Tourism Fund	Capital projects which promote education, arts, sciences, and tourism	Certain net profits of the West Virginia Lottery
WV Infrastructure and Jobs Development Council	To fund water and sewer infrastructure projects	Certain repayments of defined loans

The Division of Highways

The Division of Highways has been authorized to issue revenue bonds in the amount of \$500 million by constitutional amendment. The Division has issued \$352 million, and paid off \$69 million, leaving \$216 million in bonds authorized but not issued. The revenue notes are secured by pledged receipts of eligible Federal Highway Administration (FHWA) funds received by the Division, representing reimbursement of the costs incurred in connection with the federal-aid projects financed by Surface Transportation Improvements Special Obligation Notes, GARVEE revenue notes.

Economic Development Project Fund

The Economic Development Project Fund bonds, issued by EDA in FY 2004 in the amount of \$249.9 million to provide financing for various economic development project grants, are payable through 2027. The State has committed to appropriate each year, from the West Virginia Lottery net profits, amounts sufficient to cover the principal and interest requirements on the EDA debt. EDA has pledged these revenues as the sole security for the bonds. Total principal and interest remaining on the debt is \$139.97 million with annual requirements ranging from \$19.0 million in FY 2019 to \$7.1 million in the final year. For the current year, principal and interest paid were \$18.7 million and the net profits of the Lottery committed to the debt were \$19 million.

Economic Development DNR

In FY 2018, the EDA issued bonds in conjunction with the Division of Natural Resources. These bonds are primarily payable from money transferred from the State Excess Lottery Revenue fund. The funds will be used to acquire land, build and maintain the newly created Cacapon Resort State Park. The initial bond of \$22.9 million was issued at 3.23% interest, and the maintenance reserve bond of \$2 million was issued at 2.03% interest. Both bonds mature in June 2040.

In FY 2019, the EDA issued \$55,195,000 in bonds in conjunction with the Division of Natural Resources for state park projects. The funds will be used for capital improvement projects at any state park. The bonds are payable solely from the special revenue fund named the “State Parks Lottery Revenue Debt Service Fund” within the State Treasury. The bonds bear interest at 3.125% to 5.00% and are payable through 2040.

EAST Fund

New Education, Arts, Sciences, and Tourism Fund (EAST) bonds were issued by the EDA in FY 2018 in the amount of \$142.6 million to provide financing for capital projects which promote education and tourism, payable through 2040. The State has committed to appropriate each year, from the Lottery’s net profits, amounts sufficient to cover the principal and interest requirements on the EDA debt. EDA has pledged these revenues as the sole security for the bonds. Total principal and interest remaining on the debt is \$137.77 million. For the current year, principal and interest paid were \$6 million, and the net profits of the Lottery committed to the debt were \$10 million.

Direct Placements & Direct Borrowings

Revenue Bonds

The following describes the purpose and dedicated revenue source of direct placement revenue bonds outstanding at June 30, 2019:

<u>Agency</u>	<u>Purpose</u>	<u>Revenue Source</u>
Tobacco Settlement Finance Authority	To issue bonds to receive lump sum in lieu of future annual payments from MSA	100% of receipts from Tobacco MSA until bonds are paid

Tobacco Settlement Finance Authority

The Taxable Tobacco Settlement Asset-Backed Bonds, Series 2007 are composed of two series of turbo term bonds, the Taxable Tobacco Settlement Asset-Backed Bonds, Series 2007A, which are current interest bonds issued in the amount of \$845,810,000, and the Taxable Tobacco Settlement Asset-Backed Bonds, Series 2007B, which are capital appreciation bonds in the amount of \$65,331,503. The Series 2007 Bonds are direct placement bonds and are secured by and are payable solely from the right, title, and interest of the TSFA of 100% of the Tobacco Receipts, and investment earnings on the accounts with the trustee under the Indenture. The tobacco receipts through 2039 have been estimated to be approximately \$2.4 billion, using 85% (the percentage actually received 2005-2007) of the amount calculated by the National Governor’s Association.

Assuming a 5.2% interest rate, the net present value of the receipts is \$897 million. During FY 2019, \$64.1 million was paid for interest and principal. Actual tobacco receipts of \$63.7 million and interest earnings were used for the payments.

Direct placement revenue bonds outstanding at June 30, 2019, were as follows (expressed in thousands):

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate(s)%</u>	<u>Balance</u>
Tobacco Settlement Finance Authority	2007	2040	7.47-8.50	\$ 851,495

Future amounts required to pay principal and interest on direct placement revenue bonds at June 30, 2019, were as follows (expressed in thousands):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 26,755	\$ 49,337	\$ 76,092
2021	29,660	47,230	76,890
2022	32,800	44,899	77,699
2023	36,190	42,323	78,513
2024	39,855	39,484	79,339
2025-2029	265,380	144,034	409,414
2030-2034	243,470	28,000	271,470
2035-2039	—	—	—
2040-2044	—	—	—
	<u>\$ 674,110</u>	<u>\$ 395,307</u>	<u>\$ 1,069,417</u>
Premium	—	—	—
Total	<u>\$ 674,110</u>	<u>\$ 395,307</u>	<u>\$ 1,069,417</u>

Capital Appreciation Bonds

<u>Year Ending June 30</u>	<u>Principal, Net of Accreted Amounts</u>	<u>Future Accreted Amounts</u>	<u>Total</u>
2020	\$ —	\$ 15,397	\$ 15,397
2021	—	16,734	16,734
2022	—	18,186	18,186
2023	—	19,765	19,765
2024	—	21,480	21,480
2025-2029	—	138,822	138,822
2030-2034	—	175,840	175,840
2035-2039	—	79,453	79,453
2040-2044	<u>177,385</u>	—	<u>177,385</u>
Total	<u>\$ 177,385</u>	<u>\$ 485,677</u>	<u>\$ 663,062</u>
Total Revenue Bonds	<u>\$ 851,495</u>		

West Virginia

Notes Payable – Notes payable are a direct borrowing issued by Information Services and Communications and Travel Management internal service funds for financing various equipment and vehicles. These direct borrowings are with an open line of credit with no spending limits. The outstanding balance on this line of credit is \$16 million.

The outstanding notes from direct borrowings contain a provision that in an event of default, the note is terminated, and the owner make retake possession of the equipment and vehicles. The note is immediately declared due and payable and will proceed to court action to recover the value of the amount due.

<u>Direct Borrowings</u>	<u>Final Maturity Date</u>	<u>Interest Rate(s)%</u>	<u>Balance</u>
Information Services and Communications	2017-2024	1.00-2.73	\$ 548
Travel Management	2017-2024	0.99-2.65	<u>15,664</u>
Total Notes Payable			<u>\$ 16,212</u>

Future amounts required to pay principal and interest on direct borrowings notes payable at June 30, 2019, were as follows (expressed in thousands):

<u>Notes from Direct Borrowings</u>			
<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 6,927	\$ 145	\$ 7,072
2021	4,882	102	4,984
2022	2,701	58	2,759
2023	1,173	25	1,198
2024	529	11	540
2025-2029	—	—	—
Total Notes Payable	<u>\$ 16,212</u>	<u>\$ 341</u>	<u>\$ 16,553</u>

**Discretely Presented Component Units
Summary of Discretely Presented
Component Unit Debt
(Expressed in Thousands)**

	<u>Balance June 30, 2018</u>	<u>Additions/ Debt Issued</u>	<u>Reductions/ Debt Paid</u>	<u>Other Changes</u>	<u>Balance June 30, 2019</u>	<u>Amount Due Within One Year</u>
Revenue Bonds:						
Housing Development Fund	\$ 280,524	\$ 59,545	\$ (33,639)	\$ —	\$ 306,430	\$ 26,940
Parkways Authority	10,373	184,144	(14,981)	—	179,536	2,650
Water Development Authority	172,755	—	(9,272)	—	163,483	8,598
Higher Education	1,323,243	—	(36,810)	(89)	1,286,344	121,906
Corrections and Rehabilitation	23,995	—	(7,585)	—	16,410	7,990
School Building Authority	<u>443,303</u>	<u>—</u>	<u>(29,871)</u>	<u>—</u>	<u>413,432</u>	<u>36,765</u>
Total Discretely Presented						
Component Unit Revenue Bonds	<u>\$ 2,254,193</u>	<u>\$ 243,689</u>	<u>\$ (132,158)</u>	<u>\$ (89)</u>	<u>\$ 2,365,635</u>	<u>\$ 204,849</u>
Capital Leases:						
Higher Education	<u>\$ 45,315</u>	<u>\$ 5,337</u>	<u>\$ (7,451)</u>	<u>\$ —</u>	<u>\$ 43,201</u>	<u>\$ 4,989</u>
Direct Borrowings & Direct Placements						
Revenue Bonds:						
Economic Development Authority	\$ 244,862	\$ —	\$ (17,202)	\$ —	\$ 227,660	\$ 17,971
Water Development Authority	<u>7,961</u>	<u>—</u>	<u>(409)</u>	<u>—</u>	<u>7,552</u>	<u>352</u>
Total Discretely Presented Component Units						
Direct Borrowings & Direct Placements						
Revenue Bonds	<u>\$ 252,823</u>	<u>\$ —</u>	<u>\$ (17,611)</u>	<u>\$ —</u>	<u>\$ 235,212</u>	<u>\$ 18,323</u>
Notes Payable:						
Housing Development Fund	\$ 874	\$ —	\$ (186)	\$ —	\$ 688	\$ —
Economic Development Authority	6,106	—	(2,739)	—	3,367	301
Correction and Rehabilitation	236	11,535	(972)	—	10,799	1,014
Higher Education	<u>101,794</u>	<u>1,400</u>	<u>(5,992)</u>	<u>(129)</u>	<u>97,073</u>	<u>4,065</u>
Total Discretely Presented Component						
Notes Payable	<u>\$ 109,010</u>	<u>\$ 12,935</u>	<u>\$ (9,889)</u>	<u>\$ (129)</u>	<u>\$ 111,927</u>	<u>\$ 5,380</u>
Other Debt-Related Items:						
Accrued and Other	\$ 423,695	\$ 19,783	\$ (8,040)	\$ —	\$ 435,438	\$ 301,168
Compensated Absences	55,145	14,414	(4,472)	—	65,087	51,422
Net Pension Liability (see Note 12)	45,212	29,545	(30,853)	—	43,904	—
Other Postemployment Benefits	<u>324,702</u>	<u>55,580</u>	<u>(36,521)</u>	<u>—</u>	<u>343,761</u>	<u>—</u>
Total Discretely Presented						
Component Unit Other Items	<u>\$ 848,754</u>	<u>\$ 119,322</u>	<u>\$ (79,886)</u>	<u>\$ —</u>	<u>\$ 888,190</u>	<u>\$ 352,590</u>

Revenue Bonds – Revenue bonds are issued by various component units pursuant to specific statutory provisions enacted by the Legislature for the purpose of financing capital construction. Principal and interest payments are made from specifically dedicated fees and other revenue sources, such as tuition and registration fees, dedicated court fees, and certain non-toll revenues. Revenue bonds do not constitute general debt of the State (expressed in thousands):

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate(s)%</u>	<u>Balance</u>
Housing Development Fund	2007-2019	2050	1.05-4.35	\$ 306,430
Parkways Authority	2002-2018	2048	3.75-5.25	179,536
Water Development Authority	2005-2016	2044	2.00-5.125	163,483
Higher Education	1998-2016	2045	0.58-7.65	1,286,344
Corrections and Rehabilitation	1998	2021	5.12-5.35	16,410
School Building Authority	2007-2016	2032	2.00-6.92	<u>413,432</u>
Total Revenue Bonds				<u>\$ 2,365,635</u>

Future amounts required to pay principal and interest on revenue bonds of the discretely presented component units at June 30, 2019, were as follows (expressed in thousands):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 204,156	\$ 82,088	\$ 286,244
2021	103,525	77,693	181,218
2022	95,215	73,916	169,131
2023	94,149	69,723	163,872
2024	125,711	66,917	192,628
2025-2029	634,223	277,270	911,493
2030-2034	395,004	165,407	560,411
2035-2039	286,935	81,642	368,577
2040-2044	235,227	32,103	267,330
2045-2049	84,243	5,106	89,349
2050-2054	<u>320</u>	<u>6</u>	<u>326</u>
	<u>2,258,708</u>	<u>931,871</u>	<u>3,190,579</u>
Discount	(932)	—	(932)
Premium	<u>107,859</u>	<u>—</u>	<u>107,859</u>
Total	<u>\$ 2,365,635</u>	<u>\$ 931,871</u>	<u>\$ 3,297,506</u>

Parkways Authority

In July 2008, the Parkways Authority (Parkways) issued \$59.1 million of Variable Rate Demand Revenue Refunding Bonds for the express purpose of refunding \$59.1 million of the Parkways Series 2003 Bonds. In July 2011, Parkways converted the Series 2008 Variable Rate Demand Revenue Refunding Bonds to a LIBOR Index rate and placed the bonds with a direct purchaser. These bonds were paid off in 2019.

In August 2018, the Authority issued \$166.4 million Series 2018 Senior Lien Turnpike Toll Revenue Bonds at 3.75% to 5.00%, due in varying installments from June 2019 to June 2048.

Direct Borrowing & Direct Placements

Revenue Bonds – Direct placement revenue bonds are issued by various component units listed below pursuant to specific statutory provisions enacted by the Legislature for the purpose of financing capital construction. Principal and interest payments are made from specifically dedicated fees and other revenue sources, such as mortgage loan repayments.

Revenue bonds do not constitute general debt of the State (expressed in thousands):

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate(s)%</u>	<u>Balance</u>
Economic Development Authority	1999-2016	2040	2.07-5.23	\$ 227,660
Water Development Authority	2005-2016	2044	2.00-5.125	<u>7,552</u>
Total Revenue Bonds				<u>\$ 235,212</u>

Future amounts required to pay principal and interest on direct placement revenue bonds of the discretely presented component units at June 30, 2019, were as follows (expressed in thousands):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 18,343	\$ 10,115	\$ 28,458
2021	19,067	9,345	28,412
2022	19,652	8,645	28,297
2023	19,039	7,889	26,928
2024	17,163	7,238	24,401
2025-2029	95,686	23,012	118,698
2030-2034	24,124	7,394	31,518
2035-2039	18,358	2,886	21,244
2040-2044	<u>3,780</u>	<u>151</u>	<u>3,931</u>
Discount	—	—	—
Premium	—	—	—
Total	<u>\$ 235,212</u>	<u>\$ 76,675</u>	<u>\$ 311,887</u>

Notes Payable – Direct Borrowings

Notes payable are issued for various reasons, including construction and the purchase of land, buildings, and vehicles. The Housing Development Fund (HDF) has a partnership with the DEP that allows HDF to borrow funds from the DEP that are then loaned to state residents to upgrade, replace or repair inadequate septic systems. For detailed information on specific notes, see the separately issued financial statements of the discretely presented component units.

The following is a summary of notes payable at June 30, 2019 (expressed in thousands):

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate(s)%</u>	<u>Balance</u>
Economic Development Authority	2007 & 2017	2029	3.00	\$ 3,367
Higher Education	2008-2014	2033	1.90-6.65	97,073
Housing Development Fund	2008-2014	N/A	0.00	688
Division of Corrections & Rehabilitation	2015	2020	1.23	<u>10,799</u>
Total Notes Payable				<u>\$111,927</u>

Future amounts required to pay principal and interest on direct borrowings notes payable of the discretely presented component units at June 30, 2019, were as follows (expressed in thousands):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 5,380	\$ 3,241	\$ 8,621
2021	5,038	3,243	8,281
2022	4,294	3,115	7,409
2023	4,388	2,982	7,370
2024	4,315	2,846	7,161
2025-2029	38,807	12,065	50,872
2030-2034	9,850	9,380	19,230
2035-2039	8,869	7,281	16,150
2040-2044	5,634	5,856	11,490
2045-2049	7,035	4,455	11,490
2050-2054	8,785	2,705	11,490
2055-2059	<u>9,532</u>	<u>624</u>	<u>10,156</u>
Total	<u>\$ 111,927</u>	<u>\$ 57,793</u>	<u>\$ 169,720</u>

Debt Contingencies and No-Commitment Debt

As a vehicle to assist the local and other nonstate governments in West Virginia, the State may appropriate sufficient amounts to meet any deficiencies that may arise because of failures by such entities to provide for debt service payments for obligations under the supervision and control of the Municipal Bond Commission. For the year ended June 30, 2019, no such amounts were transferred to the Municipal Bond Commission under this agreement.

The Hospital Finance Authority (HFA) and the Economic Development Authority (EDA) have issued special limited obligations on behalf of third parties that in no way obligate the State, HFA, or EDA for these debt issuances, unless these entities or the State serve in a third-party role. The obligations become an obligation of the third party when issued, because all rights to payments and/or obligations have been irrevocably assigned to a trustee. Payments are made directly to the trustee from dedicated revenues of the third parties, in accordance with the related bond indentures. The amount of such no-commitment debt outstanding at June 30, 2019, is approximately \$1.9 billion and \$2.9 billion for HFA and EDA, respectively.

Prior Defeasances

In prior years, the State defeased certain revenue bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payment on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in these financial statements. At June 30, 2019, the following outstanding bonds are considered defeased (expressed in thousands):

<u>Outstanding Amount</u>	
Primary Government	\$ 172,685
Discretely Presented Component Units	<u>77,955</u>
Total	<u>\$ 250,640</u>



NOTE 11

LEASES

The State has entered into various lease/purchase agreements with the private sector, primarily for buildings, equipment, and intangibles. These agreements, accounted for as capital leases, are for various terms. While most of these agreements contain fiscal funding clauses indicating that their continuation is subject to continuing appropriation by the Legislature, these leases are accounted for as capital leases and are considered noncancelable for financial reporting purposes.

The State has also entered into lease/purchase agreements with the Economic Development Authority (EDA), which issued bonds to finance construction and acquisition of various capital assets as well as an energy savings project. The State becomes the tenant of the facility under a lease/purchase agreement, which provides for the payment of rentals sufficient to cover the related bond debt service and for the passage of title to the State after the bonds have been repaid. These capital leases, totaling \$234 million, are shown separately on the government-wide Statement of Net Position as capital leases payable to component units. More information on the related debt of EDA is included in Note 10.

GAAP requires a lease that transfers substantially all of the benefits and risks of ownership to the lessee to be accounted for as the acquisition of a capital asset and the incurrence of an obligation by the lessee. For capital leases in governmental funds, other financing sources are recorded at lease inception. Lease payments are recorded as debt service expenditures. For budgetary purposes, lease payments are only reported as expenditures when paid. In the government-wide and proprietary fund statements, assets and liabilities resulting from capital leases are recorded at lease inception.

The following table is an analysis of the capital leases, including capital leases between the primary government and the EDA described above, by asset category at June 30, 2019 (expressed in thousands):

<u>Asset Type</u>	<u>Primary Government Governmental Activities</u>	
	<u>Assets Acquired By Capital Lease</u>	<u>Accumulated Depreciation</u>
Land	\$ 2,362	\$ —
Building and Improvements	401,228	139,430
Construction in Process	—	—
Infrastructure	<u>1,175</u>	<u>1,175</u>
Total	<u>\$ 404,765</u>	<u>\$ 140,605</u>

Future minimum commitments under capital leases as of June 30, 2019, were as follows (expressed in thousands):

Year Ending June 30	Capital Leases		
	Governmental Activities, Including Payable to EDA	Discretely Presented Component Units	Total
2020	\$ 34,216	\$ 7,331	\$ 41,547
2021	29,073	6,218	35,291
2022	28,926	5,499	34,425
2023	25,949	4,407	30,356
2024	25,476	4,400	29,876
2025-2029	120,954	15,040	135,994
2030-2034	32,772	12,192	44,964
2035-2039	20,555	9,974	30,529
2040-2044	<u>3,927</u>	<u>9,808</u>	<u>13,735</u>
Total Minimum Lease Payments	<u>321,848</u>	<u>74,869</u>	<u>396,717</u>
Less: Interest	<u>(77,428)</u>	<u>(31,668)</u>	<u>(109,096)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 244,420</u>	<u>\$ 43,201</u>	<u>\$ 287,621</u>

Other leases, principally for equipment, are classified as operating leases with the lease payments recorded as expenditures or expenses during the life of the lease. Operating lease expenditure/expense for the year ended June 30, 2019, was \$40 million. Future minimum commitments under operating leases as of June 30, 2019, were as follows (expressed in thousands):

Year Ending June 30	Operating Leases			Total
	Governmental Activities	Business-type Activities	Discretely Presented Component Units	
2020	\$ 19,935	\$ —	\$ 15,029	\$ 34,964
2021	16,660	—	11,067	27,727
2022	13,327	—	9,676	23,003
2023	10,330	—	8,009	18,339
2024	8,134	—	4,925	13,059
2025-2029	17,979	—	15,140	33,119
2030-2034	6,390	—	5,388	11,778
2035-2039	3,461	—	26	3,487
2040-2044	—	—	5	5
2045-2049	—	—	5	5
2050-2054	—	—	5	5
2055-2059	<u>—</u>	<u>—</u>	<u>4</u>	<u>4</u>
Total Minimum Lease Payments	<u>\$ 96,216</u>	<u>\$ —</u>	<u>\$ 69,279</u>	<u>\$ 165,495</u>

NOTE 12**RETIREMENT SYSTEMS****Plan Description**

The West Virginia State Legislature has established eight defined benefit plans (the Plans) and a defined contribution plan to provide retirement benefits for eligible employees. The Plans are a group of defined benefit public employee retirement systems. The Consolidated Public Retirement Board (CPRB) administers the Plans under the direction of its Board of Trustees. The Governmental Employees Deferred Compensation Plan is administered by a third-party administrator and has been excluded from these financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans."

CPRB prepares separately issued financial statements covering the retirement systems, which can be obtained from the Consolidated Public Retirement Board, 4101 MacCorkle Avenue, SE, Charleston, WV 25304 or <http://www.wvretirement.com>. The Plans' financial statements are prepared using fund accounting principles and the accrual basis of accounting, under which expenses are recorded when liabilities are incurred and revenues are recorded in the accounting period in which they are earned and become measurable. The Plans' fiduciary net position has been determined on the same basis used by the pension plan. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are carried at fair value as determined by a third-party pricing service utilized by the respective investment management companies. Investment transactions are accounted for on a trade-date basis. Unrealized gains and losses are included in investment income. Investment income is determined monthly and distributed to each of the defined benefit plans participating in the investment pools on the last day of the month in the form of reinvested shares.

The Plans are composed of the following groups of defined benefit plans which provide substantially all employees of the State, its public education system, and other political subdivisions of the State with retirement and death and disability benefits:

- The Public Employees Retirement System (PERS) is a multiple-employer, cost-sharing, public employee retirement system. The number of local government employers participating in PERS at June 30, 2019, was 641, including 124 West Virginia state agencies, 101 cities and towns, 361 special districts, and 55 counties.

Benefits Provided

For PERS, a member is eligible for normal retirement at age 60 with five or more years of service, or at least age 55 with age and service equal to 80 or greater. A member may retire with the pension reduced actuarially if the member is at least age 55 and has at least 10 years of contributory service or at any age with 30 years of contributory service. A member hired after July 1, 2015, may retire with the pension reduced actuarially if the member is between ages 60 and 62 with at least 30 years of contributory service. The straight-life annuity retirement benefit is equivalent to 2% of average salary multiplied

by years of service. Average salary is the average of the three consecutive highest annual earnings out of the last 15 years of earnings. For all employees hired after July 1, 2015, average salary is the average of the five consecutive highest annual earnings out of the last 15 years of earnings. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired after July 1, 2015, this age increases to 64 with at least 10 years of contributory service, or age 63 with at least 20 years of contributory service.

- The Deputy Sheriffs' Retirement System (DSRS) is a multiple-employer, cost-sharing, public employee retirement system which was established for all deputy sheriffs hired on or after July 1, 1998. Current employees were eligible to transfer from PERS. The State makes no employer contributions to DSRS.
- The Emergency Medical Services Retirement System (EMSRS) is a multiple-employer, cost-sharing public employee retirement system which was established for eligible emergency medical service officers. Participation is voluntary. The State makes no employer contributions to EMSRS.
- The Municipal Police Officers and Firefighters Retirement System (MPFRS) is a multiple-employer, cost-sharing public employee retirement system which was established for any municipality or municipal subdivision employing municipal police officers or firefighters. Participation is voluntary. The MPFRS had 431 participating members as of June 30, 2019. The State makes no employer contributions to MPFRS.
- The Teachers' Retirement System (TRS) is a multiple-employer, cost-sharing, public employee retirement system. Fifty-five county public school systems, certain personnel of the thirteen State-supported institutions of higher education, West Virginia Department of Education, and boards of higher education participate in the TRS plan. There were 81 employers and one nonemployer contributing entity (the State) participating in the plan as of June 30, 2019.

Benefits Provided

For TRS, a member is eligible for normal retirement at age 60 with 5 years of service, age 55 with 30 years of service or any age with 35 years of service. A member may retire with the pension reduced actuarially if the member is less than age 55 and has between 30 and 35 years of service. For all employees hired after July 1, 2015, qualification for normal retirement is age 62 with 10 years of service. All members hired after July 1, 2015, may retire with the pension reduced actuarially if the member is between ages 60 and 62 with 10 years of service or between ages 55 and 62 with 30 years of service. Terminated members with at least 5, but less than 20, years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement beginning at age 62. Terminated members with at least 20 years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement commencing at age 60. For all employees hired after July 1, 2015, this age increases to 64 with 10 years of service, or age 63 with 20 years of service. Retirement benefits are equivalent to 2% of average annual salary multiplied by years of service. Average salary

is the average of the five highest fiscal years of earnings during the last 15 fiscal years of earnings.

- The State Police Death, Disability, and Retirement System (SPDDRS), the State Police Retirement System (SPRS), and the Judges' Retirement System (JRS) are single-employer, public employee retirement systems.

Benefits Provided

For SPDDRS, a member is eligible for normal retirement at age 50 after 20 years of contributory service, or at any age upon completion of 25 years of service. There is no vesting in the State's contributions prior to ten years of service. Benefits payable to members retiring prior to age 50 are deferred until the normal retirement date. The annual retirement benefit is 5.5% of the members' aggregate salary, but not less than \$6,000 per year. Total service-related disability benefits are equal to the member's annual salary, but not less than \$15,000 per year. Aggregate salary may include up to five years of active military service credited at the average departmental salary. Aggregate salary for purposes of determining disability benefits may include salary that would have been earned had the participant served at least 25 years. An annual cost of living adjustment of 3.75% is granted to retirees and beneficiaries. For service-connected total disability retirees, the adjustment begins at age 65.

For SPRS, a member is eligible for normal retirement at age 50 with 25 years of service or age 52 with 20 years of credited service. A member retiring before age 52 with 20 years of credited service is eligible for a reduced benefit. The annual regular retirement benefit is equal to 2.75% of the final average salary multiplied by the years of service. Final average salary is the average of the five highest calendar years of earnings during the last ten years of earnings. Annual retirement annuity adjustments are 1% for regular retirement and are payable on July 1 of each year after the member reaches 63 years of age.

For JRS, members who were elected or appointed to the bench prior to July 2, 2005, are eligible for normal retirement after reaching 24 years of service, of which at least 12 years were as a sitting judge or justice, 16 years of service at age 65, of which at least 12 years were as a sitting judge or justice, or 8 full years of service at age 65. A member who was appointed or elected to the bench on or after July 2, 2005, is eligible for normal retirement upon the attainment of 24 years of service, of which at least 14 years were as a sitting judge or justice, or 16 years of service at age 65, of which 14 years were as a sitting judge or justice. A member on the bench prior to July 2, 2005, is eligible for a deferred benefit upon termination of service prior to normal retirement, provided the member completes 16 years of service, of which 12 years of service were as a sitting judge or justice. A member of the bench on or after July 2, 2005, is eligible for a deferred benefit upon termination of service prior to normal retirement, provided the member completes 16 years of service, of which 14 years of service were as a sitting judge or justice.

Plan membership consisted of the following as of the plan valuation date, June 30, 2019:

	<u>SPDDRS</u>	<u>SPRS</u>	<u>JRS</u>
Retirees and beneficiaries currently receiving benefits	759	33	58
Terminated members entitled to benefits but not yet receiving them	4	17	-
Terminated nonvested members	1	125	2
Active members	<u>20</u>	<u>570</u>	<u>74</u>
Total	<u>784</u>	<u>745</u>	<u>134</u>

Funding Policy

Funding policies for all the Plans have been established and changed from time to time by action of the State Legislature. Actuarial valuations are performed to assist the Legislature in determining appropriate contribution rates. As a condition of participation in the Plans, employers and/or employees are required to contribute certain percentages of salaries and wages as authorized by statute and specified by CPRB. The following schedule summarizes each defined benefit plan's required contribution rates at June 30, 2019:

Statutory Contribution Rates as a Percent of Covered Payroll

<u>System</u>	<u>Member</u>	<u>Employer</u>
PERS	4.5% - 6.0%	10.0%
TRS	6.0%	15.0% State 15.0% Counties
SPDDRS	9.0%	15.0%
SPRS	12.0%	14.0%
JRS	7.0%	Appropriated by the Legislature

The State's required and actual contributions for the year ended June 30, 2019, were (expressed in thousands):

<u>System</u>	<u>Actual Contribution</u>
PERS	\$98,502
TRS	447,830
SPDDRS	15,595
SPRS	4,556
JRS	779

Special Funding Situation

The State is a non-employer contributing entity that provides funding through the School Aid Formula (SAF) to subsidize employer contributions of county boards of education and to fund the unfunded liability of TRS for all participating employers. These amounts qualify as a special funding situation in accordance with GASB 68. The State assumes a share of the net pension liability on behalf of the various county boards of education for contributions related to the SAF. The State also assumes a share of the net pension liability on behalf of all participating employers for contributions related to funding of the non-employer contributing entity unfunded liability. The State reports a liability, deferred outflow of resources and deferred inflow of resources, and expense as a result of its requirement to contribute to the TRS plan.

The State Supreme Court has required the State to fund the TRS in an actuarially sound manner to eliminate the unfunded liability over a 40-year period beginning on July 1, 1994, and to meet the cash flow requirements of the TRS in fulfilling its future anticipated obligations to its members. The State Supreme Court has further ordered the State, through the Governor, to require the appropriate funding should the State Legislature fail to do so. Since this ruling, the Legislature has supplemented the funding of the TRS to meet this special funding situation requirement in the amount of \$320,214,000 for FY 2018, which is exclusive of the SAF appropriation.

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

The State's net pension asset (liability), deferred outflows of resources, deferred inflows of resources and pension expense relating to the governmental, business-type, fiduciary, and component units' activities for the PERS plan, governmental and component units' activities for the TRS plan, and governmental activities for the single employer plans are as follows for June 30, 2019 (expressed in thousands):

<u>Description</u>	<u>PERS</u>	<u>TRS</u>	<u>Single Employer Plans</u>	<u>Total</u>
Net Pension Liability	\$ (171,404)	\$(2,962,800)	\$ 23,389	\$ (3,110,815)
Deferred Outflows of Resources	19,500	368,852	10,644	398,996
Deferred Outflows of Resources – Contributions after measurement date	98,502	447,830	20,930	567,262
Deferred Inflows of Resources	(117,086)	(460,909)	(39,165)	(617,160)
Pension Expense	16,860	226,863	(12,476)	231,247

At June 30, 2019, the State reported a net pension liability of \$3,134,204,000 for its proportionate share of the multiple-employer, cost-sharing plans, which were measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to the measurement date of June 30, 2018. The pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense are allocated to the internal service funds of the State. The State's proportionate share of the net pension liability for the PERS and TRS was based on the State's share of contributions to the pension plan relative to the contributions of all employers participating in PERS and TRS for the year ended June 30, 2018.

The State's proportionate share of the net pension liabilities for the PERS and TRS plans determined by the actuarial valuation as of June 30, 2017, was \$288,670,000 (66.88%) and \$3,252,334,000, including a special funding situation (94.13%), respectively. At June 30, 2018, the State's proportionate share of the net pension liability for the PERS and TRS plans was \$171,404,000 (66.37%) and \$2,962,800,000, including a special funding situation (94.89%), respectively. The State's proportionate share for FY 2018 has decreased by 0.51% for the PERS and increased by 0.76% for the TRS plan, which results in a change in net pension liability of \$117,266,000 and \$289,534,000 related to PERS and TRS, respectively.



West Virginia

The State's amounts for net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense were allocated to the governmental, business-type, fiduciary, and component units' activities based on each reporting unit's share of the State's employer contributions to the PERS and TRS plans. The pension-related amounts for primary government, fiduciary and component units are as follows:

PERS (expressed in thousands):

	<u>Governmental Activities</u>	<u>Water Pollution</u>	<u>Infrastructure</u>
Proportionate share of statewide amount	81.89%	0.10%	0.02%
Net pension liability	\$ (140,377)	\$ (164)	\$ (40)
Pension expense	13,436	(24)	20
Deferred outflows of resources representing contributions subsequent to the measurement date	80,120	86	32
Deferred outflows of resources representing the changes in employer proportion	9,593	—	—
Deferred outflows of resources representing difference between expected and actual experience	6,964	8	2
Net deferred inflows of resources representing the difference between projected/actual earnings on investments	(82,608)	(96)	(24)
Deferred inflows of resources representing the changes in employer proportion	(12,732)	(11)	(12)
Deferred inflows of resources representing change in assumptions	(1)	—	—
Deferred inflows of resources representing the difference between expected and actual experience	(1,905)	—	—
Amortization of applicable deferred amounts in current period	(80,689)	(99)	(34)
Amortization of applicable deferred amounts in future periods:			
2020	9,512	7	(4)
2021	(13,623)	(17)	(8)
2022	(62,368)	(73)	(18)
2023	(14,210)	(16)	(4)
Sensitivity Analysis:			
Net pension liability at 6.5% discount rate	(565,327)	(660)	(163)
Net pension liability at 7.5% discount rate	(140,377)	(164)	(40)
Net pension asset (liability) at 8.5% discount rate	219,124	256	(63)

<u>PEIA</u>	<u>BRIM</u>	<u>Nonmajor Business-type</u>	<u>Total Business-type</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>	<u>Total</u>
0.14%	0.15%	0.31%	0.72%	0.08%	17.31%	100%
\$(239)	\$(249)	\$(528)	\$(1,220)	\$ (131)	\$ (29,676)	\$ (171,404)
35	5	40	76	12	3,336	16,860
148	142	309	717	78	17,587	98,502
171	219	27	417	94	892	10,996
12	12	26	60	7	1,473	8,504
(140)	(146)	(310)	(716)	(77)	(17,437)	(100,838)
(171)	(53)	(84)	(331)	(94)	(1,061)	(14,218)
—	—	—	—	—	(26)	(27)
(1)	(1)	(1)	(3)	—	(95)	(2,003)
(129)	31	(342)	(573)	(70)	(16,254)	(97,586)
19	61	16	99	10	1,923	11,544
(21)	20	(58)	(84)	(11)	(2,741)	(16,459)
(103)	(66)	(248)	(508)	(57)	(12,577)	(75,510)
(24)	16	(52)	(80)	(12)	(2,859)	(17,161)
(961)	(1,002)	(2,123)	(4,909)	(528)	(119,511)	(690,275)
(239)	(249)	(528)	(1,220)	(131)	(29,676)	(171,404)
372	388	823	1,776	205	46,323	267,428

Deferred outflows of resources and deferred inflows of resources related to the PERS pension were from the following sources (expressed in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ —	\$ (100,838)
Changes in proportion and difference between employer contributions and proportionate share of contributions	10,996	(14,218)
Difference between expected and actual experience	8,504	(2,003)
Change in assumptions	—	(27)
Contributions made subsequent to the measurement date	<u>98,502</u>	<u>—</u>
Total	<u>\$ 118,002</u>	<u>\$ (117,086)</u>

Deferred outflows of resources of \$98,502,000 related to pensions are the result of contributions made subsequent to the measurement date of June 30, 2018, and will be recognized as a reduction of the net pension liability in the subsequent fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (expressed in thousands):

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 11,544
2021	(16,459)
2022	(75,510)
2023	(17,161)

TRS including special funding situation (expressed in thousands):

	Governmental	Component	
	<u>Activities</u>	<u>Units</u>	<u>Total</u>
Proportionate share of statewide amount	99.52%	0.48%	100%
Net pension liability	\$ (2,948,572)	\$ (14,228)	\$ (2,962,800)
Pension expense, net of interfund special funding situation	225,063	1,800	226,863
Deferred outflows of resources representing contributions subsequent to the measurement date	446,029	1,801	447,830
Deferred outflows of resources representing the changes in employer proportion	254,737	754	255,491
Deferred outflows of resources representing the net difference between expected and actual experience	21,206	96	21,302
Deferred outflows of resources representing difference in assumptions	91,618	441	92,059
Deferred inflows of resources representing net difference between projected and actual earnings on investments	(153,511)	(737)	(154,248)
Deferred inflows of resources representing the changes in employer proportion	(238,707)	(8,221)	(246,928)
Deferred inflows of resources representing the net difference between expected and actual experience	(59,449)	(284)	(59,733)
Amortization of applicable deferred amounts in current period	(84,106)	(7,951)	(92,057)
Amortization of applicable deferred amounts in future periods:			
2020	(13,078)	(1,237)	(14,315)
2021	19,573	1,850	21,423
2022	(72,385)	(6,843)	(79,228)
2023	(19,127)	(1,808)	(20,935)
2024	911	87	998
Sensitivity Analysis:			
Net pension liability at 6.50% discount rate	(3,980,040)	(19,197)	(3,999,237)
Net pension liability at 7.50% discount rate	(2,948,572)	(14,228)	(2,962,800)
Net pension liability at 8.50% discount rate	(2,066,752)	(9,969)	(2,076,721)

Deferred outflows of resources and deferred inflows of resources related to the TRS pension plan were from the following sources (expressed in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ —	\$ (154,248)
Changes in proportion and difference between employer and proportionate share of contributions	255,491	(246,928)
Difference in expected and actual experience	21,302	(59,733)
Difference in assumptions	92,059	—
Contributions made subsequent to the measurement date	<u>447,830</u>	<u>—</u>
Total	<u>\$ 816,682</u>	<u>\$ (460,909)</u>

Deferred outflows of resources of \$447,830,000 related to pensions are the result of contributions made subsequent to the measurement date of June 30, 2018, and will be recognized as a reduction of the net pension liability in the subsequent fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (expressed in thousands):

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ (14,315)
2021	21,423
2022	(79,228)
2023	(20,935)
2024	998

As of June 30, 2019, the State reported a net pension asset and a net pension liability of \$89,666,000 and \$66,277,000, respectively, for the single employer plans, which were measured as of June 30, 2018. The total pension liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to the measurement date of June 30, 2018. The amounts for net pension asset, net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense were allocated to reporting units related to governmental activities based on each reporting unit's employer contributions to the SPDDRS, SPRS, and JRS plans.

Single Employer Plans (expressed in thousands):

	<u>SPRS</u>	<u>SPDDRS</u>	<u>JRS</u>	<u>Total</u>
Net pension asset/(liability)	\$ 6	\$ (66,277)	\$ 89,660	\$ 23,389
Pension expense	3,430	(4,246)	(11,660)	(12,476)
Deferred outflows of resources representing contributions subsequent to the measurement date	4,556	15,595	779	20,930
Deferred outflows of resources representing the change in assumptions	8,774	—	771	9,545
Deferred outflows of resources representing the difference between expected and actual experience	1,099	—	—	1,099
Deferred inflows of resources representing the difference between expected and actual experience	(3,893)	—	(9,648)	(13,541)
Deferred inflows of resources representing the net difference between projected and actual earnings on pension plan investments	(4,901)	(15,311)	(5,412)	(25,624)
Amortization of applicable deferred amounts in current period	1,079	(15,311)	(14,289)	(28,521)
Amortization of applicable deferred amounts in future periods:				
2020	712	1,733	(3,754)	(1,309)
2021	(160)	(2,594)	(3,729)	(6,483)
2022	(2,181)	(11,752)	(4,888)	(18,821)
2023	156	(2,698)	(1,856)	(4,398)
2024-2027	2,552	—	(62)	2,490
Sensitivity Analysis:				
Net pension asset/(liability) 6.5%	(33,729)	(162,878)	76,829	(119,778)
Net pension asset/(liability) 7.5%	6	(66,277)	89,660	23,389
Net pension asset/(liability) 8.5%	27,000	12,570	100,511	140,081

**Changes in the Net Pension Liability (Asset)
(Expressed in Thousands):**

<u>SPDDRS</u>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 6/30/2017	\$ 741,892	\$ 641,585	\$ 100,307
Changes for the year:			
Service cost	931	—	931
Interest	54,004	—	54,004
Difference between expected and actual experience	(2,218)	—	(2,218)
Change in assumptions	—	—	—
Contributions – employer	—	24,829	(24,829)
Contributions – employee	—	186	(186)
Net investment income	—	60,939	(60,939)
Benefit payments	(45,529)	(45,529)	—
Administrative expense	—	(61)	61
Other changes	—	691	(691)
Net changes	7,188	41,055	(33,867)
Prior period adjustment	—	163	(163)
Balances at 6/30/2018	<u>\$ 749,080</u>	<u>\$ 682,803</u>	<u>\$ 66,277</u>

<u>SPRS</u>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at 6/30/2017	\$ 173,248	\$ 166,688	\$ 6,560
Changes for the year:			
Service cost	7,617	—	7,617
Interest	13,496	—	13,496
Difference between expected and actual experience	(3,610)	—	(3,610)
Change in Assumptions	—	—	—
Contributions – employer	—	4,205	(4,205)
Contributions – employee	—	3,621	(3,621)
Net investment income	—	16,303	(16,303)
Benefit payments	(1,842)	(1,842)	—
Administrative expense	—	(60)	60
Other	—	—	—
Net changes	15,661	22,227	(6,566)
Balances at 6/30/2018	<u>\$ 188,909</u>	<u>\$ 188,915</u>	<u>\$ (6)</u>

<u>JRS</u>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/2017	\$ 113,726	\$ 189,956	\$ (76,230)
Changes for the year:			
Service cost	2,587	—	2,587
Interest	8,539	—	8,539
Difference between expected and actual experience	(6,054)	—	(6,054)
Change in assumptions	962	—	962
Contributions – employer	—	735	(735)
Contributions – employee	—	364	(364)
Net investment income	—	18,373	(18,373)
Benefit payments	(4,932)	(4,932)	—
Administrative expense	—	(8)	8
Other changes	—	—	—
Net changes	<u>1,102</u>	<u>14,532</u>	<u>(13,430)</u>
Balances at 6/30/2018	<u>\$ 114,828</u>	<u>\$ 204,488</u>	<u>\$ (89,660)</u>

Actuarial Methods and Assumptions

The total pension liabilities for financial reporting purposes were determined by an actuarial valuation as of July 1, 2017, rolled forward to June 30, 2018, using the actuarial assumptions and methods.

Significant assumptions used in the actuarial valuations are as follows:

	<u>PERS</u>	<u>TRS</u>	<u>SPDDRS</u>
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Asset valuation method	4-year, 25% level smoothing of gain or (loss). Gain or (loss) is determined as the actual return on market value during the period less the expected return on the actuarial value of assets	4-year, 25% level smoothing of gain or (loss). Gain or (loss) is determined as the actual return on market value during the period less the expected return on the actuarial value of assets	Market value
Amortization method	Level dollar, fixed period	Level dollar, fixed period	Level dollar, fixed period
Amortization period	Through FY 2035	Through FY 2034	Through FY 2025
Actuarial assumptions:			
Investment rate of return	7.5%	7.5%	7.5%
Projected salary increases:			
PERS:			
State	3.0% – 4.6%	—	—
Nonstate	3.35% – 6.0%	—	—
TRS:			
Teachers	—	3.00% – 6.00%	—
Non-Teachers	—	3.00% – 6.50%	—
SPDDRS:	—	—	4.0%
Inflation rate	3.0%	3.0%	3.0%
Discount rate	7.5%	7.5%	7.5%
Mortality rates	Working Participants – RP-2000 non-annuitant tables, projected with Scale AA on a fully generational basis; Retired Healthy males – 110% RP-2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Retired Healthy females – 101% RP-2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Retired Disabled males – 96% RP-2000 disabled annuitant table, projected with Scale AA on a fully generational basis; Retired Disabled females – 107% RP-2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	Active–RP-2000 non-annuitant mortality table, projected with Scale AA on a fully generational basis; Retired Healthy males – 97% of RP-2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Retired Healthy females – 94% of RP-2000 healthy annuitant table, projected with Scale AA on a fully generational basis; Retired Disabled males – 96% of RP-2000 disabled annuitant table, projected with Scale AA on a fully generational basis; Retired Disabled females – 101% of RP-2000 disabled annuitant table, projected with Scale AA on a fully generational basis.	Active – RP-2014 total employee mortality table, rolled back to 2006 and projected with Scale MP-2016 on a fully generational basis; retired healthy males – 103% of RP-2014 healthy annuitant mortality table, rolled back to 2006 and projected with Scale MP-2016 on a fully generational basis; retired healthy females – RP-2014 healthy annuitant mortality table, rolled back to 2006 and projected with Scale MP-2016 on a fully generational basis; disabled – RP-2014 disabled retiree mortality table, rolled back to 2006 and projected with Scale MP-2016 on a fully generational basis.
Withdrawal rates:			
State	1.75% - 35%	Teachers: 0.8% - 35%	0.0% - 2.67%
Nonstate	2% - 35.9%	Non-teachers: 1.3% - 24.75%	
Disability rates	0.0% - 0.7%	0.0% - 0.7%	.04% - 0.4%
Retirement rates	12% - 100%	0% - 100%	25% - 100%
Date range of most recent experience study	2009 – 2014	2010 - 2015	2011 - 2016

	<u>SPRS</u>	<u>JRS</u>
Actuarial cost method	Entry age normal	Entry age normal
Actuarial valuation method	Market value	Market value
Amortization method	Level dollar, fixed period	Level dollar, fixed period
Amortization period	Through FY 2026	Through FY 2018
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	4.0%	4.25%
Inflation rate	3.0%	3.0%
Discount rate	7.5%	7.5%
Mortality rates	Active – RP-2014 total employee mortality table, rolled back to 2006 and projected with Scale MP-2016 on a fully generational basis; retired healthy males – 103% of RP-2014 healthy annuitant mortality table, rolled back to 2006 and projected with Scale MP-2016 on a fully generational basis; retired healthy females – RP-2014 healthy annuitant mortality table, rolled back to 2006 and projected with Scale MP-2016 on a fully generational basis; disabled – RP-2014 disabled retiree mortality table, rolled back to 2006 and projected with Scale MP-2016 on a fully generational basis.	Active – N/A – retired healthy males – 103% of RP-2014 healthy annuitant mortality table, rolled back to 2006 and projected with Scale MP-2016 on a fully generational basis; retired healthy females – RP-2014 healthy annuitant mortality table, rolled back to 2006 and projected with Scale MP-2016 on a fully generational basis; disabled – RP-2014 disabled retiree mortality table, rolled back to 2006 and projected with Scale MP-2016 on a fully generational basis.
Withdrawal rates	0.0% - 5.7%	—
Disability rates	.04% - 0.4%	—
Retirement rates	20% - 100%	5.0% - 100%
Date range of most recent experience study	2006-2011	2011-2016

Long-Term Expected Rates of Return

The long-term geometric rates of return on pension plan investments were determined using the building-block method in which estimates of expected real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Rates summarized in the following table include the inflation component and were used for all defined benefit plans as of June 30, 2019:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>	<u>Target Allocation</u>
Domestic Equity	5.8%	27.5%
International Equity	7.7%	27.5%
Fixed Income	3.3%	15.0%
Real Estate	6.1%	10.0%
Private Equity	8.8%	10.0%
Hedge Funds	4.4%	<u>10.0%</u>
Total		<u>100.0%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.5% for all defined benefit plans. The projections of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position of each defined benefit pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities of each plan. The discount rate used to measure the total pension liability did not change for the June 30, 2017 valuation from the June 30, 2016 valuation.

Detailed pension plan fiduciary net position for all pension plans are available in a separately issued Consolidated Public Retirement Board annual financial report and each plan has its own Audited Schedules of Employer Allocations and Pension Amounts by Employer report.

Defined Contribution Plans

The Teachers' Defined Contribution Retirement System (TDCRS)

TDCRS, administered by the Consolidated Public Retirement Board, is a multiple-employer defined contribution retirement system primarily covering the full-time employees of the State's 55-county public school systems, the State Department of Education, the School for the Deaf and the Blind, and the Marshall University Research Corporation who were hired between July 1, 1991, and June 30, 2005. TDCRS members also include former TRS plan members, including higher education employees, who have elected to participate in the TDCRS plan. There are approximately 4,177 and 4,302 members in the TDCRS plan at June 30, 2019, and 2018, respectively. TDCRS retirement benefits depend solely on amounts contributed to the plan plus investment earnings. TDCRS closed participation to new members effective June 30, 2005.

State legislation requires enrolled employees to contribute 4.5% of their gross compensation, and the employers contribute 7.5% of covered members' gross compensation from amounts allocated to the employers through the State School Aid Formula. Employer contributions for each employee (and interest allocated to the employee's account) become partially vested after six years and fully vested after 12 years of completed service. Employer contributions and earnings thereon forfeited by employees who leave employment prior to becoming vested are available, in the event the employee does not return to active participant status within five years, to reduce the employer's current-period contribution requirement. Any such forfeitures arising from contributions, plus earnings thereon, will be used to reduce future employer contributions.

The TDCRS investments are held and managed by an investment company as the third-party administrator for the plan. As prescribed by West Virginia Code, the TDCRS investments are placed in participant accounts and the participants direct the investment of their account by selecting from a list of plan mutual funds or a long-term fixed investment option. The TDCRS provides members with a choice of twenty separate investment options made up of a fixed income, balanced, large cap, mid cap, small cap, and international mutual funds, a money market fund, and a fixed annuity. The State currently does not have specific

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overall policies addressing limitations on specific risk types, such as credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk.

The TDCRS investments are carried at fair value (except for fully benefit-responsive investment contracts, which are reported at contract value) as determined by a third-party pricing service utilized by an investment management company. For fully benefit-responsive investment contracts, contract value is the relevant measure for the portion of investments attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the plan. Investment income for the TDCRS is determined monthly and distributed to the individual participant accounts.

Custodial Credit Risk - Cash Deposits

The TDCRS' cash deposits with financial institutions were approximately \$379 thousand at June 30, 2019. These deposits, which had a bank balance of approximately \$379 thousand, are either insured by the Federal Deposit Insurance Corporation or collateralized with securities held in TDCRS' name by its agents.

Interest Rate Risk

As of June 30, 2019, the TDCRS had the following investments and maturities (expressed in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Mutual Funds	\$549,650	\$549,650	\$ —	\$ —

For the year ended June 30, 2019, the approximate payroll of state employees covered by TDCRS was \$136 million, and total covered payroll for both the TDCRS and TRS was approximately \$1.6 billion. Both the employees and employers made the required contributions amounting to \$6.1 million and \$10.2 million or approximately 4.5% and 7.5% of covered payroll, respectively.

Teachers Insurance and Annuity Association

The Teachers Insurance and Annuity Association and/or College Retirement Equities Fund (TIAA-CREF), a privately administered multiple-employer defined contribution retirement plan, provides individual retirement fund contracts for each eligible participating employee. Eligible employees consist mainly of state college/university faculty and staff. For the year ended June 30, 2018, contributions were approximately \$47.6 million from the covered employees and approximately \$47.7 million from the 13 participating institutions from the State of West Virginia.

Benefits to retired employees are generally based on the value of the individual contracts and the estimated life expectancy of the employee at retirement and are fully vested from the date of employment. The total annual required contribution and the amount paid is 3% or 6% of the employee's annual salary and is established by the Board of Trustees of the University System of West Virginia and the Board of Directors of the State College System. The State has no further liability once annual contributions are made.

Great-West Retirement Services

Higher education employees enrolled in the basic 401(a) retirement plan with TIAA-CREF have a one-time option to switch to the New Educators Money 401(a) basic retirement plan, administered by Great-West Retirement Services. New hires have the choice of either plan. For the year ended June 30, 2019, contributions were approximately \$755 thousand from the covered employees and \$755 thousand from the 13 participating institutions from the State of West Virginia.



NOTE 13

OTHER POSTEMPLOYMENT BENEFITS

General

In addition to the pension benefits described in Note 12, the State provides certain health care and other insurance benefits, in accordance with state statutes, for retired employees. Substantially all employees hired prior to July 1, 2001, may become eligible for these benefits if they reach normal retirement age while working for the State. State employees earn sick-leave benefits, which accumulate, but do not vest. Eligible employees may convert, at the time of retirement, any unused accumulated sick leave to pay a portion of the employee's postemployment health care insurance premium. If this option is not selected, the leave amount may be applied toward an increase in the employee's retirement benefits, with such sick leave constituting additional credited service in the computation of such benefits. The unused portion of sick leave that is expected to be converted to additional credited service for retirement benefits is considered in the actuarial valuation used to calculate the total pension liability.

The State provides health care credits against monthly health insurance premiums of certain retirees based on various factors, including unused sick leave at the time of retirement. According to West Virginia State Code, employees hired prior to June 30, 1988, can receive health care credit against 100% of their health care coverage. Employees hired between June 30, 1988, and July 1, 2001, can receive health care credits against 50% of their health care cost. Employees hired July 1, 2001, or later, may not convert sick leave into a health care benefit.

In addition to the pension benefits allowing certain retirees to convert sick leave to health care premiums, state statutes provide that employees who retire may continue participation in the State's health insurance plan subject to certain length of service and participation requirements. Such employees are eligible to participate in the public employees' insurance program by making the premium contribution specified by the Public Employees Insurance Agency (PEIA) Finance Board. Approximately 42,435 retirees, 8,906 inactive plan members, and 43,398 active plan members met those eligibility requirements at June 30, 2019.

During February 2012, Senate Bill No. 419 was passed granting Other Postemployment Benefits Liability relief to the State's 55 county boards of education effective July 1, 2012. The law, in effect, requires the State to cover any amount of the respective employers' annual required contribution allocated and billed to the county boards of education on or after July 1, 2012, and any amount of the employer annual required contribution allocated and billed to the county boards of education prior to that date for employees who are employed as professional employees, as service personnel, or as professional student support personnel within the limits authorized by this law. In compliance with Senate Bill No. 419 for fiscal year 2012, the Retiree Health Benefit Trust Fund (RHBT) transferred \$715 million in annual required contribution liability from the county boards of education to the State.

Plan Description

The State established the RHBT under West Virginia Code §5-16D-2, an irrevocable trust, to account and report for the other postemployment benefits (OPEBs) provided under the multiemployer cost-sharing plan. PEIA administers the plan. The legislation requires the RHBT to determine, through an actuarial study, the contractually required contribution (CRC) which shall be sufficient to maintain the RHBT in an actuarially sound manner. The CRC, which is reviewed and approved by the PEIA Finance Board, shall be allocated to the 703 respective employers who are required by law to remit at least the minimum annual premium component of the CRC.

The RHBT provides the following basic retiree benefit coverage to all participants: hospital, surgical, group major medical, basic group life, and prescription drug coverage for retired employees of the State and various nonstate governmental agencies and their dependents. Plan benefits are established and revised by PEIA and RHBT management with the approval of their Finance Board.

Basis of Accounting

The RHBT is included in the fiduciary funds financial statements. Accordingly, the basic financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America for governmental entities as prescribed or permitted by the GASB. Revenues are derived mainly from contributions from plan members and employers. Members' contributions are recognized in the period in which the contributions are due. Employers' contributions to the RHBT are recognized pursuant to a legal requirement, when there is a reasonable expectation of collection. Benefits and refunds are recognized when due and payable. RHBT cash and cash equivalents principally consist of the deposits in the Board of Treasury Investments (BTI) pooled funds recorded at fair value, as more fully described in Note 4.

Funding Policy

West Virginia Code section 5-16D-6 also assigns to the PEIA Finance Board the authority to establish and amend contribution requirements of the plan members and the participating employers. Participating employers are required by statute to contribute at a rate assessed each year by the RHBT. The annual contractually required rate is the same for all participating employers.

Effective July 1, 2017, the Finance Board approved that opt-out employers (OPEB ineligible) were no longer required to pay a retiree subsidy contribution to RHBT, but instead would be responsible for the equivalent full active health PEIA premium. Accordingly, all payments received by opt-out employers subsequent to July 1, 2017, are recorded as PEIA premiums.

West Virginia Code §5-16-25 requires the Finance Board of PEIA to maintain a reserve of 10% of projected PEIA plan costs for general operation purposes and to provide future plan stability. In the event the reserve fund exceeds certain parameters specified in the Code, the excess is to be transferred to the RHBT, in accordance with Senate Bill No. 129, which became effective July 1, 2007. The provision of the Code was amended effective March 9, 2019, with the passage of House Bill 3139 removing the requirement that excess funds be transferred to RHBT.

The following schedule summarizes the plan’s required contribution rates at June 30, 2019:

Statutory Contribution Rates as a Percent of Covered-Employee Payroll

<u>System</u>	<u>Member</u>	<u>Employer</u>
PERS	4.5% - 6.0%	10.0%
TRS	6.0%	15.0% State 15.0% Counties

The State’s required and actual contributions for the year ended June 30, 2019, were (expressed in thousands):

<u>System</u>	<u>Actual Contribution</u>
OPEB	\$165,515

Special Funding

Senate Bill No. 419, effective July 1, 2012, amended West Virginia Code §11-21-96 by dedicating \$30 million to be transferred annually from personal income tax previously collected for payment of the unfunded liability of the Workers’ Compensation Fund (WCF) to the RHBT. Transfers will not commence until the WCF has been certified by the Governor to the Legislature as paid or provided for in its entirety. Thereafter, transfers will be made until the RHBT unfunded liability has been provided for in its entirety or July 1, 2037, whichever date is later. The aforementioned \$30 million transfers commenced in 2017. In addition, Senate Bill No. 1013 transferred \$5 million, permitting the RHBT to offset retiree premiums for the current fiscal year.

In December 2011, the PEIA Finance Board passed a finance plan that placed a 3% cap on the amount participating employers will now pay in retiree premium subsidy annual increases. By this action, the employer is no longer exposed to ever-increasing trends in health care costs, significantly reducing future retiree premium subsidy costs.

OPEB Assets, OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The State reported a net OPEB liability, including the county school boards, at June 30, 2019, of \$1,644,412,000, including a special funding situation of the net OPEB liability (76.65%) for its proportionate share which was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was determined using update procedures applied to the actuarial valuation as of June 30, 2017, rolled forward to the measurement date of June 30, 2018. The OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense are allocated to the internal service funds of the State. The State's proportionate share of the net OPEB liability was based on the State's share of contributions to the OPEB plan relative to the contributions of all employers participating for the year ended June 30, 2018.

The State's proportionate share of the net OPEB liability at June 30, 2018, determined by the actuarial valuation measured as of June 30, 2017, was \$1,940,146,000, including a special funding situation (78.90%). The State's proportionate share for FY 2019 has decreased by 2.25%; this decrease results in a change in net OPEB liability of \$295,734,000.



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The State's amounts for net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense were allocated to the governmental, business-type, fiduciary, and component units' activities based on each reporting unit's share of the State's employer contributions to the OPEB plan. The OPEB-related amounts for primary government, fiduciary funds and component units are as follows (expressed in thousands):

	<u>Governmental Activities</u>	<u>Water Pollution</u>	<u>Infrastructure</u>
Proportionate share of statewide amount	78.85%	0.04%	0.00%
Net OPEB liability	\$ (1,296,539)	\$ (617)	\$ (36)
OPEB expense	100,909	153	(16)
Deferred outflows of resources representing contributions subsequent to the measurement date	132,573	58	3
Deferred outflows of resources representing the changes in employer proportion	262,385	5	4
Net deferred inflows of resources representing the difference between projected/actual earnings on investments	(23,913)	(11)	(1)
Deferred inflows of resources representing the changes in employer proportion	(211,110)	(76)	(9)
Deferred inflows of resources representing change in assumptions	(128,942)	(62)	(3)
Deferred inflows of resources representing the difference between expected and actual experience	(20,364)	(9)	(1)
Total of deferred amounts subject to amortization	(121,944)	(153)	(10)
Amortization of applicable deferred amounts in future periods:			
2020	(27,212)	(50)	(3)
2021	(27,212)	(50)	(3)
2022	(44,767)	(41)	(3)
2023	(22,753)	(12)	(1)
Sensitivity Analysis:			
Net OPEB liability at 6.15% discount rate	(1,523,823)	(725)	(42)
Net OPEB liability at 7.15% discount rate	(1,296,539)	(617)	(36)
Net OPEB liability at 8.15% discount rate	(1,107,073)	(527)	(30)
Net OPEB liability at 1% decrease of healthcare cost trend rate	(1,072,815)	(510)	(30)
Net OPEB liability at healthcare cost trend rate	(1,296,539)	(617)	(36)
Net OPEB liability at 1% increase of healthcare cost trend rate	(1,569,137)	(747)	(43)

<u>PEIA</u>	<u>BRIM</u>	<u>Nonmajor Business-type</u>	<u>Total Business-type</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>	<u>Total</u>
0.04%	0.03%	0.12%	0.23%	0.02%	20.90%	100%
\$(699)	\$(470)	\$(1,897)	\$(3,719)	\$ (393)	\$ (343,761)	\$ (1,644,412)
15	47	151	350	36	(14,298)	86,977
64	44	174	343	34	32,565	165,515
36	21	63	129	35	15,584	278,133
(13)	(9)	(35)	(69)	(7)	(6,095)	(30,084)
(94)	(46)	(274)	(499)	(51)	(46,442)	(258,102)
(70)	(47)	(190)	(372)	(39)	(34,359)	(163,712)
(10)	(7)	(28)	(55)	(6)	(5,582)	(26,007)
(151)	(88)	(464)	(866)	(68)	(76,894)	(199,772)
(51)	(29)	(149)	(282)	(18)	(17,221)	(44,733)
(51)	(29)	(149)	(282)	(18)	(17,221)	(44,733)
(41)	(24)	(125)	(234)	(18)	(28,154)	(73,173)
(8)	(6)	(41)	(68)	(14)	(14,298)	(37,133)
(822)	(552)	(2,230)	(4,371)	(462)	(404,023)	(1,932,679)
(699)	(470)	(1,897)	(3,719)	(393)	(343,761)	(1,644,412)
(597)	(401)	(1,620)	(3,175)	(336)	(293,526)	(1,404,110)
(579)	(389)	(1,570)	(3,078)	(325)	(284,444)	(1,360,662)
(699)	(470)	(1,897)	(3,719)	(393)	(343,761)	(1,644,412)
(846)	(569)	(2,296)	(4,501)	(476)	(416,037)	(1,990,151)

Deferred outflows of resources and deferred inflows of resources related to the OPEB as of June 30, 2019, were from the following sources (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ —	\$ (30,084)
Changes in proportion and difference between employer contributions and proportionate share of contributions	278,133	(258,102)
Difference between expected and actual experience	—	(163,712)
Change in assumptions	—	(26,007)
Contributions made subsequent to the measurement date	<u>165,515</u>	<u>—</u>
Total	<u>\$ 443,648</u>	<u>\$ (477,905)</u>

Deferred outflows of resources of \$165,515,000 related to OPEB are the result of contributions made subsequent to the measurement date of June 30, 2018, and will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (expressed in thousands):

<u>Year Ending June 30:</u>	<u>Amount</u>
2019	\$ (44,733)
2020	(44,733)
2021	(73,173)
2022	(37,133)

Actuarial Methods and Assumptions

The total OPEB liability for financial reporting purposes was determined by an actuarial valuation as of July 1, 2017, rolled forward to June 30, 2018, using update procedures applied to the actuarial assumptions and methods. The projections of the net OPEB liability are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. Consideration is to be given to the written plan document as well as other communications between the employer and plan members and an established pattern of practice for cost sharing.

Significant assumptions used in the actuarial valuations are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Amortization period	20-year closed period as of June 30, 2017
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.15%, net of OPEB plan investment expense, including inflation
Inflation rate	2.75%
Salary increases	Dependent upon pension system. Ranging from 3.00% to 6.50%, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2016, actuarial valuation.
Mortality rates	Post-retirement: RP-2000 healthy annuity mortality table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2014 healthy annuitant mortality table projected with Scale MP-2016 for Troopers A and B. Pre-retirement: RP-2000 non-annuitant mortality table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2014 non-annuitant mortality table projected with Scale MP-2016 on fully generational basis for Troopers A and B.
Healthcare cost trend rates	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 10.00% for pre- and post-Medicare, respectively, and gradually decreases to an ultimate trend of 4.50%. Excess trend rate of 0.13% and 0.00% for pre- and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the excise tax.
Aging factors	Based on the 2013 SOA Study “Health Care Costs – From Birth to Death”
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the annual expense.
Date range in most recent experience study	Actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2011 – June 30, 2015.

Long-Term Expected Rates of Return

The long-term rates of return on OPEB plan investments were determined using the building-block method in which estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) were developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of long-term geometric rates are summarized in the following tables and include the inflation component as of June 30, 2017:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity	7.5%
International Non-Qualified	(2.5)%
International Equity	(0.6)%
Short-Term Fixed	2.2%
Total Return Fixed Income	7.4%
Core Fixed Income	8.3%
Hedge Fund	2.5%
Private Markets	12.8%
Cash	0.0%

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	27.5%
International Equity	27.5%
Fixed Income	15.0%
Real Estate	10.0%
Private Equity	10.0%
Hedge Funds	10.0%

Discount Rate

The single discount rate used to measure the total OPEB liability was 7.15%. The projections of cash flows used to determine the discount rates assumed that the RHBT contributions would be made at rates equal to the actuarially determined contribution rates, in accordance with pre-funding and investment policies. Future pre-funding assumptions include a \$30 million annual contribution from the State through 2037. Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 2036, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates. The discount rate used to measure the total OPEB liability did not change for the June 30, 2017, valuation from the June 30, 2016, valuation.

Plan Fiduciary Net Position

Plan fiduciary net position is measured at fair value.

Complete RHBT financial statements, including additional detailed disclosures, may be obtained directly from their administrative offices at Retiree Health Benefit Trust, 601 57th St., SE, Suite 2, Charleston, WV 25304 and at: https://peia.wv.gov/financial_reports.



NOTE 14

RISK MANAGEMENT

The State is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health and life coverage; and natural disasters. The State of West Virginia operates three significant insurance enterprise funds: Board of Risk and Insurance Management (BRIM), Public Employees Insurance Agency (PEIA), and Workers' Compensation Fund (WCF).

On March 12, 2011, the West Virginia Legislature created the State Entities Workers' Compensation Program Fund (SEWC) to provide a means of managing workers' compensation coverage for persons directly employed by the State of West Virginia. The SEWC functions as an insurance-purchasing risk pool and is administered by the Office of the Insurance Commissioner (OIC). On October 1, 2011, the OIC entered into a high-deductible insurance coverage policy with Zurich. Pursuant to the policy provisions, the SEWC retains the loss exposure up to \$250,000 per occurrence. The SEWC has provided for these losses by establishing a Loss Reserve Fund with Zurich. The SEWC had a total of \$13.1 million in unpaid claims and claim adjustment expenses at June 30, 2019.

Based on the composition and characteristics of these funds, the SEWC and AccessWV claim liabilities are not discounted.

The Patient Injury Compensation Fund (PICF) is an agency fund of the State, administered by BRIM. The balance of the PICF does not reflect claims until an award becomes final and all reasonable means of recovery have been exhausted. The PICF works on a "claims filed" basis and \$1.9 million was paid on seventeen claims filed in fiscal year 2019. There are fifteen claims pending totaling \$5.8 million as of June 30, 2019. The assets and liabilities as of June 30, 2019, are approximately \$2.1 million and \$5.8 million, respectively. The amount of settlements in the major insurance enterprise funds have not exceeded insurance coverage in the past three years.

Description of the Funds

Board of Risk and Insurance Management

BRIM provides a property and liability self-insurance program for its member agencies. BRIM has general supervision and control over the insurance of all state property, including that of the institutions of higher education and the discretely presented component units. In addition, the political subdivisions in the State and certain other charitable and public service organizations may request coverage by BRIM. Types of coverage provided by BRIM have been expanded over time to include medical malpractice, automobile liability, and coal mine subsidence reinsurance. At the end of the fiscal year, approximately 1,125 organizations participated in the BRIM risk pool.

Underwriting and rate-setting policies are established by BRIM. The cost of all coverage as determined by BRIM shall be paid by the participants. The BRIM risk pool retains a \$1 million per occurrence coverage maximum on all third-party liability claims. In the normal course of business, BRIM seeks to reduce the loss that may arise from catastrophes or other events that cause unfavorable operating results by reinsuring levels of risk in various areas of exposure with other insurance enterprises or reinsurers. Excess coverage under this program is limited to \$400 million per event, subject to limits on certain property. Reinsurance permits recovery of a portion of losses from reinsurers; however, it does not discharge the primary liability of BRIM as direct insurer of the risks insured. BRIM had reinsurance recovery at June 30, 2019, of \$0. BRIM does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. There have been no significant reductions in insurance coverage from the prior year.

Public Employees Insurance Agency

PEIA provides a program of health, life, and prescription insurance for its member agencies. PEIA provides coverage for all participating state employees, including those of the institutions of higher education and the discretely presented component units. In addition, the political subdivisions in the State and certain other charitable and public service organizations may request coverage by PEIA. PEIA's general objectives are to provide a basic employee benefit insurance program which includes hospital, surgical, major medical, prescription drug, basic life, and accidental death for all participating employers and employees. Underwriting and rate-setting policies are established by PEIA. The cost of all coverage, as determined by PEIA, shall be paid by the participants. Life insurance coverage is limited to \$500,000. Premiums are established by PEIA at varying rates dependent upon, among other things, coverage required, number of dependents, state vs. nonstate employees, and active employee vs. retired employee. PEIA retains all risks for the health and prescription features of its indemnity plan. PEIA has transferred the risks for health and prescription coverage for those individuals covered by the Managed Care Organization (MCO) Plan to the plan providers. PEIA has reinsured 100% of the basic life benefits; however, PEIA remains contingently liable in the event the insurer does not honor its obligation. PEIA presently charges equivalent premiums for participants in either the indemnity plan or the MCO Plan. Altogether, PEIA insures approximately 163,000 individuals, including participants and dependents.

Workers' Compensation Fund

The Workers' Compensation Commission (WCC) was an agency of the State of West Virginia from 1913 until 2005, which provided for the payment of benefits to all employees sustaining personal injuries in the course of, and as a result of, their covered employment. On December 31, 2005, the West Virginia WCC ceased to exist as a separate state entity and all regulatory duties for workers' compensation insurance transitioned to the Office of the West Virginia Insurance Commissioner (the Insurance Commissioner), as did the administrative oversight of certain assets and liabilities of the former WCC. On January 1, 2006, the former WCC became a private sector insurance company named BrickStreet Mutual Insurance Company (BrickStreet). BrickStreet's liabilities consist of all claims payment obligations (indemnity and medical expenses) for all claims, actual and incurred but not reported, with a date of injury on or after July 1, 2005. However,

any payments made on these claims before January 1, 2006, were incurred by the WCF and BrickStreet liabilities began with claims payments becoming due and owing on said claims on or after January 1, 2006.

The “workers’ compensation old fund” (Old Fund) was created for those funds transferred to the offices of the Insurance Commissioner and those funds due and owing the workers’ compensation fund as of June 30, 2005. The Old Fund assets and liabilities are the responsibility of the State and did not novate or otherwise transfer to BrickStreet. Disbursements from the Old Fund are related to the liabilities and appropriate administrative expenses necessary for the administration of all claims, actual and incurred but not reported, with a date of injury on or before June 30, 2005.

Senate Bill 1004 also created the “workers’ compensation uninsured employers’ fund,” “self-insured guaranty risk pool,” “self-insured security risk pool,” “private carrier guaranty fund,” and an “assigned risk fund” in the State’s treasury. An employer who has been granted self-insured status for workers’ compensation insurance coverage must post security with the Insurance Commissioner for an actuarially determined amount. Payments for injuries of defaulted self-insured employers incurred after July 1, 2004, will be made from the Self-Insured Guaranty Pool. Any self-insured employer who fails the analytical financial review will also be required to post security to the Guaranty Pool on any workers’ compensation liabilities incurred after July 1, 2004. The Self-Insured Guaranty Pool is funded through quarterly assessments to self-insured employers and the proceeds received from the security held. To the extent a self-insured employer cannot meet its obligations, the self-insured pools remain contingently liable for all policy benefits. The amount has not been included in the estimated liabilities for unpaid claims and claim adjustment expenses because the likelihood of future self-insured defaults cannot be estimated. For financial statement presentation purposes, these funds, as well as the “Old Fund,” are included as the Workers’ Compensation Fund (WCF) in the Proprietary Funds’ financial statements of the State.

Unpaid Claims Liabilities

The three major insurance funds establish claims liabilities based on estimates of the ultimate cost of claims (including future claims adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The estimates of the claims liabilities include amounts for nonincremental claims adjustment expense. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims liabilities does not result in an exact amount. As a result, there is at least a reasonable possibility that recorded estimates will change by material amounts in the near term. Accordingly, the actual incurred losses and loss adjustment expenses may vary significantly from the estimated amount included in the financial statements. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social

factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

Information concerning the changes in those aggregate liabilities for the past two fiscal years is shown in the following table (expressed in thousands):

	BRIM		PEIA		WCF	
	2019	2018	2019	2018	2019	2018
Unpaid claims and claims adjustment expense liability at beginning of year	\$ 167,001	\$ 164,919	\$ 67,605	\$ 64,649	\$1,457,200	\$1,518,000
Incurred claims and claims adjustments expense:						
Provision for insured events of the current fiscal year	69,092	72,033	532,325	513,426	32	211
Increase (decrease) in provision for insured events of prior fiscal years	11,077	(14,640)	(3,010)	5,070	71,363	45,904
Amortization of discount	—	—	—	—	58,682	61,427
Total incurred claims and claims adjustment expense	80,169	57,393	529,315	518,496	130,077	107,542
Payments:						
Claims and claims adjustment expense attributable to insured events of the current fiscal year	10,321	11,846	484,495	460,173	14	61
Claims and claims adjustment expense attributable to insured events of the prior fiscal years	45,871	43,465	47,528	55,367	152,563	168,281
Total payments	56,192	55,311	532,023	515,540	152,577	168,342
Total unpaid claims and claims adjustment expense liability, end of year	\$ 190,978	\$ 167,001	\$ 64,897	\$ 67,605	\$1,434,700	\$1,457,200

The above PEIA payments are net of pharmacy rebates of \$66,750 and \$50,827 for the years ended June 30, 2019, and June 30, 2018, respectively.

Neither BRIM nor PEIA discount their estimated claims liability. If BRIM's unpaid claims and claims adjustment expense liability were discounted using a 4% discount factor for 2019 to take into consideration the time value of money, the result would be a decrease in the liability and an increase in net position of approximately \$15.5 million as of June 30, 2019. The overall unpaid claim liability number includes a provision for allocated and unallocated claims adjustment expense. At June 30, 2019, the total undiscounted claims liability for WCF approximated \$2.08 billion. GASB standards provide that, if discounting is used, the pool should use a rate that is determined by giving consideration to such factors as the pool's expected settlement rate for those liabilities and its expected investment yield rate. Based on the expected investment yields on WCF's investment portfolio, the estimated liability for unpaid claims and claim adjustment expenses (claims liability) has been discounted using a blended rate of 4.5% and 3%, respectively. If discounting of the WCF claims liability was limited to anticipated investment income, the claims liability would have increased by approximately \$351 million to record approximately \$1.79 billion, and the WCF would report a total deficit increase of approximately \$340 million at June 30, 2019.

The OIC management believes the discounted liability for unpaid claims and claims adjustment expenses is adequate. However, due to the inherent variability of the assumptions used to estimate this liability, actual incurred losses and loss adjustment expenses may vary significantly from the estimated amount included in the WCF's financial statements.

Fund Deficit and Deficit Funding Plan for Workers' Compensation

In order to provide a solution to address the substantial deficit in the State's workers' compensation fund and to identify sources of revenue to achieve long-term solvency of the fund, the legislature passed Senate Bill 1004, which provided a plan for privatization of the State's workers' compensation system. To help reduce the workers' compensation fund deficit, Senate bill 362 was passed on April 8, 2017. This bill authorized redirection by Executive Order of 75% of the amounts collected from employer surcharges and assessments on worker's compensation insurance policies for periods prior to June 30, 2018, and authorized redirection of 75% of the amounts collected from certain deposits of revenues derived from lottery revenue for periods prior to June 30, 2018.

On March 9, 2018, HB 4628 was passed, which authorized the redirection of 75% of amounts collected for employer surcharges and assessments on workers' compensation insurance policies to be deposited into the General Revenue Fund.

As of June 30, 2019, there are no revenue sources dedicated to the elimination of the Old Fund deficit. Without the restoration of additional revenue, it is anticipated that the Old Fund deficit of \$401 million will continue to increase in future accounting periods.

Required Supplementary Information

Each of the three risk pools has issued separate, audited financial reports on its operations. Those reports include the required supplementary information concerning the reconciliation of claims liabilities by type of contract, if applicable, and ten-year claim development information.

Complete financial statements of the individual insurance enterprise funds, including additional detailed disclosures, can be obtained directly from their respective administrative offices:

Board of Risk and Insurance Management
1124 Smith Street
Suite 4300
Charleston, WV 25301

Workers' Compensation Fund
c/o Offices of the Insurance Commissioner
900 Pennsylvania Avenue
Charleston, WV 25302

Public Employees Insurance Agency
601 57th St., SE
Suite 2
Charleston, WV 25304



NOTE 15

COMMITMENTS AND CONTINGENCIES

Environmental Protection Claims

The State, through the Department of Environmental Protection (DEP), maintains several environmental protection programs, including a bonding program for coal operators for mine reclamation; an abandoned oil and gas well bonding program; a Landfill Closure Assistance Program (LCAP); and an underground storage tank program. Under such programs, the State charges various fees, premiums, and other assessments, and sets bonding amounts that operators are required to maintain to ensure that funds are available in the event that the operator is unable to fulfill its environmental protection responsibilities. Based upon the State's estimate of the liability for incurred losses under the programs, the bonding amounts and funding structures established by the State have proven inadequate to fund the actual costs of environmental protection that the State has incurred in acceptance of the related insurance risk. As a result, the State has been required at various times to increase fees and bonding rates. Administrative changes in permitting regulations governing the industries and businesses benefiting from the State's maintenance of such environmental protection programs are constantly under review.

Management has estimated the total cost at current dollars of remediation efforts to approximate \$341 million at June 30, 2019. The estimated remediation costs are not expected to be liquidated by expendable available financial resources, so the obligation is reported as a liability in the governmental activities on the statement of net position. As such, the State has recorded in governmental activities the following liabilities related to the above programs at June 30, 2019 (expressed in thousands):

	Balance			Balance	Amount
	June 30, 2018	Additions	Reductions	June 30, 2019	Due
					Within
					One Year
Mine Reclamation Program	\$ 247,745	\$ —	\$ 11,640	\$ 236,105	\$ 58,034
Oil and Gas Well Program	375	—	7	368	368
Landfill Closure Assistance Program	105,335	—	2,587	102,748	3,425
Underground Storage Tanks	<u>2,133</u>	<u>—</u>	<u>386</u>	<u>1,747</u>	<u>45</u>
Total Environmental Liability	<u>\$ 355,588</u>	<u>\$ —</u>	<u>\$ 14,620</u>	<u>\$ 340,968</u>	<u>\$ 61,872</u>

The nature of the environmental liabilities requires the use of estimates and assumptions by management. Accordingly, it is at least reasonably possible that a significant change in the estimate will occur in the near term, resulting from various factors including inflation, deflation, technology, assumption changes, or change in applicable laws or regulations.

Mine Reclamation Program

The Special Reclamation Program was created to enable compliance with a federal mandate that allows the State to operate an alternative bonding program to ensure that mining sites are reclaimed in accordance with federal and state regulations. This program created funds for reclamation costs if the operator does not perform the reclamation and the respective bond is forfeited by the operator. In addition, the State also accrues for active water treatment sites under this program. The State's estimated liability for these water treatment sites assumes a 20-year treatment period until the sites are properly reclaimed since the treatment costs beyond a 20-year period cannot be reasonably estimated. The actual length of water treatment and the actual ultimate liability could differ significantly from this estimate.

Forfeited operator bonds, as well as a tax imposed on clean mined coal, currently 27.9 cents per ton, are set aside to fund this program. The Special Reclamation Fund plans to make expenditures for reclamation and water treatment systems as more funding becomes available. The Legislature further established a Special Reclamation Fund Advisory Council (the Council). The Council's role is to develop a financial plan that ensures long-term stability of the special reclamation program. The Legislature further requires actuarial studies of the fund's fiscal soundness every two years.

Landfill Closure Assistance Program (LCAP)

The LCAP was established to provide landfill closure assistance to owners/permittees or landfills that were required to cease operations pursuant to certain statutory closure deadlines for non-composite-lined facilities. The program designs and constructs all closure-related activities necessary to provide sufficient leachate management, sediment and erosion control, gas management, groundwater monitoring and final cover cap on non-composite lined landfills, as funds are available. The LCAP began with 28 landfills. Four landfills have been added to the original inventory by the legislative process and one in 2015. There are five landfills left to be closed. As of June 30, 2019, the liability is estimated at \$103 million and is projected to be paid through fiscal year 2053.

Underground Storage Tank (UST) Program

The insurance fund for the operators of the underground storage tanks has discontinued accepting new operators into the fund. In response to a lawsuit filed against the fund, the fund's assets have largely been paid out on a pro rata share to those insured. DEP continues to pursue additional sources of money from the Governor and the Legislature that will allow the insured sites to be remediated in an approved voluntary remediation plan or other cost-effective manner. DEP's plan also requires the claimants to submit a schedule for the completion of the work, and it is DEP's objective to have a clearly determined date by which remediation will be accomplished at all sites and no further reimbursements required. In this regard, it should be noted that 10 of 58 sites insured have been issued "no further action" letters, meaning they have been cleaned up to the required standards and will no longer incur additional cost. DEP believes requiring these sites to participate in an approved plan that requires the most cost-effective method of cleanup will result in an overall cost savings to the State and still protect the public health and environment. In the spring of 2008, the Legislature appropriated \$4 million for the UST program. DEP has maintained an inventory of claims submitted that have not been approved for payment by the Underground Storage Tank Advisory Committee and DEP, and these invoices will be reviewed by a consultant before payment. DEP notified tank owners that it would reimburse owners for all approved past costs and reimburse the seven priority sites for any ongoing work. DEP has entered into formal agreements with 20 of the 48 site owners. The fund balance at June 30, 2019, was \$3 million and there were claims paid from the fund in fiscal year 2019 of approximately \$256 thousand. As of June 30, 2019, \$2 million has been recorded as a liability in the accompanying financial statements.

Other Contingencies

In addition to the environmental protection claims, the State has recorded an obligation in the amount of \$91 million, of which \$17.1 million is a current obligation, for the payment of other contingencies. Such other contingencies include, but are not limited to, unclaimed property & Division of Highway claims. These claims are based on management's evaluation of the nature of such claims and consideration of historical loss experience for the respective types of action. Certain other claims may be covered by the State's insurance carrier under its general liability or medical malpractice coverage.

An employer who has been granted self-insured status for workers' compensation insurance coverage must post security with the WCF for an actuarially determined amount of its liabilities incurred with dates of injury prior to July 1, 2004. Payments made for claims of employees of defaulted self-insured employers for injuries prior to July 1, 2004, will be made from the Self-insured Security Pool established by Senate Bill 1004. The assets of the Security Pool consist of the proceeds received from the security held by the WCF and any necessary assessments made to active self-insured employers for the default of a self-insured employer.

Payments for the injuries of defaulted self-insured employers incurred after July 1, 2004, will be made by the Self-insured Guaranty Pool; however, any self-insured employer who fails the analytical financial review will also be required to post security to the Guaranty Pool on any workers' compensation liabilities incurred after July 1, 2004. The Self-insured Guaranty Pool is funded through quarterly assessments to self-insured employers and the proceeds received from the security held. To the extent a self-insured employer cannot meet its obligations under the Law, the two self-insured pools previously discussed remain contingently liable for all policy benefits. The only sources of revenue permitted under the Law to fund the Security Pool and the Guaranty Pool must be obtained from self-insured employers. Self-insured employers are considered joint and severally liable for the obligations of a defaulted self-insured employer. The amount has not been included in the estimated liabilities for unpaid claims and claim adjustment expense because the likelihood of future self-insurer defaults has not been estimated.

It is not possible to predict with certainty the ultimate outcome of all lawsuits or claims pending or threatened against the State, including those discussed above, some of which involve claims for significant amounts. Based on the current status of all legal proceedings for which accruals have not been made in the State's financial statements, it is the opinion of management and the Attorney General that the proceedings will not have a material adverse impact on the State's overall financial position. However, depending on the amount and timing of the resolution, some or all of these matters could materially affect the State's change in financial position or cash flows for a particular period.

Federal Grants

Payments received under the reimbursement arrangements with agencies of the federal government are subject to retroactive audit and adjustment. Management believes that adequate provisions have been made for reasonable adjustments that may result from regulatory reviews and disallowed costs. However, laws and regulations governing these programs are extremely complex and subject to different interpretation. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount. Management believes it is in compliance with all applicable laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusions.

The State, including its institutions of higher education, receives significant financial assistance from the U.S. Government in the form of grants and other federal awards. Entitlement to those resources is generally conditioned upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for allowable purposes. The State provides for estimates of any material disallowance arising in connection with the operation of these federally funded programs as such amounts become reasonably estimable. Federal awards are subject to financial and compliance audits under either the federal Single Audit Act or by grantor agencies of the federal government or their designees. The ultimate obligations that may arise from cost disallowance or sanctions as a result of those audits and the

related impact on the financial statements of the State or its component units are unknown. The ultimate resolution of the regulatory review process could materially impact the State's future change in financial position or cash flows in a particular period.

Construction and Other Commitments

(Expressed in Thousands)

	<u>Amount Committed</u>	<u>Commitment</u>
Governmental Funds:		
Transportation	\$ 597,482	Construction
Enterprise Funds:		
Drinking Water Treatment Revolving Fund	1,855	Committed for loans
Water Pollution Control Revolving Fund	47,201	Committed for loans
West Virginia Infrastructure and Jobs Development Council	28,917	Funding of water and economic development projects
Discretely Presented Component Units:		
West Virginia Lottery	8,535	Capital assets and construction
Economic Development Authority	52,072	Committed for loans
Housing Development Fund	38,912	Committed for loans
Parkways Authority	66,997	Turnpike improvements
Higher Education	9,427	Construction
School Building Authority	74,148	Acquisition, construction and maintenance grants to county school boards

The Department of Transportation's Inspection Program (DOT) has reviewed information on obsolete and deficient bridges. Transportation is concerned about safety and tries to prioritize bridges for repair and replacement based on engineering assessments. Transportation's long-range plans to address this issue will be impacted by actions that may be taken by both the federal and state government, including funding levels provided for this purpose, which cannot be estimated at this time.

West Virginia University (WVU) has signed an agreement providing for the purchase of steam for a remaining period of 11 years. Under the agreement, WVU has an annual minimum steam purchase requirement, purchased at an operating rate calculated in accordance with the agreement. An additional \$1 million was accrued at June 30, 2019, to record WVU's liability to meet the minimum steam purchase requirement for the contract year ended September 30, 2019. Payments in future years will be dependent on actual operating costs and other cost indices in those years.

The West Virginia Providing Real Opportunities for Maximizing In-State Student Excellence (PROMISE) scholarship program provides scholarships to students within the West Virginia secondary education system who meet the scholarship requirements. The basic scholarship requirements include maintaining a 3.0 grade average, receiving an ACT composite score of 22 with a minimum sub-score of 20 in each of the four subject areas, and enrolling in a college or university in West Virginia. The program will pay for tuition and fees, and had \$1.3 million at June 30, 2019, to fund the program obligations. Subsequent to year-end, the program received \$7 million from the Lottery and \$10.1 million in general revenue.

NOTE 16

SUBSEQUENT EVENTS

On August 1, 2019, the Housing Development Fund redeemed various Housing Finance Bonds and General New Issue Bond Program Bonds in advance of the scheduled maturities at a par amount of \$2,365,000.

On August 13, 2019, the Water Development Authority issued Series 2019 A Notes, as a private placement offering in the amount of \$13,150,000 less \$160,000 for the cost of issuance. The remaining proceeds will be used to provide interim design loans to government agencies for water and wastewater projects around the state. Remaining funds will be disbursed as requisitioned by the governmental agencies, subject to approval.

On September 11, 2019, West Virginia University (Aa3/NA/AA-) sold \$124,965,000 in bonds with a closing on September 25, 2019. The \$85,840,000 2019 Series A tax-exempt bonds were structured as serial bonds maturing from 2021 through 2040 and two term bonds, one coming due in 2047 and another in 2049. Proceeds of the 2019 Series A bonds will be used to construct the new Reynolds Hall, home of the Chambers College of Business and Economics; renovate Hodges Hall; and renovate the Puskar Center, an athletics facility. The 2019 Series A bonds sold with a premium of \$15,475,000.

The \$39,125,000 2019 Series B tax-exempt bonds were structured with a 10-year put feature with a three-month call. The proceeds of these bonds will be used to refund the University's 2014 Series C FRNs, which were originally structured with a five-year hard put at SIFMA plus .53%. The 2019 Series B bonds sold with a premium of \$11,409,000.

On October 10, 2019, the Housing Development Fund issued 2019 Series B Housing Finance Bonds in the amount of \$30,000,000. The proceeds were used to originate single family mortgage loans.

On September 23, 2019, the Offices of the Insurance Commissioner transferred \$3,750,000 from the Operating fund to the Public Employees Insurance Agency Financial Stability fund as required by West Virginia Code 11B-2-32.

On October 1, 2019, the Department of Health and Human Resources Bureau for Children and Families became the defendant in a lawsuit related to Foster Care. The potential liability to the State is \$30 million.

On December 17, 2019 the Division of Highways sold \$600,000,000 in general obligation bonds, Series 2019 A. The proceeds will be used to provide funds for matching available federal funds, for general highway and secondary roads, and bridge construction or improvements throughout the State.

Staats Mill Covered Bridge



REQUIRED SUPPLEMENTARY INFORMATION (RSI)

**Budgetary Comparison
Schedule**

Notes to RSI

**Budget-to-GAAP
Reconciliation**

Pension Information

This wooden bridge, built in 1887 near Ripley in Jackson County WV, is an impressive 97-foot structure and spans a pond at Cedar Lakes State Conference Center.

**Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

	General Revenue Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes:				
Personal Income	\$ 2,004,000	\$ 2,092,000	\$ 2,096,807	\$ 4,807
Consumer Sales	1,316,000	1,368,000	1,370,157	2,157
Severance	361,700	451,000	462,451	11,451
Corporate Income/Business Franchise	142,100	206,038	198,032	(8,006)
Business and Occupation	117,500	124,500	124,523	23
Gasoline and Motor Carrier	—	—	—	—
Wholesale Motor Fuel	—	—	—	—
Automobile Privilege	—	—	—	—
Other	333,100	338,100	329,693	(8,407)
Excess Lottery Transfer	65,000	65,000	65,364	364
Intergovernmental	—	—	—	—
Licenses, Permits, and Fees	8,170	8,170	8,395	225
Departmental Collections	23,600	23,600	22,756	(844)
Interest Income	23,000	26,000	27,776	1,776
Other	45,750	45,750	50,382	4,632
Industrial Access Road Transfer	—	—	—	—
Total Revenues	<u>4,439,920</u>	<u>4,748,158</u>	<u>4,756,336</u>	<u>8,178</u>
Expenditures:				
Legislature	24,750	24,750	21,038	3,712
Judicial	139,760	139,760	122,487	17,273
Executive	35,076	65,274	42,032	23,242
Department of Administration	91,898	107,496	88,456	19,040
Bureau of Commerce	57,449	83,830	75,064	8,766
Department of Environmental Protection	6,492	8,492	6,772	1,720
Education	2,420,050	2,428,369	2,386,295	42,074
Health and Human Resources	1,145,929	1,184,103	1,128,831	55,272
Military Affairs and Public Safety	379,337	402,278	355,192	47,086
Revenue	34,920	178,920	165,099	13,821
Transportation	5,642	110,843	109,388	1,455
Veteran's Assistance	10,555	16,755	15,729	1,026
Bureau of Senior Services	29,951	29,951	29,951	—
Miscellaneous Boards and Commissions	—	—	—	—
Total Expenditures	<u>4,381,809</u>	<u>4,780,821</u>	<u>4,546,334</u>	<u>234,487</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures – Current Year	58,111	(32,663)	210,002	242,665
Expenditures from Prior Year Appropriations	<u>529,767</u>	<u>529,767</u>	<u>75,981</u>	<u>453,786</u>
Total Excess (Deficiency) of Revenues Over (Under) Expenditures – Current Year	(471,656)	(562,430)	134,021	696,451
Budgetary Fund Balance, Beginning of Year, as Adjusted	463,448	463,448	463,448	—
Adjustments for Accruals, etc.	<u>—</u>	<u>—</u>	<u>9,667</u>	<u>9,667</u>
Budgetary Fund Balance, End of Year	<u>\$ (8,208)</u>	<u>\$ (98,982)</u>	<u>\$ 607,136</u>	<u>\$ 706,118</u>

Federal Revenue				State Road			
Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	450,000	450,000	443,428	(6,572)
—	—	—	—	—	—	—	—
—	—	—	—	231,061	231,061	236,137	5,076
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
5,736,516	5,769,480	4,512,725	(1,256,755)	467,400	571,601	471,120	(100,481)
—	—	—	—	143,682	143,682	168,785	25,103
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	30,714	30,714	20,137	(10,577)
—	—	—	—	3,000	3,000	3,000	—
<u>5,736,516</u>	<u>5,769,480</u>	<u>4,512,725</u>	<u>(1,256,755)</u>	<u>1,325,857</u>	<u>1,430,058</u>	<u>1,342,607</u>	<u>(87,451)</u>
2,360	2,360	—	2,360	—	—	—	—
4,000	4,000	3,546	454	—	—	—	—
26,875	30,487	10,804	19,683	—	—	—	—
—	—	—	—	—	—	—	—
356,540	438,155	122,946	315,209	—	—	—	—
206,298	206,298	91,280	115,018	—	—	—	—
588,830	517,115	361,032	156,083	—	—	—	—
4,170,926	4,207,526	3,806,033	401,493	—	—	—	—
154,381	161,348	64,038	97,310	—	—	—	—
3,000	3,000	225	2,775	—	—	—	—
24,520	24,695	16,664	8,031	1,357,239	1,357,239	1,309,217	48,022
10,193	10,193	7,185	3,008	—	—	—	—
14,536	14,536	12,801	1,735	—	—	—	—
3,225	3,225	1,294	1,931	—	—	—	—
<u>5,565,684</u>	<u>5,622,938</u>	<u>4,497,848</u>	<u>1,125,090</u>	<u>1,357,239</u>	<u>1,357,239</u>	<u>1,309,217</u>	<u>48,022</u>
170,832	146,542	14,877	(131,665)	(31,382)	72,819	33,390	(39,429)
—	—	—	—	—	—	—	—
170,832	146,542	14,877	(131,665)	(31,382)	72,819	33,390	(39,429)
68,597	68,597	68,597	—	143,698	143,698	143,698	—
—	—	(29,737)	(29,737)	—	—	—	—
<u>\$ 239,429</u>	<u>\$ 215,139</u>	<u>\$ 53,737</u>	<u>\$ (161,402)</u>	<u>\$ 112,316</u>	<u>\$ 216,517</u>	<u>\$ 177,088</u>	<u>\$ (39,429)</u>

Continued

Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)
(Continued)

	Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes:				
Personal Income	\$ —	\$ —	\$ —	\$ —
Consumer Sales	—	—	—	—
Severance	—	—	—	—
Corporate Income/Business Franchise	—	—	—	—
Business and Occupation	—	—	—	—
Gasoline and Motor Carrier	—	—	—	—
Wholesale Motor Fuel	—	—	—	—
Automobile Privilege	—	—	—	—
Other	—	—	—	—
Excess Lottery Transfer	—	—	—	—
Intergovernmental	—	—	—	—
Licenses, Permits, and Fees	—	—	—	—
Departmental Collections	1,579,934	1,602,684	1,537,547	(65,137)
Interest Income	—	—	—	—
Other	—	—	—	—
Industrial Access Road Transfer	—	—	—	—
Total Revenues	<u>1,579,934</u>	<u>1,602,684</u>	<u>1,537,547</u>	<u>(65,137)</u>
Expenditures:				
Legislature	3,223	2,997	1,382	1,615
Judicial	2,400	2,400	860	1,540
Executive	58,191	60,141	37,043	23,098
Department of Administration	185,370	203,795	150,485	53,310
Bureau of Commerce	57,132	62,237	31,938	30,299
Department of Environmental Protection	69,457	69,889	29,562	40,327
Education	220,057	224,547	192,364	32,183
Health and Human Resources	460,513	476,024	334,367	141,657
Military Affairs and Public Safety	43,818	43,918	24,191	19,727
Revenue	608,832	615,597	440,349	175,248
Transportation	9,751	9,751	6,488	3,263
Veteran's Assistance	3,130	3,130	2,495	635
Bureau of Senior Services	49,669	55,669	55,084	585
Miscellaneous Boards and Commissions	127,796	127,867	107,453	20,414
Total Expenditures	<u>1,899,339</u>	<u>1,957,962</u>	<u>1,414,061</u>	<u>543,901</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures – Current Year	(319,405)	(355,278)	123,486	478,764
Expenditures from Prior Year Appropriations	<u>50,585</u>	<u>50,585</u>	<u>16,826</u>	<u>33,759</u>
Total Excess (Deficiency) of Revenues Over (Under) Expenditures – Current Year	(369,990)	(405,863)	106,660	512,523
Budgetary Fund Balance, Beginning of Year, as Adjusted	2,570,168	2,570,168	2,570,168	—
Adjustments for Accruals, etc.	<u>—</u>	<u>—</u>	<u>(15,690)</u>	<u>(15,690)</u>
Budgetary Fund Balance, End of Year	<u>\$ 2,200,178</u>	<u>\$ 2,164,305</u>	<u>\$ 2,661,138</u>	<u>\$ 496,833</u>

REQUIRED SUPPLEMENTARY INFORMATION
Notes to Required Supplementary Information
Budgetary Reporting

The State's annual budget is prepared on a cash basis, modified only at year-end to allow for a 31-day period for the payment of vendor invoices for goods and services previously encumbered. Appropriations expire or lapse at the end of this period.

Budgetary Process

Appropriation requests for the upcoming fiscal year are submitted to the State Budget Office (Budget) by September 1. Budget conducts budget hearings and reviews revenue estimates for recommendation and preparation of the proposed budget. The Governor presents the proposed budget to the State Legislature in January. Included in that budget proposal is the Governor's official revenue estimate for the upcoming fiscal year. To maintain a balanced budget, the Legislature can appropriate expenditures only to the level of the Governor's official revenue estimate and prior year fund balance.

The Legislature also holds budget hearings, considers the effect of other proposed legislation, and gathers other information during its 60-day session, which occurs January through March of each calendar year. During the last days of the legislative session, the Legislature passes the budget and the Governor approves, vetoes, or allows the budget to become law without signing.

In the event that there is a shortfall of General Revenue Fund collections during the year, the Governor may impose a spending reduction. In 1994, the Legislature created a Revenue Shortfall Reserve Fund (Rainy Day Fund) designed to prevent a spending reduction. By law, the first 50% of the General Revenue Fund surplus for a fiscal year is set aside in a reserve or Rainy Day Fund not to exceed 13% of the total appropriations from General Revenue for that year. This fund may be used to offset a shortfall of revenues which would otherwise require the Governor to impose expenditure reductions.

In the event of higher than estimated revenue collections throughout the year, supplemental appropriation requests may be made to the Legislature. In FY 2018, Appropriated Special Revenue and Federal Funds were increased by total supplemental appropriations of \$252 million. During the budget process, the Legislature may also decide to reappropriate certain unexpended budgetary appropriations for expenditure in the next year. Accounts reappropriated generally relate to special activities or projects that may require several years to complete. Reappropriated prior year general revenue appropriations of \$297 million are reported as "Expenditures From Prior Year Appropriations."

In addition to the above, in the event of a General Revenue budget surplus from the previous fiscal year, additional appropriation requests may be made to the Legislature. Appropriations from 2018 General Revenue were increased by approximately \$41 million for surplus appropriations. The \$41 million surplus appropriations are also reported as “Expenditures From Prior Year Appropriations”.

After the budget is legally enacted, certain appropriations from General Revenue may be altered or transferred within each Cabinet Secretariat. The transfers may not exceed more than 5% of the funds appropriated to any one agency or board, and are altered at the budgetary activity level. Other specific transfers are allowed in all the budgetary funds from the object classes of personal services and unclassified budget object classes to employee benefits or from personal services and employee benefits to other budget object classes, and are not limited to Secretariat authority.

The budget laws provide for the ability of the Governor to increase the appropriations of the budgetary Appropriated Special Revenue Funds and the Federal Funds when the Legislature is not in session. Detailed spending plans, identification of new revenue sources, and justifications are required for review and approval.

Budgetary Control

The State Legislature annually appropriates those general government activities determined to be important to controlling the financial operations of the State. The Legislature appropriates expenditures for those defined budgetary activities of personal services, current expenses, repairs, and other assets, often further defined by the object classes of personal services, employee benefits, equipment repairs and alterations, or unclassified.

The State’s accounting system controls expenditures for appropriated accounts at the budgetary activity level on a predefined quarterly basis. The State Auditor exercises control over spending at the budgetary activity level on an annual appropriation basis.

Budget further monitors the rate and nature of spending for all budgetary accounts by requiring the organization responsible for the budgeted activities to submit annual spending plans reflecting further details on their expected quarterly spending patterns and the types of expenditures for the budgeted accounts. From these spending plans, Budget monitors and limits expenditures within predefined quarterly allotments. Expenditures during a quarter may not exceed the amount of the approved allotment, unless the Governor approves the expenditure of a larger amount. Any amounts remaining unexpended at the close of a quarter are available for reallocation and expenditure during any succeeding quarter of the same fiscal year.

Budget also utilizes encumbrance accounting to control purchase orders and other commitments. Under the budgetary process, unexpended appropriations and encumbrances expire at the end of the 31-day period following each fiscal year-end. All unpaid invoices and claims after that date must be submitted by the vendor to the State Court of Claims, unless the related activity has been reappropriated by the Legislature.

Budgetary Funds

The State uses four budgetary fund groups to summarize accounts or activities which have been legally appropriated. The budgetary fund groups are described as follows:

General Revenue Fund – consists primarily of the major tax revenues of the State, such as Consumer Sales Tax, Personal Income Tax, Business and Occupation Tax, Corporate Net Income Tax, and Severance Tax. The General Revenue Fund supports the operation of certain primary government activities and certain other agencies.

Federal Fund – consists of any financial awards made to any state agency by the U.S. Government, whether a loan, grant, subsidy, augmentation, reimbursement or any other form of such awards, including state funds used for federal matching purposes.

Road Fund – consists of revenues from gasoline and other motor fuel excise and license taxes, motor vehicle registration and license fees, and all other revenue derived from motor vehicles or motor fuel. The Road Fund is appropriated by the Legislature and used solely for construction, repair, and maintenance of public highways, and also for the payment of interest and principal on all road bonds.

Appropriated Special Revenue Fund – consists of individual accounts created for special purposes. These accounts generate revenue derived from established rates or fees. The spending within these accounts is limited to the amount collected or the amount appropriated by the Legislature, whichever is less.

The State has other special revenue accounts which are not appropriated. These accounts are special accounts which derive revenues from special fees or charges, or exist for internal agency purposes, such as payroll clearing accounts, cost allocations, etc., but are not subject to specific legislative appropriation. Accordingly, these accounts have not been reported in the State's budgetary comparison schedule.

2019 Budgetary Reporting

In FY 2019, \$18.4 million was transferred to the Rainy Day Fund.

The State's budgetary General Revenue Fund balance at July 1, 2018, has been adjusted as follows (expressed in thousands):

General Revenue Fund:

Beginning Fund Balance	\$ 334,761
Prior Year Refunds	744
Transfer from Expired Funds	4,705
Adjustment	<u>(20,450)</u>
Adjusted Beginning Fund Balance	<u>\$ 319,760</u>

Budgetary Reporting and GAAP

Because the budgetary basis differs from accounting principles generally accepted in the United States, budget and actual amounts in the accompanying Budgetary Comparison Schedule are presented on the budgetary basis. A more detailed budgetary basis report, Supplementary Information to the State of West Virginia Comprehensive Annual Financial Report, is produced for internal purposes to demonstrate budgetary compliance and is available at the Financial Accounting and Reporting Section for public inspection. A reconciliation that compares the excess of revenues over expenditures on a budgetary basis for the year ended June 30, 2019, to the excess of revenues and other financing sources over expenditures and other financing uses presented in conformity with accounting principles generally accepted in the United States is set forth in the following schedule.

Required Supplementary Information
Budgetary Comparison Schedule
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)

Budgetary Funds	General Revenue Fund	Federal Fund	State Road Fund	Appropriated Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 4,756,336	\$ 4,512,725	\$ 1,342,607	\$ 1,537,547
Differences – Budget to GAAP:				
Intrafund transactions not included in GAAP revenues	(5,349,339)	—	—	—
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	79,849	—	117,789	—
Basis of Accounting Difference	(176,299)	—	(197,522)	—
Reclassifications:				
Nonappropriated Budgetary Fund's Revenue included as revenue/transfers in the GAAP General, Transportation, and Other Funds	5,860,211	—	306,115	—
Budgetary special revenue funds transferred to GAAP General, Transportation, Tobacco Settlement Finance Authority and Other Funds	906,925	—	8,516	(1,537,547)
Budgetary federal funds transferred to GAAP General, Transportation, Tobacco Settlement Finance Authority and Other Funds	<u>4,380,789</u>	<u>(4,512,725)</u>	<u>16,794</u>	<u>—</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 10,458,472</u>	<u>\$ —</u>	<u>\$ 1,594,299</u>	<u>\$ —</u>
Uses/Outflows of resources				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,622,315	\$ 4,497,848	\$ 1,309,217	\$ 2,951,608
Differences – Budget to GAAP:				
Intrafund transactions not included in GAAP expenditures	(5,349,339)	—	—	—
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(224,401)	—	—	—
Basis of Accounting Difference	109,992	—	(33,063)	—
Reclassifications:				
Nonappropriated Budgetary Fund's exp./transfers out included as exp. in the GAAP General, Transportation, WV Infrastructure, and Other Funds	5,796,741	—	234,648	—
Budgetary general revenue funds transferred to GAAP General, Transportation, Tobacco Settlement Finance Authority, and Other Funds	(136,498)	—	109,153	—
Budgetary special revenue funds transferred to GAAP General, Transportation, Tobacco Settlement Finance Authority, and Other Funds	687,034	—	6,505	(2,951,608)
Budgetary federal revenue funds transferred to GAAP General, Transportation, Tobacco Settlement Finance Authority, and Other Funds	<u>4,386,471</u>	<u>(4,497,848)</u>	<u>16,783</u>	<u>—</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$ 9,892,315</u>	<u>\$ —</u>	<u>\$ 1,643,243</u>	<u>\$ —</u>

**Schedule of the State's Proportionate Share
of the Net Pension Liability
Multiple-Employer Cost Sharing Plans
June 30, 2019
(Expressed in Thousands)**

PERS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
State's proportion of the net pension liability	66.37%	66.88%	67.57%	67.99%	68.33%
State's proportionate share of the net pension liability	\$171,404	\$ 288,670	\$ 621,010	\$ 379,669	\$ 252,194
State's covered payroll	\$923,191	\$ 921,592	\$ 937,259	\$ 923,143	\$ 915,586
State's proportionate share of the net pension liability as a percentage of its covered payroll	18.57%	31.32%	66.26%	41.13%	27.54%
Plan fiduciary net position as a percentage of the total pension liability	96.33%	93.67%	86.11%	91.29%	93.98%

**Schedule of the State's Proportionate Share
of the Net Pension Liability
Multiple-Employer Cost Sharing Plans
June 30, 2019
(Expressed in Thousands)**

TRS - State

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
State's proportion of the net pension liability	1.06%	1.28%	1.46%	1.35%	1.35%
State's proportionate share of the net pension liability	\$ 33,154	\$ 44,163	\$ 60,156	\$ 46,931	\$ 46,438
State's covered payroll	\$ 319,360	\$ 282,077	\$ 312,801	\$ 306,699	\$ 343,570
State's proportionate share of the net pension liability as a percentage of its covered payroll	6.08%	15.66%	19.23%	15.30%	13.52%
Plan fiduciary net position as a percentage of the total pension liability	71.20%	67.85%	61.42%	66.25%	65.95%

TRS – Special Funding Situation

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	93.83%	92.86%	92.09%	93.44%	94.15%
Proportionate share of the net pension liability	\$ 2,929,645	\$ 3,208,171	\$ 3,784,772	\$ 3,237,919	\$ 3,248,227

Note: This schedule is intended to show 10 years. Additional years will be added as they become available.

West Virginia

Required Supplementary Information Schedule of State Contributions – PERS Last Six Fiscal Years (Expressed in Thousands)

	PERS					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 98,502	\$ 101,551	\$ 110,591	\$ 126,530	\$ 129,240	\$ 132,760
Contributions in relation to the contractually required contribution	<u>98,502</u>	<u>101,551</u>	<u>110,591</u>	<u>126,530</u>	<u>129,240</u>	<u>132,760</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
State's covered payroll	\$ 985,020	\$ 923,191	\$ 921,592	\$ 37,259	\$ 923,143	\$ 915,586
Contributions as a percentage of covered payroll	10.00%	11.00%	12.00%	13.50%	14.00%	14.50%

Note: This schedule is intended to show 10 years. Additional years will be added as they become available.

Required Supplementary Information
Schedule of State Contributions – TRS
Last Six Fiscal Years
(Expressed in Thousands)

	TRS – State					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,104	\$ 5,118	\$ 5,780	\$ 6,043	\$ 6,662	\$ 6,922
Contributions in relation to the contractually required contribution	<u>5,104</u>	<u>5,118</u>	<u>5,780</u>	<u>6,043</u>	<u>6,662</u>	<u>6,922</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$307,841	\$ 319,360	\$282,077	\$312,801	\$306,699	\$343,570
Contributions as a percentage of covered payroll	1.66%	1.60%	2.05%	1.93%	2.17%	2.01%

	TRS – Special Funding Situation					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 442,726	\$ 458,163	\$ 420,605	\$ 392,714	\$ 458,452	\$ 484,159
Contributions in relation to the statutorily required contribution	<u>442,726</u>	<u>458,163</u>	<u>420,605</u>	<u>392,714</u>	<u>458,452</u>	<u>484,159</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Note: This schedule is intended to show 10 years. Additional years will be added as they become available.

**Required Supplementary Information
Schedule of State Contributions – Single Employer Plans
Last Ten Fiscal Years
(Expressed in Thousands)**

<u>Year Ended June 30</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
SPDDRS (1)					
2019	\$ 15,162	\$ 15,595	\$ (433)	\$ 1,527	1,021.28 %
2018	24,675	24,829	(154)	2,963	837.97 %
2017	16,875	17,155	(280)	3,181	539.30 %
2016	13,209	13,977	(768)	3,713	376.43 %
2015	20,860	21,668	(808)	5,120	423.20 %
2014	25,146	26,218	(1,072)	5,988	437.84 %
2013	15,162	16,210	(1,048)	6,779	239.12 %
2012	22,051	23,297	(1,246)	8,001	291.18 %
2011	25,940	25,131	809	8,960	280.48 %
2010	12,416	12,169	247	10,215	119.13 %
SPRS					
2019	\$ 4,180	\$ 4,556	\$ (376)	\$ 30,938	14.73 %
2018	4,726	4,205	521	32,291	13.02 %
2017	4,427	3,657	770	31,582	11.58 %
2016	3,402	3,887	(485)	31,792	12.23 %
2015	3,183	4,060	(877)	29,574	13.73 %
2014	3,363	4,049	(686)	27,701	14.62 %
2013	3,802	4,193	(391)	27,670	15.15 %
2012	3,837	4,544	(707)	24,725	18.38 %
2011	4,387	4,570	(183)	23,635	19.34 %
2010	4,642	3,005	1,637	22,382	13.43 %
JRS					
2019	\$ 779	\$ 779	\$ —	\$ 9,374	8.31 %
2018	735	735	—	9,500	7.74 %
2017	709	739	(30)	9,122	8.10 %
2016	739	739	—	8,870	8.33 %
2015	2,845	2,845	—	9,248	30.76 %
2014	2,456	2,456	—	8,870	27.69 %
2013	2,422	2,422	—	8,860	27.34 %
2012	2,740	3,997	(1,257)	8,860	45.11 %
2011	3,454	3,954	(500)	8,256	47.89 %
2010	2,879	3,854	(975)	8,140	47.35 %

Notes:

⁽¹⁾ Contributions for SPDDRS include employer contributions and other payments designated by WV State Code Section 15-2-26 - Payments to members for court attendance and mileage; rewards for apprehending wanted persons; fees for traffic accident reports and photographs; fees for criminal investigation reports and photographs; fees for criminal history record checks; and fees for criminal history record reviews and challenges or from any other sources designated by the superintendent.

Required Supplementary Information
Schedule of Changes in the State's
Net Pension Liability and Related Ratios
Fiscal Years Ended June 30
(Expressed in Thousands)

	<u>SPDDRS</u>	<u>SPDDRS</u>	<u>SPDDRS</u>	<u>SPDDRS</u>	<u>SPDDRS</u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:					
Service cost	\$ 931	\$ 1,071	\$ 1,263	\$ 1,774	\$ 2,215
Interest	54,004	53,131	51,913	50,748	49,778
Difference between actual and expected experience	(2,218)	47	6,283	4,344	—
Assumption changes	—	1,961	—	—	—
Benefit payments	<u>(45,529)</u>	<u>(43,325)</u>	<u>(41,969)</u>	<u>(39,708)</u>	<u>(37,565)</u>
Net change in total pension liability	7,188	12,885	17,490	17,158	14,428
Total pension liability – beginning	<u>741,892</u>	<u>729,007</u>	<u>711,517</u>	<u>694,359</u>	<u>679,931</u>
Total pension liability – ending (a)	<u>749,080</u>	<u>741,892</u>	<u>729,007</u>	<u>711,517</u>	<u>694,359</u>
Plan fiduciary net position:					
Contributions – employer	24,829	17,155	13,977	21,668	26,955
Contributions – member	186	362	320	445	545
Net investment income	60,939	87,793	(1,230)	22,866	90,872
Benefit payments	(45,529)	(43,325)	(41,969)	(39,708)	(37,565)
Administrative expense	(61)	(45)	(48)	(51)	(52)
Other	<u>691</u>	<u>847</u>	<u>590</u>	<u>861</u>	<u>—</u>
Net change in plan fiduciary net position	41,055	62,787	(28,360)	6,081	80,755
Plan fiduciary net position – beginning	<u>641,748</u>	<u>578,798</u>	<u>607,158</u>	<u>601,077</u>	<u>520,322</u>
Plan fiduciary net position – ending (b)	<u>682,803</u>	<u>641,585</u>	<u>578,798</u>	<u>607,158</u>	<u>601,077</u>
State's net pension liability (asset) – ending (a) - (b)	<u>\$ 66,277</u>	<u>\$100,307</u>	<u>\$ 150,209</u>	<u>\$ 104,359</u>	<u>\$ 93,282</u>
Plan fiduciary net position as a percentage of total pension liability	91.15%	86.48%	79.40%	85.33%	86.57%
Covered payroll	\$ 2,963	\$ 3,181	\$ 3,713	\$ 5,120	\$ 5,988
State's net pension liability (asset) as a percentage of covered payroll	2236.82%	3153.32%	4045.49%	2038.28%	1557.82%
Information presented based upon measurement date of:	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

Note: This schedule is intended to show 10 years. Additional years will be added as they become available.

West Virginia

Required Supplementary Information Schedule of Changes in the State's Net Pension Liability and Related Ratios Fiscal Years Ended June 30 (Expressed in Thousands)

	<u>SPRS</u>	<u>SPRS</u>	<u>SPRS</u>	<u>SPRS</u>	<u>SPRS</u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:					
Service cost	\$ 7,617	\$ 6,827	\$ 6,750	\$ 6,337	\$ 5,890
Interest	13,496	11,410	10,113	9,024	8,021
Difference between actual and expected	(3,610)	(765)	1,636	(201)	—
Assumption changes	—	11,192	—	—	—
Benefit payments	<u>(1,842)</u>	<u>(1,454)</u>	<u>(1,071)</u>	<u>(1,051)</u>	<u>(913)</u>
Net change in total pension liability	15,661	27,210	17,428	14,109	12,998
Total pension liability – beginning	<u>173,248</u>	<u>146,038</u>	<u>128,610</u>	<u>114,501</u>	<u>101,503</u>
Total pension liability – ending (a)	<u>188,909</u>	<u>173,248</u>	<u>146,038</u>	<u>128,610</u>	<u>114,501</u>
Plan fiduciary net position:					
Contributions – employer	4,205	3,657	3,887	4,060	4,049
Contributions – member	3,621	3,634	3,755	3,609	3,630
Net investment income	16,303	22,346	91	4,972	17,756
Benefit payments	(1,842)	(1,454)	(1,071)	(1,051)	(913)
Administrative expense	(60)	(64)	(47)	(45)	(42)
Other	<u>—</u>	<u>—</u>	<u>(163)</u>	<u>—</u>	<u>—</u>
Net change in plan fiduciary net position	22,227	28,119	6,452	11,545	24,480
Plan fiduciary net position – beginning	<u>166,688</u>	<u>138,569</u>	<u>132,117</u>	<u>120,572</u>	<u>96,092</u>
Plan fiduciary net position – ending (b)	<u>188,915</u>	<u>166,688</u>	<u>138,569</u>	<u>132,117</u>	<u>120,572</u>
State's net pension liability (asset) – ending (a) - (b)	<u>\$ (6)</u>	<u>\$ 6,560</u>	<u>\$ 7,469</u>	<u>\$ (3,507)</u>	<u>\$ (6,071)</u>
Plan fiduciary net position as a percentage of total pension liability	100.00%	96.21%	94.89%	102.73%	105.30%
Covered payroll	\$ 32,291	\$ 31,582	\$ 31,792	\$29,574	\$ 27,701
State's net pension liability (asset) as a percentage of covered payroll	-0.02%	20.77%	23.49%	(11.86%)	(21.92%)
Information presented based upon measurement date of:	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

Note: This schedule is intended to show 10 years. Additional years will be added as they become available.

Required Supplementary Information
Schedule of Changes in the State's
Net Pension Liability and Related Ratios
Fiscal Years Ended June 30
(Expressed in Thousands)

	<u>JRS</u>	<u>JRS</u>	<u>JRS</u>	<u>JRS</u>	<u>JRS</u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:					
Service cost	\$ 2,587	\$ 2,466	\$ 2,681	\$ 2,812	\$ 2,819
Interest	8,539	8,521	8,478	8,458	7,978
Difference between actual and expected experience	(6,054)	(6,101)	(5,813)	(6,506)	—
Assumption changes	962				
Benefit payments	<u>(4,932)</u>	<u>(4,609)</u>	<u>(4,429)</u>	<u>(4,313)</u>	<u>(4,455)</u>
Net change in total pension liability	1,102	277	917	451	6,342
Total pension liability – beginning	<u>113,726</u>	<u>113,449</u>	<u>112,532</u>	<u>112,081</u>	<u>105,739</u>
Total pension liability – ending (a)	<u>114,828</u>	<u>113,726</u>	<u>113,449</u>	<u>112,532</u>	<u>112,081</u>
Plan fiduciary net position:					
Contributions – employer	735	739	739	2,845	2,456
Contributions – member	364	372	401	413	426
Net investment income	18,373	26,270	(175)	6,525	25,263
Benefit payments	(4,932)	(4,609)	(4,429)	(4,313)	(4,455)
Administrative expense	(8)	(6)	(6)	(6)	(7)
Other	<u>—</u>	<u>(4)</u>	<u>(39)</u>	<u>—</u>	<u>80</u>
Net change in plan fiduciary net position	14,532	22,762	(3,509)	5,464	23,763
Plan fiduciary net position – beginning	<u>189,956</u>	<u>167,194</u>	<u>170,703</u>	<u>165,239</u>	<u>141,476</u>
Plan fiduciary net position – ending (b)	<u>204,488</u>	<u>189,956</u>	<u>167,194</u>	<u>170,703</u>	<u>165,239</u>
State's net pension liability (asset) – ending (a) - (b)	<u>\$ (89,660)</u>	<u>\$ (76,230)</u>	<u>\$ (53,745)</u>	<u>\$ (58,171)</u>	<u>\$ (53,158)</u>
Plan fiduciary net position as a percentage of total pension liability	178.08%	167.03%	147.37%	151.69%	147.43%
Covered payroll	\$ 9,500	\$ 9,122	\$ 8,870	\$ 9,248	\$ 8,870
State's net pension liability (asset) as a percentage of covered payroll	(943.78%)	(835.67%)	(605.92%)	(629.01%)	(599.30%)
Information presented based upon measurement date of:	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

Note: This schedule is intended to show 10 years. Additional years will be added as they become available.

Notes to Required Supplementary Information

Changes in Assumptions

An experience study, which was based on the years 2010 through 2015, was approved by the Consolidated Public Retirement Board. As a result, valuation assumptions were changed as of June 30, 2018, to reflect the most recent experience study:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Projected salary					
Increases:					
State	3.00% – 4.6%	3.00% – 4.6%	3.00% – 4.6%	3.00% – 4.6%	4.25% – 6.0%
Nonstate	3.35% – 6.0%	3.35% – 6.0%	3.35% – 6.0%	3.35% – 6.0%	4.25% – 6.0%
Inflation rate	3.0%	3.0%	3.0%	1.90%	2.20%
Mortality rates	Active – RP-2000 Non-Annuitant tables, projected with Scale AA on a fully generational basis; Retired Healthy males – 110% RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis; Retired Healthy females – 101% RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis; Retired Disabled males – 96% of RP-2000 Disabled Annuitant table, projected with Scale AA on a fully generational basis; Retired Disabled females – 107% of RP-2000 Disabled Annuitant table, projected with Scale AA on a fully generational basis.	Active – RP-2000 Non-Annuitant tables, projected with Scale AA on a fully generational basis; Retired Healthy males – 110% RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis; Retired Healthy females – 101% RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis; Retired Disabled males – 96% of RP-2000 Disabled Annuitant table, projected with Scale AA on a fully generational basis; Retired Disabled females – 107% of RP-2000 Disabled Annuitant table, projected with Scale AA on a fully generational basis.	Healthy males – RP-2000 healthy annuitant table, projected with Scale AA; Healthy females – RP-2000 healthy annuitant table, projected with Scale AA; Disabled male 96% of RP-2000 disabled annuitant table, projected with Scale AA; Disabled female – 107% of RP-2000 disabled annuitant table, projected with Scale AA.	Healthy males – 110% of RP-2000 healthy annuitant table, projected with Scale AA; Healthy females – 101% of RP-2000 healthy annuitant table, projected with Scale AA; Disabled male 96% of RP-2000 disabled annuitant table, projected with Scale AA; Disabled female – 107% of RP-2000 disabled annuitant table, projected with Scale AA.	Healthy males – 1983 GAM, Healthy females – 1971 set back 1 yr, Disabled GAM males – 1971 GAM set forward 8 yrs, Disabled females – Revenue ruling 96-7
Withdrawal rates					
State	1.75 – 35%	1.75 – 26%	1.75 – 35.1%	1.75 – 35.1%	1 – 26%
Nonstate	2 – 35.9%	2 – 31.2%	2 – 35.8%	2 – 35.8%	2 – 31.2%
Disability rates	0 – 0.7%	0 – 0.7%	0 – .675%	0 – .675%	0 – .8%

**Schedule of the State's Proportionate Share
of the Net OPEB Liability
Multiple-Employer Cost Sharing Plan
June 30, 2019
(Expressed in Thousands)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
State's proportion of the net OPEB liability	76.65%	78.90%	74.47%
State's proportionate share of the net OPEB liability	\$1,644,412	\$1,940,146	\$1,849,369
State's covered-employee payroll	\$2,286,999	\$2,199,037	\$2,114,459
State's proportionate share of the net OPEB's liability as a percentage of its covered-employee payroll	71.90%	88.23%	87.46%
Plan fiduciary net position as a percentage of the total OPEB liability	30.98%	25.10%	21.64%

Note: This schedule is intended to show 10 years. Additional years will be added as they become available. Data is presented one year in arrears.

**Required Supplementary Information
Schedule of State Contributions – OPEB
June 30, 2019
(Expressed in Thousands)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 191,000	\$ 169,000	\$ 185,000	\$ 128,000
Contributions in relation to the contractually required contribution	<u>166,000</u>	<u>156,000</u>	<u>128,000</u>	<u>109,000</u>
Contribution deficiency (excess)	<u>\$ 25,000</u>	<u>\$ 13,000</u>	<u>\$ 57,000</u>	<u>\$ 19,000</u>
State's covered-employee payroll	\$ 1,892,941	\$ 2,286,999	\$ 2,199,037	\$ 2,114,459
Contributions as a percentage of Covered-employee payroll	8.77%	6.82%	5.82%	5.15%

Note: This schedule is intended to show 10 years. Additional years will be added as they become available.

Required Supplementary Information
Schedule of State Contributions – OPEB Special Funding Situation
June 30, 2019
(Expressed in Thousands)

	OPEB Special Funding Situation	
	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 35,000	\$ 35,000
Contributions in relation to the statutorily required contribution	<u>35,000</u>	<u>35,000</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>

Note: This schedule is intended to show 10 years. Additional years will be added as they become available.

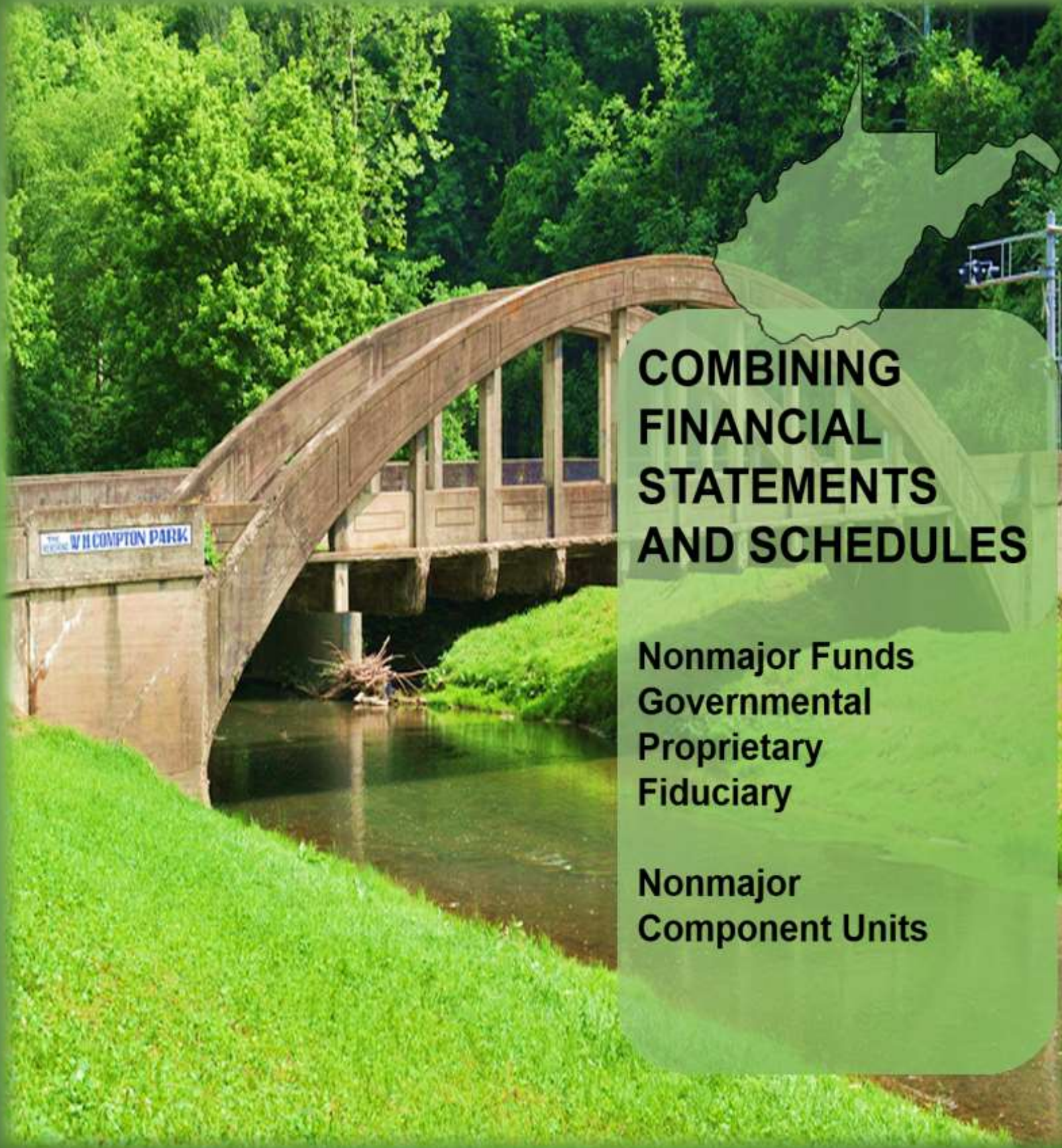
Notes to Required Supplementary Information

Changes in Assumptions for OPEB

Significant assumptions used in the actuarial valuations are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Amortization period	20-year closed period as of June 30, 2017
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.15%, net of OPEB plan investment expense, including inflation
Inflation rate	2.75%
Salary Increases	Dependent upon pension system. Ranging from 3.00% to 6.5%, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2016, actuarial valuation.
Mortality rates	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2014 Healthy Annuitant Mortality Table projected with scale MP-2016 on a fully generational basis for Troopers A and B. Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2014 Employee Mortality Table projected with Scale MP-2016 on a fully generational basis for Troopers A and B.
Healthcare cost trend rates	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 10.00% for pre- and post-Medicare, respectively, and gradually decreases to an ultimate trend of 4.50%. Excess trend rate of 0.13% and 0.00% for pre- and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death"
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the annual expense.

Old Elk Creek Road Bridge



COMBINING FINANCIAL STATEMENTS AND SCHEDULES

**Nonmajor Funds
Governmental
Proprietary
Fiduciary**

**Nonmajor
Component Units**

This concrete through arch bridge, located near Delbarton, WV in Mingo County spans over Elk Creek. It is abandoned but the bridge is still open to pedestrian traffic.

GOVERNMENTAL FUND TYPES – NONMAJOR

Special Revenue:

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes.

Debt Service:

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects:

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. These funds consist of the following:

Education, Arts, Sciences, and Tourism Fund This Fund is established to provide public financial support for constructing, equipping, improving, and maintaining capital improvement projects which promote education and tourism in the State.

Lease Purchase Account This Account is established to ensure that revenues and expenditures for the acquisition of capital assets through lease-purchase agreements are properly recorded.

Cacapon Project Fund This Fund is established to provide public financial support for constructing, equipping, improving, and maintaining capital improvement projects at Cacapon Resort State Park.

State Parks Projects This Fund is established to provide public financial support for certain capital improvement and deferred maintenance projects throughout the State Parks System, including, but not limited to, maintenance, repair, construction, upgrades, and improvements.

Permanent Funds:

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the State's programs, for the benefit of the government or its citizenry.

The Irreducible School Fund The Fund, which was constitutionally established, is required to maintain a minimum level of investments. All earnings from these investments are transferred to the General Fund for educational expenditures.

West Virginia

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019
(Expressed in Thousands)

	<u>Special Revenue</u>	<u>Debt Service</u>
Assets:		
Cash and Cash Equivalents	\$ 379,234	\$ 56,736
Investments	153,016	—
Receivables, Net	15,824	100
Due from Other Governments	4,702	—
Due from Other Funds	96	238
Due from Component Units	6	1,055
Inventories	8	—
Restricted Assets:		
Cash and Cash Equivalents	<u>1,669</u>	<u>—</u>
Total Assets	<u>\$ 554,555</u>	<u>\$ 58,129</u>
Liabilities:		
Accounts Payable	\$ 27,199	\$ 2
Accrued and Other Liabilities	21,641	—
Due to Other Governments	11,880	—
Due to Other Funds	1,015	—
Due to Component Units	<u>7</u>	<u>—</u>
Total Liabilities	<u>61,742</u>	<u>2</u>
Fund Balances:		
Nonspendable:		
Inventories	8	—
Permanent Fund	—	—
Restricted for:		
Capital Projects	—	—
Debt Service	—	58,127
Development, Tourism, and Recreation	65,000	—
Education	—	—
Public Protection	94,395	—
Committed to:		
General Government Operations	5,258	—
Public Protection	322,358	—
Assigned to:		
Health and Social Services	1,917	—
Public Protection	<u>3,877</u>	<u>—</u>
Total Fund Balances	<u>492,813</u>	<u>58,127</u>
Total Liabilities and Fund Balances	<u>\$ 554,555</u>	<u>\$ 58,129</u>

<u>Capital Projects</u>				<u>Permanent Fund</u>	
<u>Education, Arts, Sciences and Tourism Fund</u>	<u>Cacapon Project Fund</u>	<u>State Parks Projects</u>	<u>Fund Lease Purchase Account</u>	<u>Irreducible School</u>	<u>Total</u>
\$ 9,504	\$ 25,180	\$ 55,830	\$ 10,597	\$ 1,425	\$ 538,506
—	—	—	—	—	153,016
18	44	99	17	2	16,104
—	—	—	—	—	4,702
—	—	—	—	—	334
—	—	—	—	—	1,061
—	—	—	—	—	8
—	—	—	—	—	1,669
<u>\$ 9,522</u>	<u>\$ 25,224</u>	<u>\$ 55,929</u>	<u>\$ 10,614</u>	<u>\$ 1,427</u>	<u>\$ 715,400</u>
\$ —	\$ 1,404	\$ 1,722	\$ —	\$ —	\$ 30,327
—	—	—	—	—	21,641
—	—	—	—	—	11,880
—	238	—	—	—	1,253
—	—	—	—	—	7
—	1,642	1,722	—	—	65,108
—	—	—	—	—	8
—	—	—	—	1,000	1,000
9,522	23,582	54,207	10,614	—	97,925
—	—	—	—	—	58,127
—	—	—	—	—	65,000
—	—	—	—	427	427
—	—	—	—	—	94,395
—	—	—	—	—	5,258
—	—	—	—	—	322,358
—	—	—	—	—	1,917
—	—	—	—	—	3,877
<u>9,522</u>	<u>23,582</u>	<u>54,207</u>	<u>10,614</u>	<u>1,427</u>	<u>650,292</u>
<u>\$ 9,522</u>	<u>\$ 25,224</u>	<u>\$ 55,929</u>	<u>\$ 10,614</u>	<u>\$ 1,427</u>	<u>\$ 715,400</u>

West Virginia

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

	<u>Special Revenue</u>	<u>Debt Service</u>
Revenues:		
Intergovernmental	\$ 148,500	\$ —
Licenses, Permits, and Fees	126,553	—
Charges for Services	—	—
Lottery Revenue	—	10,650
Investment Earnings	18,395	1,224
Other	<u>22,843</u>	<u>238</u>
Total Revenues	<u>316,291</u>	<u>12,112</u>
Expenditures:		
Legislative	1,409	—
Administration	—	5
Commerce	—	294
Environmental Protection	135,008	—
Employment Programs	49,383	—
Education	—	12
Military Affairs and Public Safety	—	1
Revenue	22,615	—
Veterans Assistance	—	2
Regulatory Boards and Commissions	20,750	1
Capital Outlay	—	—
Debt Service:		
Principal	—	48,390
Interest	<u>—</u>	<u>26,982</u>
Total Expenditures	<u>229,165</u>	<u>75,687</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>87,126</u>	<u>(63,575)</u>
Other Financing Sources (Uses):		
Face Value of Long-Term Debt	—	2,196
Premiums on Bond Issuance	—	—
Transfers In	871	63,546
Transfers Out	<u>(49,332)</u>	<u>(158)</u>
Total Other Financing Sources (Uses)	<u>(48,461)</u>	<u>65,584</u>
Net Changes in Fund Balances	38,665	2,009
Fund Balances, Beginning of Year	<u>454,148</u>	<u>56,118</u>
Fund Balances, End of Year	<u>\$ 492,813</u>	<u>\$ 58,127</u>

<u>Capital Projects</u>				<u>Permanent Fund</u>	
<u>Education, Arts, Sciences and Tourism Fund</u>	<u>Cacapon Project Fund</u>	<u>State Park Projects</u>	<u>Fund Lease Purchase Account</u>	<u>Irreducible School</u>	<u>Total</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 148,500
—	—	—	—	—	126,553
—	—	—	—	17	17
—	—	—	—	—	10,650
269	549	1,057	206	26	21,726
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>382</u>	<u>23,463</u>
<u>269</u>	<u>549</u>	<u>1,057</u>	<u>206</u>	<u>425</u>	<u>330,909</u>
—	—	—	—	—	1,409
—	—	—	—	—	5
—	—	—	—	—	294
—	—	—	—	—	135,008
—	—	—	—	—	49,383
1,179	—	—	—	—	1,191
—	—	—	—	—	1
—	—	—	—	—	22,615
—	—	—	—	—	2
—	—	—	—	—	20,751
3,253	5,547	6,670	—	—	15,470
—	—	—	—	—	48,390
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>26,982</u>
<u>4,432</u>	<u>5,547</u>	<u>6,670</u>	<u>—</u>	<u>—</u>	<u>321,501</u>
<u>(4,163)</u>	<u>(4,998)</u>	<u>(5,613)</u>	<u>206</u>	<u>425</u>	<u>9,408</u>
—	—	52,783	—	—	54,979
—	—	7,037	—	—	7,037
—	—	—	—	—	64,417
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(358)</u>	<u>(49,848)</u>
<u>—</u>	<u>—</u>	<u>59,820</u>	<u>—</u>	<u>(358)</u>	<u>76,585</u>
(4,163)	(4,998)	54,207	206	67	85,993
<u>13,685</u>	<u>28,580</u>	<u>—</u>	<u>10,408</u>	<u>1,360</u>	<u>564,299</u>
<u>\$ 9,522</u>	<u>\$ 23,582</u>	<u>\$ 54,207</u>	<u>\$ 10,614</u>	<u>\$ 1,427</u>	<u>\$ 650,292</u>



SPECIAL REVENUE FUNDS

Nonmajor Funds

Environmental Protection The Fund consists of various programs intended to maintain and improve the environmental quality of the State and its natural resources. Included in this Fund are programs addressing the following: Underground Storage Tanks, Groundwater, Solid Waste Environmental Response and Enforcement, Special Reclamation, Mines and Minerals, Dam Safety, Hazardous Waste Emergency Response, Oil and Gas Reclamation, Oil and Gas Operating Permit and Processing, as well as other miscellaneous programs.

Public Service Commission The Commission is responsible for appraising and balancing the interests of current and future utility service customers, the State's economy, and the utilities subject to its jurisdiction. It is directed to identify, explore and consider the potential benefits and risks associated with emerging and state-of-the-art concepts in utility management, rate design, and conservation.

Crime Victims' Compensation The intent of the Fund is to provide partial relief to the innocent victims of crime, including claimant's attorneys and witnesses, for the failure of the State to fully provide for the safety of its citizens and the inviolability of their property. To fund this program, individuals convicted of any felony or misdemeanor, excluding nonmoving traffic violations, must pay an additional amount over and above ordinary court costs.

Insurance Commission The Commission is responsible for promoting a competitive and solvent insurance market of domestic, foreign, and alien insurers. Additionally, the Fund is authorized to promulgate and adopt and enforce such rules and regulations relating to insurance as are deemed necessary to protect and safeguard the interests of policyholders and the public.

WORKFORCE West Virginia The Bureau of Employment Programs doing business as WORKFORCE West Virginia includes the Employment Service Division (ES) and the administrative activities of the Unemployment Compensation Division (UC). Local offices are operated throughout the State to serve those seeking and providing employment.

Wildlife Resources Fund The Fund is responsible for recognizing the inestimable importance of conserving the wildlife resources of West Virginia. In addition, the Fund provides the opportunity for citizens and residents of the State to invest in the future of its wildlife resources. The Fund is financed from the proceeds of the sale of lifetime hunting and fishing licenses, as well as proceeds from gifts, grants, and contributions. The interest on this Fund shall be used only for the purpose of supporting wildlife conservation programs of the State.

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019
(Expressed in Thousands)**

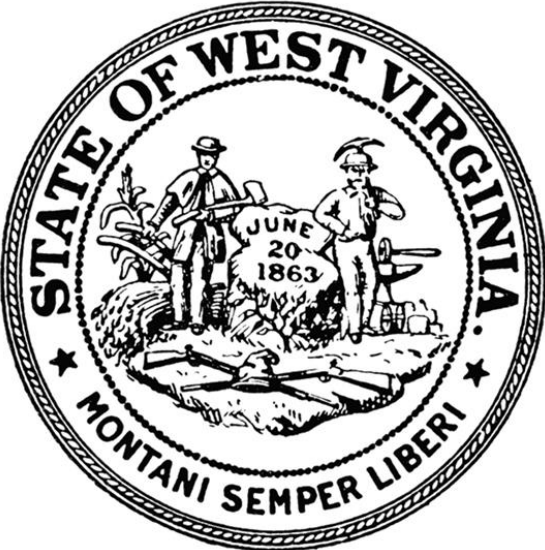
	<u>Environmental Protection</u>	<u>Public Service Commission</u>	<u>Crime Victims' Compensation</u>
Assets:			
Cash and Cash Equivalents	\$ 311,710	\$ 36,223	\$ 5,264
Investments	90,746	—	—
Receivables, Net	7,807	72	27
Due from Other Governments	—	3,082	—
Due from Other Funds	—	53	—
Due from Component Units	—	—	—
Inventories	—	—	—
Restricted Assets:			
Cash and Cash Equivalents	<u>321</u>	<u>1,348</u>	<u>—</u>
Total Assets	<u>\$ 410,584</u>	<u>\$ 40,778</u>	<u>\$ 5,291</u>
Liabilities:			
Accounts Payable	\$ 16,416	\$ 10,371	\$ 33
Accrued and Other Liabilities	18,725	1,777	—
Due to Other Governments	1,971	8,562	—
Due to Other Funds	98	99	—
Due to Component Units	<u>—</u>	<u>—</u>	<u>—</u>
Total Liabilities	<u>37,210</u>	<u>20,809</u>	<u>33</u>
Fund Balances:			
Nonspendable:			
Inventories	—	—	—
Restricted for:			
Development, Tourism, and Recreation	—	—	—
Public Protection	84,948	9,447	—
Committed to:			
General Government Operations	—	—	5,258
Public Protection	284,579	10,492	—
Assigned to:			
Health and Social Services	—	—	—
Public Protection	<u>3,847</u>	<u>30</u>	<u>—</u>
Total Fund Balances	<u>373,374</u>	<u>19,969</u>	<u>5,258</u>
Total Liabilities and Fund Balances	<u>\$ 410,584</u>	<u>\$ 40,778</u>	<u>\$ 5,291</u>

<u>Insurance Commission</u>	<u>WORKFORCE West Virginia</u>	<u>Wildlife Resources Fund</u>	<u>Total</u>
\$ 23,321	\$ 2,715	\$ 1	\$ 379,234
—	—	62,270	153,016
5,105	84	2,729	15,824
—	1,620	—	4,702
—	43	—	96
—	6	—	6
—	8	—	8
<u>—</u>	<u>—</u>	<u>—</u>	<u>1,669</u>
<u>\$ 28,426</u>	<u>\$ 4,476</u>	<u>\$ 65,000</u>	<u>\$ 554,555</u>
\$ —	\$ 379	\$ —	\$ 27,199
1,139	—	—	21,641
—	1,347	—	11,880
—	818	—	1,015
<u>—</u>	<u>7</u>	<u>—</u>	<u>7</u>
<u>1,139</u>	<u>2,551</u>	<u>—</u>	<u>61,742</u>
—	8	—	8
—	—	65,000	65,000
—	—	—	94,395
—	—	—	5,258
27,287	—	—	322,358
—	1,917	—	1,917
<u>—</u>	<u>—</u>	<u>—</u>	<u>3,877</u>
<u>27,287</u>	<u>1,925</u>	<u>65,000</u>	<u>492,813</u>
<u>\$ 28,426</u>	<u>\$ 4,476</u>	<u>\$ 65,000</u>	<u>\$ 554,555</u>

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

	<u>Environmental Protection</u>	<u>Public Service Commission</u>	<u>Crime Victims' Compensation</u>
Revenues:			
Intergovernmental	\$ 96,990	\$ 3,082	\$ —
Licenses, Permits, and Fees	65,927	20,599	1,278
Investment Earnings and Losses	14,504	—	199
Other	<u>22,253</u>	<u>—</u>	<u>48</u>
Total Revenues	<u>199,674</u>	<u>23,681</u>	<u>1,525</u>
Expenditures:			
Legislative	—	—	1,409
Environmental Protection	135,008	—	—
Employment Programs	—	—	—
Revenue	—	—	—
Regulatory Boards and Commissions	<u>—</u>	<u>20,750</u>	<u>—</u>
Total Expenditures	<u>135,008</u>	<u>20,750</u>	<u>1,409</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>64,666</u>	<u>2,931</u>	<u>116</u>
Other Financing Sources (Uses):			
Transfers In	871	—	—
Transfers Out	<u>(29,042)</u>	<u>(114)</u>	<u>(2)</u>
Total Other Financing Sources (Uses)	<u>(28,171)</u>	<u>(114)</u>	<u>(2)</u>
Net Change in Fund Balances	36,495	2,817	114
Fund Balances (Deficits), Beginning of Year	<u>336,879</u>	<u>17,152</u>	<u>5,144</u>
Fund Balances (Deficits), End of Year	<u>\$ 373,374</u>	<u>\$ 19,969</u>	<u>\$ 5,258</u>

<u>Insurance Commission</u>	<u>WORKFORCE West Virginia</u>	<u>Wildlife Resources Fund</u>	<u>Total</u>
\$ —	\$ 48,428	\$ —	\$ 148,500
37,929	—	820	126,553
13	—	3,679	18,395
<u>349</u>	<u>—</u>	<u>193</u>	<u>22,843</u>
<u>38,291</u>	<u>48,428</u>	<u>4,692</u>	<u>316,291</u>
—	—	—	1,409
—	—	—	135,008
—	49,383	—	49,383
22,615	—	—	22,615
<u>—</u>	<u>—</u>	<u>—</u>	<u>20,750</u>
<u>22,615</u>	<u>49,383</u>	<u>—</u>	<u>229,165</u>
<u>15,676</u>	<u>(955)</u>	<u>4,692</u>	<u>87,126</u>
—	—	—	871
<u>(15,000)</u>	<u>—</u>	<u>(5,174)</u>	<u>(49,332)</u>
<u>(15,000)</u>	<u>—</u>	<u>(5,174)</u>	<u>(48,461)</u>
676	(955)	(482)	38,665
<u>26,611</u>	<u>2,880</u>	<u>65,482</u>	<u>454,148</u>
<u>\$ 27,287</u>	<u>\$ 1,925</u>	<u>\$ 65,000</u>	<u>\$ 492,813</u>



DEBT SERVICE FUNDS

Nonmajor Funds

West Virginia Infrastructure and Jobs Development Council The Council coordinates the review and funding of water, wastewater, and economic development projects in the State. This Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest for the Council's general obligation debt.

Education, Arts, Sciences, and Tourism Fund This Fund is used to account for and report the financial resources that are restricted, committed, or assigned to expenditure for principal and interest on the bonds issued to provide public financial support for constructing, equipping, improving, and maintaining capital improvement projects which promote education, arts, sciences, and tourism in the State.

Lease Purchase Account This Account is established to ensure that revenues and expenditures for the debt service of the lease-purchase agreements are properly recorded.

Economic Development Project Fund This Fund is used to account for and report the financial resources that are restricted, committed, or assigned to expenditure for principal and interest on the bonds issued to provide funds to finance a portion of the costs of construction, equipping, improving or maintaining economic development projects, capital improvement projects and infrastructure projects which promote economic development in the State.

Cacapon Project Fund This Fund is used to account for and report the financial resources that are restricted, committed, or assigned to expenditure for principal and interest on the bonds issued to provide funds to finance a portion of the costs of constructing, equipping, improving or maintaining capital improvements projects at Cacapon Resort State Park.

State Parks Projects This Fund is used to account for and report the financial resources that are restricted, committed, or assigned to expenditure for principal and interest on the bonds issued to provide funds for certain capital improvement and deferred maintenance projects throughout the State Parks System, including but not limited to maintenance, repair, construction, upgrades, and improvements.

West Virginia

Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2019
(Expressed in Thousands)

	<u>Lease Purchase Accounts</u>	<u>Education, Arts, Sciences, and Tourism Fund</u>	<u>Economic Development Project Fund</u>	<u>Cacapon Project Fund</u>	<u>State Parks Projects</u>	<u>Total</u>
Assets:						
Cash and Cash Equivalents	\$ 5,434	\$ 12	\$ 47,900	\$ 1,463	\$ 1,927	\$ 56,736
Receivables, Net	8	2	84	3	3	100
Due from Other Funds	238	—	—	—	—	238
Due from Component Units	<u>55</u>	<u>1,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,055</u>
Total Assets	<u>\$ 5,735</u>	<u>\$ 1,014</u>	<u>\$ 47,984</u>	<u>\$ 1,466</u>	<u>\$ 1,930</u>	<u>\$ 58,129</u>
Liabilities:						
Accounts Payable	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2</u>
Total Liabilities	<u>2</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2</u>
Fund Balances:						
Restricted for Debt Service	<u>5,733</u>	<u>1,014</u>	<u>47,984</u>	<u>1,466</u>	<u>1,930</u>	<u>58,127</u>
Total Liabilities and Fund Balances	<u>\$ 5,735</u>	<u>\$ 1,014</u>	<u>\$ 47,984</u>	<u>\$ 1,466</u>	<u>\$ 1,930</u>	<u>\$ 58,129</u>

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

	<u>Lease Purchase Account</u>	<u>West Virginia Infrastructure and Jobs Development Council</u>	<u>Education, Arts, Sciences, and Tourism Fund</u>	<u>Economic Development Project Fund</u>	<u>Cacapon Project Fund</u>	<u>State Parks Projects</u>	<u>Total</u>
Revenues:							
Lottery Revenues	\$ 658	\$ —	\$ 9,992	\$ —	\$ —	\$ —	\$ 10,650
Investment Earnings	210	158	2	812	14	28	1,224
Other	<u>238</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>238</u>
Total Revenues	<u>1,106</u>	<u>158</u>	<u>9,994</u>	<u>812</u>	<u>14</u>	<u>28</u>	<u>12,112</u>
Expenditures:							
Administration	4	—	1	—	—	—	5
Commerce	—	—	—	—	—	294	294
Education	—	—	12	—	—	—	12
Military Affairs and Public Safety	1	—	—	—	—	—	1
Veterans Administration	2	—	—	—	—	—	2
Regulatory Boards and Commissions	1	—	—	—	—	—	1
Debt Service:							
Principal	15,890	16,480	3,795	11,825	400	—	48,390
Interest	<u>8,682</u>	<u>4,077</u>	<u>6,198</u>	<u>6,846</u>	<u>1,179</u>	<u>—</u>	<u>26,982</u>
Total Expenditures	<u>24,580</u>	<u>20,557</u>	<u>10,006</u>	<u>18,671</u>	<u>1,579</u>	<u>294</u>	<u>75,687</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(23,474)</u>	<u>(20,399)</u>	<u>(12)</u>	<u>(17,859)</u>	<u>(1,565)</u>	<u>(266)</u>	<u>(63,575)</u>
Other Financing Sources (Uses):							
Face Value of Long-Term Debt Issued	—	—	—	—	—	2,196	2,196
Transfers In	21,969	20,557	—	18,989	2,031	—	63,546
Transfers Out	<u>—</u>	<u>(158)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(158)</u>
Total Other Financing Sources (Uses)	<u>21,969</u>	<u>20,399</u>	<u>—</u>	<u>18,989</u>	<u>2,031</u>	<u>2,196</u>	<u>65,584</u>
Net Change in Fund Balances	(1,505)	—	(12)	1,130	466	1,930	2,009
Fund Balances, Beginning of Year	<u>7,238</u>	<u>—</u>	<u>1,026</u>	<u>46,854</u>	<u>1,000</u>	<u>—</u>	<u>56,118</u>
Fund Balances, End of Year	<u>\$ 5,733</u>	<u>\$ —</u>	<u>\$ 1,014</u>	<u>\$ 47,984</u>	<u>\$ 1,466</u>	<u>\$ 1,930</u>	<u>\$58,127</u>



INTERNAL SERVICE FUNDS

Internal Service Funds account for the operations of those state agencies that provide goods and services to other state agencies and governmental units on a cost-reimbursement basis. The Internal Service Funds consist of the following:

State Building Fund The Fund operates and maintains the primary state government office building complex and related facilities. These facilities are leased to the state agencies that occupy the facilities.

Information Services and Communications The Fund is responsible for establishing, developing, and improving data-processing functions, for promulgating standards for the utilization of data-processing equipment, and for promoting the effective and efficient operation of the legislative, executive, and judicial branches of State Government. Costs are recovered through service charges to user agencies.

Travel Management The Fund, a central motor pool responsible for the storage, maintenance, and repairs of state-owned vehicles and aircraft, is maintained by the Department of Administration. User agencies are billed for leasing such vehicles and for use of aircraft.

Investment Management Board The Board serves as the Trustee to provide prudent fiscal administration, investment, and management of the State's pension funds, workers' compensation, pneumoconiosis, and other long-term funds.

Board of Treasury Investments The BTI serves as the investment vehicle for the operating cash of state agencies and authorities, local governments, and other political subdivisions.

**Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2019
(Expressed in Thousands)**

	<u>State Building Fund</u>	<u>Information Services and Communication</u>	<u>Travel Management</u>	<u>Enterprise Readiness Planning Board</u>	<u>Investment Management Board</u>	<u>Board of Treasury Investments</u>	<u>Total</u>
Assets:							
Current Assets:							
Cash and Cash Equivalents	\$ 3,393	\$ 5,080	\$ 2,763	\$ 10,188	\$ 3,899	\$ 1,396	\$ 26,719
Receivables, Net	2	93	—	—	8,214	632	8,941
Due from Other Funds	986	12,793	350	—	—	—	14,129
Due from Component Units	17	1,473	14	—	—	—	1,504
Inventories	374	469	—	—	—	—	843
Other Assets	73	—	—	—	70	—	143
Restricted Assets:							
Cash and Cash Equivalents	—	—	3,733	—	—	—	3,733
Total Current Assets	<u>4,845</u>	<u>19,908</u>	<u>6,860</u>	<u>10,188</u>	<u>12,183</u>	<u>2,028</u>	<u>56,012</u>
Noncurrent Assets:							
Restricted Assets:							
Cash and Cash Equivalents	16,617	—	—	—	—	—	16,617
Capital Assets, Net	<u>187,908</u>	<u>659</u>	<u>15,804</u>	<u>71,593</u>	<u>234</u>	<u>5</u>	<u>276,203</u>
Total Noncurrent Assets	<u>204,525</u>	<u>659</u>	<u>15,804</u>	<u>71,593</u>	<u>234</u>	<u>5</u>	<u>292,820</u>
Total Assets	<u>209,370</u>	<u>20,567</u>	<u>22,664</u>	<u>81,781</u>	<u>12,417</u>	<u>2,033</u>	<u>348,832</u>
Deferred Outflows of Resources:							
Related to Pensions	930	2,635	155	180	—	—	3,900
Related to OPEB	<u>377</u>	<u>448</u>	<u>248</u>	<u>59</u>	—	—	<u>1,132</u>
Total Deferred Outflows of Resources	<u>1,307</u>	<u>3,083</u>	<u>403</u>	<u>239</u>	<u>—</u>	<u>—</u>	<u>5,032</u>
Liabilities:							
Current Liabilities:							
Accounts Payable	2,880	6,698	731	603	7,808	577	19,297
Accrued and Other Liabilities	185	400	37	76	—	—	698
Due to Other Governments	72	192	15	44	—	—	323
Due to Other Funds	123	360	24	10	—	—	517
Due to Component Units	—	38	—	—	—	—	38
Capital Leases and Other Debt	145	386	6,542	—	—	—	7,073
Capital Leases Payable to Component Units	<u>1,775</u>	—	—	—	—	—	<u>1,775</u>
Total Current Liabilities	<u>5,180</u>	<u>8,074</u>	<u>7,349</u>	<u>733</u>	<u>7,808</u>	<u>577</u>	<u>29,721</u>
Noncurrent Liabilities:							
Capital Leases and Other Debt	2,307	162	9,122	—	—	—	11,591
Capital Leases Payable to Component Units	53,255	—	—	—	—	—	53,255
Net Pension Liability	668	2,029	109	336	—	—	3,142
Net OPEB Liability	2,136	5,020	340	600	—	—	8,096
Compensated Absences	<u>373</u>	<u>1,016</u>	<u>78</u>	<u>260</u>	—	—	<u>1,727</u>
Total Noncurrent Liabilities	<u>58,739</u>	<u>8,227</u>	<u>9,649</u>	<u>1,196</u>	<u>—</u>	<u>—</u>	<u>77,811</u>
Total Liabilities	<u>63,919</u>	<u>16,301</u>	<u>16,998</u>	<u>1,929</u>	<u>7,808</u>	<u>577</u>	<u>107,532</u>
Deferred Inflows of Resources:							
Related to Pensions	977	2,755	259	301	—	—	4,292
Related to OPEB	<u>626</u>	<u>1,259</u>	<u>262</u>	<u>163</u>	—	—	<u>2,310</u>
Total Deferred Inflows of Resources	<u>1,603</u>	<u>4,014</u>	<u>521</u>	<u>464</u>	<u>—</u>	<u>—</u>	<u>6,602</u>
Net Position:							
Net Investment in Capital Assets	131,999	174	3,873	71,593	234	5	207,878
Restricted for Capital Projects	16,617	—	—	—	—	—	16,617
Restricted for General Government Operations	—	—	3,733	—	—	—	3,733
Unrestricted	<u>(3,461)</u>	<u>3,161</u>	<u>(2,058)</u>	<u>8,034</u>	<u>4,375</u>	<u>1,451</u>	<u>11,502</u>
Total Net Position	<u>\$ 145,155</u>	<u>\$ 3,335</u>	<u>\$ 5,548</u>	<u>\$ 79,627</u>	<u>\$ 4,609</u>	<u>\$ 1,456</u>	<u>\$ 239,730</u>

**Combining Statement of Revenues, Expenses,
and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

	State Building Fund	Information Services and Communication	Travel Management	Enterprise Readiness Planning Board	Investment Management Board	Board of Treasury Investments	Total
Operating Revenues:							
Charges for Services	<u>\$ 21,059</u>	<u>\$ 48,554</u>	<u>\$ 9,523</u>	<u>\$ 15,506</u>	<u>\$ 43,674</u>	<u>\$ 3,610</u>	<u>\$ 141,926</u>
Operating Expenses:							
Cost of Sales and Services	14,361	43,145	2,257	6,825	38,782	2,901	108,271
General and Administration	1,561	2,795	773	824	4,773	297	11,023
Pension Expense	45	153	50	120	—	—	368
OPEB Expense	167	407	31	45	—	—	650
Depreciation and Amortization	<u>6,644</u>	<u>529</u>	<u>8,591</u>	<u>4,204</u>	<u>115</u>	<u>3</u>	<u>20,086</u>
Total Operating Expenses	<u>22,778</u>	<u>47,029</u>	<u>11,702</u>	<u>12,018</u>	<u>43,670</u>	<u>3,201</u>	<u>140,398</u>
Operating Income (Loss)	(1,719)	1,525	(2,179)	3,488	4	409	1,528
Nonoperating Revenues (Expenses):							
Gain (Loss) on Sale of Equipment	—	—	(92)	—	—	—	(92)
Investment Income	51	—	—	—	107	—	158
Interest Expense	(2,333)	(7)	—	—	—	—	(2,340)
Lottery Revenue	4,894	—	—	—	—	—	4,894
Other Nonoperating Revenues	<u>194</u>	<u>317</u>	<u>227</u>	<u>37</u>	<u>—</u>	<u>—</u>	<u>775</u>
Total Nonoperating Revenues, Net	<u>2,806</u>	<u>310</u>	<u>135</u>	<u>37</u>	<u>107</u>	<u>—</u>	<u>3,395</u>
Income (Loss) Before Transfers	1,087	1,835	(2,044)	3,525	111	409	4,923
Transfers:							
Transfers In	6,466	—	1,050	—	—	—	7,516
Transfers Out	<u>(5,365)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(5,365)</u>
Total Transfers	<u>1,101</u>	<u>—</u>	<u>1,050</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,151</u>
Change in Net Position	2,188	1,835	(994)	3,525	111	409	7,074
Net Position, Beginning of Year	<u>142,967</u>	<u>1,500</u>	<u>6,542</u>	<u>76,102</u>	<u>4,498</u>	<u>1,047</u>	<u>232,656</u>
Net Position, End of Year	<u>\$ 145,155</u>	<u>\$ 3,335</u>	<u>\$ 5,548</u>	<u>\$ 79,627</u>	<u>\$ 4,609</u>	<u>\$ 1,456</u>	<u>\$ 239,730</u>

**Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

	<u>State Building Fund</u>	<u>Information Services and Communication</u>	<u>Travel Management</u>	<u>Enterprise Readiness Planning Board</u>	<u>Investment Management Board</u>	<u>Board of Treasury Investments</u>	<u>Total</u>
Cash Flows from Operating Activities:							
Receipts from State Agencies	\$ 21,135	\$ 42,941	\$ 9,269	\$ 15,514	\$ 43,798	\$ 3,595	\$ 136,252
Payments to Suppliers	(9,705)	(32,889)	(1,968)	(6,389)	(40,460)	(3,230)	(94,641)
Payments to Employees	(5,167)	(12,610)	(885)	(2,104)	(3,752)	—	(24,518)
Net Cash Provided by (Used for) Operating Activities	<u>6,263</u>	<u>(2,558)</u>	<u>6,416</u>	<u>7,021</u>	<u>(414)</u>	<u>365</u>	<u>17,093</u>
Cash Flows from Noncapital Financing Activities:							
Transfers In	6,466	—	1,050	—	—	—	7,516
Transfers Out	(5,365)	—	—	—	—	—	(5,365)
Other Nonoperating Receipts	59	—	—	—	—	—	59
Distributions or Subsidies from Other Organizations	4,894	—	—	—	—	—	4,894
Net Cash Provided by Noncapital Financing Activities	<u>6,054</u>	<u>—</u>	<u>1,050</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,104</u>
Cash Flows from Capital and Related Financing Activities:							
Proceeds from Sale of Capital Bonds and Other Debts	—	—	5,864	—	—	—	5,864
Repayment of Capital Debt	(1,867)	(381)	(7,742)	—	—	—	(9,990)
Interest Paid on Capital Debt	(2,331)	(8)	—	—	—	—	(2,339)
Acquisition and Construction of Capital Assets	(8,339)	(29)	(7,512)	(4,315)	(61)	(3)	(20,259)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(12,537)</u>	<u>(418)</u>	<u>(9,390)</u>	<u>(4,315)</u>	<u>(61)</u>	<u>(3)</u>	<u>(26,724)</u>
Cash Flows from Investing Activities:							
Investment Earnings	51	—	—	—	105	—	156
Net Cash Provided by (Used for) Investing Activities	<u>51</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>105</u>	<u>—</u>	<u>156</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(169)	(2,976)	(1,924)	2,706	(370)	362	(2,371)
Cash and Cash Equivalents, Beginning of Year	20,179	8,056	8,420	7,482	4,269	1,034	49,440
Cash and Cash Equivalents, End of Year	<u>\$ 20,010</u>	<u>\$ 5,080</u>	<u>\$ 6,496</u>	<u>\$ 10,188</u>	<u>\$ 3,899</u>	<u>\$ 1,396</u>	<u>\$ 47,069</u>

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)
(Continued)

	State Building Fund	Information Services and Communication	Travel Management	Enterprise Readiness Planning Board	Investment Management Board	Board of Treasury Investments	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for)							
Operating Activities:							
Operating Income (Loss)	\$ (1,719)	\$ 1,525	\$ (2,179)	\$ 3,488	\$ 4	\$ 409	\$ 1,528
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation and Amortization	6,644	529	8,591	4,204	115	3	20,086
Pension Expense	45	153	50	120	—	—	368
OPEB Expense	167	407	31	45	—	—	650
Changes in Assets, Liabilities, and Deferred Outflows of Resources:							
Receivables	76	(5,613)	(253)	8	123	(15)	(5,674)
Inventories	53	(133)	—	—	—	—	(80)
Other Assets	—	—	—	—	6	—	6
Accounts Payable and Accrued Liabilities	1,638	3,022	212	(630)	(662)	(32)	3,548
Other Liabilities	(43)	(866)	58	7	—	—	(844)
Deferred Outflows of Resources	(598)	(1,582)	(94)	(221)	—	—	(2,495)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 6,263</u>	<u>\$ (2,558)</u>	<u>\$ 6,416</u>	<u>\$ 7,021</u>	<u>\$ (414)</u>	<u>\$ 365</u>	<u>\$ 17,093</u>
Schedule of Noncash Capital and Financing Activities:							
On Behalf OPEB Payments	\$ 135	\$ 317	\$ 21	\$ 37	\$ —	\$ —	\$ 510

PROPRIETARY FUNDS – NONMAJOR

Drinking Water Treatment Revolving Fund Low-interest loans are made to communities to assist in financing drinking water infrastructure projects, including, but not limited to, treatment, distribution, transmission, and storage. The Fund is to remain in perpetuity by recirculating the principal and interest earned from the loans.

Alcohol Beverage Control Administration The Administration is responsible for the regulation and control of the manufacture, sale, distribution, transportation, storage, and consumption of alcoholic beverages. The Administration shall establish stores and agencies and shall fix uniform prices for the sale of alcoholic beverages.

West Virginia College Prepaid Tuition and Savings Program The Program, which is comprised of the Prepaid Tuition Trust Fund and the College Prepaid Tuition and Savings Program Administrative Account, is responsible for providing individuals and organizations the opportunity to prepay future college tuition and mandatory fees at West Virginia public and private colleges and universities and to offer a comprehensive state-sponsored college savings plan. Prices for contracts are based on weighted-average tuition and mandatory fees as determined annually by the Program's consulting actuaries and its Board. In March 2003, the West Virginia Legislature closed the Prepaid Tuition Program to new contracts until the Legislature authorizes the Program to reopen. All contract holders will continue to pay any amounts due, including monthly installments, penalties and fees, and the Prepaid Tuition Program will continue to pay all benefits due. During fiscal year 2015, the Board voted to close the Prepaid Tuition Program on June 30, 2022. Any funds not distributed to account holders or beneficiaries who cannot be located at the time will be transferred to the West Virginia unclaimed property division where the rightful owner can claim the funds at any time.

State Entities Workers' Compensation (SEWC) The Fund is responsible for providing a means of managing workers' compensation coverage for persons directly employed by the State of West Virginia. The West Virginia Offices of the Insurance Commissioner was given the responsibility of administering the SEWC. The SEWC is a public entity risk pool functioning as an insurance purchasing pool.

**Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2019
(Expressed in Thousands)**

	Business-type Activities – Enterprise Funds		
	Drinking Water Treatment Revolving Fund	Alcohol Beverage Control Administration	West Virginia College Prepaid Tuition and Savings Program
Assets:			
Current Assets:			
Cash and Cash Equivalents	\$ 35,292	\$ 16,648	\$ 3,590
Receivables, Net	10,068	610	130
Inventories	—	24	—
Other Assets	—	—	—
Total Current Assets	<u>45,360</u>	<u>17,282</u>	<u>3,720</u>
Noncurrent Assets:			
Investments	—	—	34,513
Receivables, Net	132,945	—	—
Restricted Assets:			
Capital Assets, Net	—	<u>1,675</u>	—
Total Noncurrent Assets	<u>132,945</u>	<u>1,675</u>	<u>34,513</u>
Total Assets	<u>178,305</u>	<u>18,957</u>	<u>38,233</u>
Deferred Outflows of Resources:			
Related to Pensions	—	314	48
Related to OPEB	—	<u>159</u>	<u>78</u>
Total Deferred Outflows of Resources	<u>—</u>	<u>473</u>	<u>126</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	—	3,556	208
Accrued Tuition Contract Benefits	—	—	14,321
Accrued and Other Liabilities	—	255	—
Due to Other Funds	—	25	—
Due to Component Units	35	—	—
Insurance and Compensation Benefits Obligations	—	—	—
Compensated Absences	—	—	<u>42</u>
Total Current Liabilities	<u>35</u>	<u>3,836</u>	<u>14,571</u>
Noncurrent Liabilities:			
Accrued Tuition Contract Benefits	—	—	23,948
Insurance and Compensation Benefits Obligations	—	—	—
Net Pension Liability	—	454	74
Net OPEB Liability	—	1,751	146
Compensated Absences	—	<u>269</u>	<u>9</u>
Total Noncurrent Liabilities	<u>—</u>	<u>2,474</u>	<u>24,177</u>
Total Liabilities	<u>35</u>	<u>6,310</u>	<u>38,748</u>
Deferred Inflows of Resources:			
Related to Pensions	—	331	64
Related to OPEB	—	<u>463</u>	<u>64</u>
Total Deferred Inflows of Resources	<u>—</u>	<u>794</u>	<u>128</u>
Net Position (Deficit):			
Net Investment in Capital Assets	—	1,675	—
Restricted for:			
General Government Operations	—	—	2,391
Lending Activities	178,270	—	—
Insurance Activities	—	—	—
Unrestricted (Deficit)	—	<u>10,651</u>	<u>(2,908)</u>
Total Net Position (Deficit)	<u>\$178,270</u>	<u>\$ 12,326</u>	<u>\$ (517)</u>

<u>State Entities Workers' Compensation</u>	<u>Total</u>
\$ 15,793	\$ 71,323
123	10,931
—	24
<u>15,031</u>	<u>15,031</u>
<u>30,947</u>	<u>97,309</u>
—	34,513
—	132,945
—	<u>1,675</u>
—	<u>169,133</u>
<u>30,947</u>	<u>266,442</u>
—	362
—	<u>237</u>
—	<u>599</u>
—	3,764
—	14,321
—	255
—	25
—	35
5,300	5,300
—	<u>42</u>
<u>5,300</u>	<u>23,742</u>
—	23,948
7,800	7,800
—	528
—	1,897
—	<u>278</u>
<u>7,800</u>	<u>34,451</u>
<u>13,100</u>	<u>58,193</u>
—	395
—	<u>527</u>
—	<u>922</u>
—	1,675
—	2,391
—	178,270
17,847	17,847
—	<u>7,743</u>
<u>\$ 17,847</u>	<u>\$ 207,926</u>

West Virginia

**Combining Statement of Revenues, Expenses,
and Changes in Fund Net Position
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

	Business-type Activities – Enterprise Funds		
	Drinking Water Treatment Revolving Fund	Alcohol Beverage Control Administration	West Virginia College Prepaid Tuition and Savings Program
Operating Revenues:			
Charges for Services and Sales	\$ 1,598	\$ 103,466	\$ —
Insurance Premiums	—	—	—
Tuition Contracts	—	—	14
Licenses, Permits, and Fees	—	4,365	1,471
Other	—	98	2,561
Total Operating Revenues	<u>1,598</u>	<u>107,929</u>	<u>4,046</u>
Operating Expenses:			
Cost of Sales and Services	—	78,191	—
Insurance Claims and Claims Adjustment Provisions	—	—	—
General and Administration	—	4,813	1,378
Pension Expense	—	32	8
OPEB Expense	—	137	14
Depreciation and Amortization	—	169	—
Other	3,453	—	—
Total Operating Expenses	<u>3,453</u>	<u>83,342</u>	<u>1,400</u>
Operating Income (Loss)	(1,855)	24,587	2,646
Nonoperating Revenues (Expenses):			
Interest and Other Investment Income	763	—	2,262
Other Nonoperating Revenues	—	246	9
Total Nonoperating Revenues (Expenses), Net	<u>763</u>	<u>246</u>	<u>2,271</u>
Income (Loss) Before Transfers	(1,092)	24,833	4,917
Transfers:			
Transfers In	11,214	—	—
Transfers Out	—	(23,039)	—
Total Transfers	<u>11,214</u>	<u>(23,039)</u>	<u>—</u>
Change in Net Position	10,122	1,794	4,917
Net Position (Deficit), Beginning of Year, as Reclassified	<u>168,148</u>	<u>10,532</u>	<u>(5,434)</u>
Net Position (Deficit), End of Year	<u>\$ 178,270</u>	<u>\$ 12,326</u>	<u>\$ (517)</u>

<u>State Entities Workers' Compensation</u>	<u>Total</u>
\$ —	\$ 105,064
9,304	9,304
—	14
—	5,836
<u>—</u>	<u>2,659</u>
<u>9,304</u>	<u>122,877</u>
—	78,191
8,080	8,080
791	6,982
—	40
—	151
—	169
<u>—</u>	<u>3,453</u>
<u>8,871</u>	<u>97,066</u>
433	25,811
334	3,359
<u>—</u>	<u>255</u>
<u>334</u>	<u>3,614</u>
767	29,425
—	11,214
<u>—</u>	<u>(23,039)</u>
<u>—</u>	<u>(11,825)</u>
767	17,600
<u>17,080</u>	<u>190,326</u>
<u>\$ 17,847</u>	<u>\$ 207,926</u>

**Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

	Business-type Activities – Enterprise Funds		
	Drinking Water Treatment Revolving Fund	Alcohol Beverage Control Administration	West Virginia College Prepaid Tuition and Savings Program
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 8,892	\$ 107,789	\$ 44
Payments to Suppliers	—	(78,921)	(624)
Payments to Employees	—	(4,004)	(705)
Payments to Beneficiaries	—	—	(10,435)
Payments for Loans Originated	(12,603)	—	—
Payments for Premiums	—	—	—
Payments to Claimants	—	—	—
Other Operating Cash Receipts	—	—	1,472
Other Operating Cash Payments	<u>(130)</u>	<u>—</u>	<u>—</u>
Net Cash Provided by (Used for) Operating Activities	<u>(3,841)</u>	<u>24,864</u>	<u>(10,248)</u>
Cash Flows from Noncapital Financing Activities:			
Transfers In	11,214	—	—
Transfers Out	—	(23,039)	—
Entitlements and Grants	<u>—</u>	<u>135</u>	<u>—</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>11,214</u>	<u>(22,904)</u>	<u>—</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	<u>—</u>	<u>(136)</u>	<u>—</u>
Net Cash Used for Capital and Related Financing Activities	<u>—</u>	<u>(136)</u>	<u>—</u>
Cash Flows from Investing Activities:			
Purchase of Investments	—	—	(147)
Proceeds from Sale of Investments	—	—	10,000
Investment Earnings	<u>763</u>	<u>—</u>	<u>153</u>
Net Cash Provided by Investing Activities	<u>763</u>	<u>—</u>	<u>10,006</u>
Net Increase (Decrease) in Cash and Cash Equivalents	8,136	1,824	(242)
Cash and Cash Equivalents, Beginning of Year	<u>27,156</u>	<u>14,824</u>	<u>3,832</u>
Cash and Cash Equivalents, End of Year	<u>\$ 35,292</u>	<u>\$ 16,648</u>	<u>\$ 3,590</u>

State Entities Workers' <u>Compensation</u>	<u>Total</u>
\$ 16,622	\$ 133,347
(28)	(79,573)
—	(4,709)
—	(10,435)
—	(12,603)
(7,891)	(7,891)
(8,737)	(8,737)
2,257	3,729
<u>—</u>	<u>(130)</u>
<u>2,223</u>	<u>12,998</u>
—	11,214
—	(23,039)
<u>—</u>	<u>135</u>
<u>—</u>	<u>(11,690)</u>
<u>—</u>	<u>(136)</u>
<u>—</u>	<u>(136)</u>
—	(147)
—	10,000
<u>260</u>	<u>1,176</u>
<u>260</u>	<u>11,029</u>
2,483	12,201
<u>13,310</u>	<u>59,122</u>
<u>\$ 15,793</u>	<u>\$ 71,323</u>

West Virginia

Combining Statement of Cash Flows Nonmajor Proprietary Funds For the Fiscal Year Ended June 30, 2019 (Expressed in Thousands) (Continued)

	<u>Business-type Activities – Enterprise Funds</u>		
	<u>Drinking Water Treatment Revolving Fund</u>	<u>Alcohol Beverage Control Administration</u>	<u>West Virginia College Prepaid Tuition and Savings Program</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for)			
Operating Activities:			
Operating Income (Loss)	\$ (1,855)	\$ 24,587	\$ 2,646
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by (Used for) Operating Activities:			
Depreciation and Amortization	—	169	—
Pension Expense	—	32	8
OPEB Expense	—	137	14
Changes in Assets, Liabilities, and Deferred			
Inflows of Resources:			
Receivables	(1,986)	(140)	31
Inventories	—	16	—
Accounts Payable and Accrued Liabilities	—	465	105
Tuition Contracts Benefits and Expenses	—	—	(12,996)
Other Liabilities	—	—	—
Compensated Absences	—	25	—
Deferred Outflows Related to Pensions/OPEB	—	(427)	(56)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (3,841)</u>	<u>\$ 24,864</u>	<u>\$ (10,248)</u>
Schedule of Noncash Capital and Financing Activities:			
Loans Originated with Principal Forgiveness Features	\$ 3,325	\$ —	\$ —
Unrealized Gain on Investments	—	—	2,109
On-Behalf OPEB Payments	—	111	9

<u>State Entities Workers' Compensation</u>	<u>Total</u>
\$ 433	\$ 25,811
—	169
—	40
—	151
3,400	1,305
—	16
(1,800)	(1,230)
—	(12,996)
190	190
—	25
—	(483)
<u>\$ 2,223</u>	<u>\$ 12,998</u>
\$ —	\$ 3,325
—	2,109
—	120

PENSION TRUST AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Pension Trust These Funds are accounted for in essentially the same manner as proprietary funds and are described below:

Consolidated Public Retirement Board The Consolidated Public Retirement Board consists of nine plans. There are eight defined benefit plans as follows: The Public Employees Retirement System (PERS) plan is a multiple-employer defined benefit, cost-sharing public employee retirement system. This plan covers substantially all employees of the State and its component units, as well as employees of participating nonstate governmental entities who are not participants of another State or municipal retirement system. The Deputy Sheriffs' Retirement System (DSRS) plan is a multiple-employer defined benefit, cost-sharing public employee retirement system. This plan covers all deputy sheriffs hired on or after July 1, 1998, as well as eligible transferees from PERS. The Emergency Medical Services Retirement System (EMSRS) is a multiple-employer, cost-sharing public employee retirement system which was established for eligible emergency medical service officers. Participation is voluntary. The Teachers' Retirement System (TRS) plan is a multiple-employer defined benefit, cost-sharing public employee retirement system. This plan covers all full-time employees of the public school systems in the State, as well as certain personnel of the State-supported institutions of higher education, State Department of Education, and boards of higher education. The Public Safety Death, Disability and Retirement Fund (PSDDRF) plan is a single-employer defined benefit public employee retirement system. This plan covers all West Virginia State Police hired before July 1, 1994. The State Police Retirement System (SPRS) was implemented to cover all State Police employees hired on or after July 1, 1994. The Judges Retirement System (JRS) plan is a single-employer defined benefit public employee retirement system. This plan covers the State's judges who elect to participate. The Teachers' Defined Contribution Retirement System (TDCRS) plan is a multiple-employer defined contribution retirement system. This plan primarily covers full-time employees of the State's county public school systems. The Municipal Police Officers and Firefighters Retirement System (MPFRS) plan is a multiple-employer defined benefit retirement system. This plan provides for any municipality or municipal subdivision employing municipal police officers or firefighters.

Other Employee Benefit Trust Fund This fund type is used to report a trust arrangement and is accounted for in essentially the same manner as proprietary funds.

The West Virginia Retiree Health Benefit Trust Fund The West Virginia Retiree Health Benefit Trust Fund (RHBT), an irrevocable trust, was established under West Virginia Code 5-16D and is administered by the West Virginia Public Employees Insurance Agency (PEIA) and the PEIA Finance Board. The RHBT is a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. It provides the following basic retiree benefit coverage to all participants: hospital, surgical, group major medical, basic group life, accidental death, dental, and prescription drug coverage for retired employees of the State of West Virginia and various nonstate agencies and their dependents. All premium rates for plan members and employers are established based upon actuarially determined projected coverage costs as reviewed and approved by the Finance Board of PEIA.

**Combining Statement of Fiduciary Net Position
Pension Trust and Other Employee
Benefit Trust Funds
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

	Public Employees Retirement System	Teachers' Retirement System	Public Safety Death, Disability, and Retirement Fund	State Police Retirement System	Judges' Retirement System
Assets:					
Cash and Cash Equivalents	\$ 61	\$ 10	\$ 1	\$ —	\$ —
Investments:					
Equity in Pooled Investments	6,895,386	7,836,784	689,819	207,102	212,653
Mutual Funds	—	—	—	—	—
Receivables, Net:					
Contributions	1,993	24,039	—	—	—
Participant Loans	50	1,494	—	—	—
Accounts	—	—	—	—	—
Due from Other Funds	27,138	36,520	—	—	—
Due from Component Units	<u>1,026</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Assets	<u>6,925,654</u>	<u>7,898,847</u>	<u>689,820</u>	<u>207,102</u>	<u>212,653</u>
Deferred Outflows of Resources:					
Related to Pensions	—	—	—	—	—
Related to OPEB	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Deferred Outflows of Resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Liabilities:					
Accrued and Other Liabilities	102	108	—	—	—
Due to Other Funds	98	—	—	—	—
Due to Component Units	—	—	—	—	—
Insurance Claims Payable	—	—	—	—	—
Net Pension Liability	—	—	—	—	—
Net OPEB Liability	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Liabilities	<u>200</u>	<u>108</u>	<u>—</u>	<u>—</u>	<u>—</u>
Deferred Inflows of Resources:					
Related to Pensions	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Related to OPEB	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Deferred Inflows of Resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Position Held in Trust for:					
Restricted for:					
Pensions	6,925,454	7,898,739	689,820	207,102	212,653
Other Postemployment Benefits	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Net Position	<u>\$ 6,925,454</u>	<u>\$ 7,898,739</u>	<u>\$ 689,820</u>	<u>\$ 207,102</u>	<u>\$ 212,653</u>

<u>Teachers' Defined Contribution Retirement System</u>	<u>Deputy Sheriffs' Retirement System</u>	<u>Emergency Medical Services Retirement System</u>	<u>Municipal Police Officers and Firefighters Retirement System</u>	<u>Total Pension Trust Funds</u>	<u>Other Employee Benefit Trust Fund</u>	<u>Total Pension and Other Employee Benefit Trust Fund</u>
\$ 4,117	\$ —	\$ —	\$ 4	\$ 4,193	\$ 110,988	\$ 115,181
—	232,576	84,650	11,090	16,170,060	1,001,570	17,171,630
549,650	—	—	—	549,650	—	549,650
1,411	648	323	201	28,615	1,213	29,828
141	314	—	2	2,001	—	2,001
—	—	—	—	—	8,238	8,238
—	121	—	—	63,779	543	64,322
—	—	—	—	1,026	1,829	2,855
<u>555,319</u>	<u>233,659</u>	<u>84,973</u>	<u>11,297</u>	<u>16,819,324</u>	<u>1,124,381</u>	<u>17,943,705</u>
—	—	—	—	—	179	179
—	—	—	—	—	69	69
—	—	—	—	—	248	248
4,116	—	4	—	4,330	2,809	7,139
—	—	—	—	98	11,107	11,205
—	—	—	—	—	9	9
—	—	—	—	—	18,245	18,245
—	—	—	—	—	131	131
—	—	—	—	—	393	393
<u>4,116</u>	<u>—</u>	<u>4</u>	<u>—</u>	<u>4,428</u>	<u>32,694</u>	<u>37,122</u>
—	—	—	—	—	171	171
—	—	—	—	—	103	103
—	—	—	—	—	274	274
551,203	233,659	84,969	11,297	16,814,896	—	16,814,896
—	—	—	—	—	1,091,661	1,091,661
<u>\$ 551,203</u>	<u>\$ 233,659</u>	<u>\$ 84,969</u>	<u>\$ 11,297</u>	<u>\$ 16,814,896</u>	<u>\$ 1,091,661</u>	<u>\$ 17,906,557</u>

**Combining Statement of Changes in Fiduciary Net Position
Pension Trust and Other Employee
Benefit Trust Funds
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

	Public Employees Retirement System	Teachers' Retirement System	Public Safety Death, Disability, and Retirement Fund	State Police Retirement System	Judges' Retirement System
Additions:					
Contributions:					
Members	\$ 70,357	\$ 93,219	\$ 110	\$ 3,905	\$ 331
Employers	147,031	126,971	180	4,556	779
Other	<u>—</u>	<u>354,554</u>	<u>15,415</u>	<u>—</u>	<u>—</u>
Total Contributions	<u>217,388</u>	<u>574,744</u>	<u>15,705</u>	<u>8,461</u>	<u>1,110</u>
Investment Income (Loss):					
Net Appreciation (Depreciation) in Fair Value of Investments	392,707	443,722	38,088	11,716	12,076
Interest	<u>472</u>	<u>939</u>	<u>86</u>	<u>14</u>	<u>9</u>
Net Investment Income (Loss)	<u>393,179</u>	<u>444,661</u>	<u>38,174</u>	<u>11,730</u>	<u>12,085</u>
Other Income	<u>995</u>	<u>3,446</u>	<u>752</u>	<u>—</u>	<u>—</u>
Total Additions	<u>611,562</u>	<u>1,022,851</u>	<u>54,631</u>	<u>20,191</u>	<u>13,195</u>
Deductions:					
Benefits Expense	436,965	827,713	47,551	1,473	4,932
Forfeitures	—	—	—	—	—
Refunds of Contributions	11,782	10,769	—	471	87
Administrative Expenses	6,915	6,239	63	60	11
Pension Expense	—	—	—	—	—
OPEB Expense	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Deductions	<u>455,662</u>	<u>844,721</u>	<u>47,614</u>	<u>2,004</u>	<u>5,030</u>
Change in Net Position:					
Restricted for Pension Benefits	155,900	178,130	7,017	18,187	8,165
Held in Trust for Other Postemployment Benefits	—	—	—	—	—
Net Position, Beginning of Year	<u>6,769,554</u>	<u>7,720,609</u>	<u>682,803</u>	<u>188,915</u>	<u>204,488</u>
Net Position, End of Year	<u>\$ 6,925,454</u>	<u>\$ 7,898,739</u>	<u>\$ 689,820</u>	<u>\$ 207,102</u>	<u>\$ 212,653</u>

Teachers' Defined Contribution Retirement System	Deputy Sheriffs' Retirement System	Emergency Medical Services Retirement System	Municipal Police Officers and Firefighters Retirement System	Total Pension Trust Funds	Other Employee Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Fund
\$ 6,126	\$ 4,846	\$ 2,302	\$ 1,438	\$ 182,634	\$ —	\$ 182,634
10,204	6,705	2,844	1,438	300,708	115,345	416,053
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>369,969</u>	<u>90,683</u>	<u>460,652</u>
<u>16,330</u>	<u>11,551</u>	<u>5,146</u>	<u>2,876</u>	<u>853,311</u>	<u>206,028</u>	<u>1,059,339</u>
19,158	13,191	4,770	607	936,035	57,688	993,723
<u>15,762</u>	<u>9</u>	<u>4</u>	<u>4</u>	<u>17,299</u>	<u>1,810</u>	<u>19,109</u>
<u>34,920</u>	<u>13,200</u>	<u>4,774</u>	<u>611</u>	<u>953,334</u>	<u>59,498</u>	<u>1,012,832</u>
<u>95</u>	<u>479</u>	<u>—</u>	<u>66</u>	<u>5,833</u>	<u>906</u>	<u>6,739</u>
<u>51,345</u>	<u>25,230</u>	<u>9,920</u>	<u>3,553</u>	<u>1,812,478</u>	<u>266,432</u>	<u>2,078,910</u>
—	11,338	2,989	36	1,332,997	133,625	1,466,622
1,113	—	—	—	1,113	—	1,113
15,169	602	1,187	262	40,329	—	40,329
752	145	77	35	14,297	4,213	18,510
—	—	—	—	—	12	12
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>36</u>	<u>36</u>
<u>17,034</u>	<u>12,085</u>	<u>4,253</u>	<u>333</u>	<u>1,388,736</u>	<u>137,886</u>	<u>1,526,622</u>
34,311	13,145	5,667	3,220	423,742	—	423,742
—	—	—	—	—	128,546	128,546
<u>516,892</u>	<u>220,514</u>	<u>79,302</u>	<u>8,077</u>	<u>16,391,154</u>	<u>963,115</u>	<u>17,354,269</u>
<u>\$ 551,203</u>	<u>\$ 233,659</u>	<u>\$ 84,969</u>	<u>\$ 11,297</u>	<u>\$ 16,814,896</u>	<u>\$ 1,091,661</u>	<u>\$ 17,906,557</u>



INVESTMENT TRUST FUNDS

Investment Trust Funds The investment trust funds account for the external portion of the State's external investment pools. The State maintains two external investment pools, the West Virginia Money Market and West Virginia Government Money Market pools. The external portion belongs to local governments and municipalities. These Funds are accounted for in essentially the same manner as proprietary funds.

**Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2019
(Expressed in Thousands)**

	West Virginia Money Market	West Virginia Government Money Market	Total
Assets:			
Cash and Cash Equivalents	<u>\$ 196,579</u>	<u>\$ 232,343</u>	<u>\$ 428,922</u>
Total Assets	<u>\$ 196,579</u>	<u>\$ 232,343</u>	<u>\$ 428,922</u>
Net Position:			
Held in Trust for External Investment Pool Participants	<u>\$ 196,579</u>	<u>\$ 232,343</u>	<u>\$ 428,922</u>
Total Net Position	<u>\$ 196,579</u>	<u>\$ 232,343</u>	<u>\$ 428,922</u>

**Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Year Ended June 30, 2019
(Expressed in Thousands)**

	West Virginia Money Market	West Virginia Government Money Market	Total
Additions:			
Deposits, Pool Participants	\$ 320,182	\$ 319,777	\$ 639,959
Investment Income:			
Net Appreciation in Fair Value of Investments	<u>4,586</u>	<u>4,737</u>	<u>9,323</u>
Total Additions	<u>324,768</u>	<u>324,514</u>	<u>649,282</u>
Deductions:			
Withdrawals	<u>310,682</u>	<u>280,011</u>	<u>590,693</u>
Change in Net Position Held in Trust for External Investment Pool Participants	14,086	44,503	58,589
Net Position, Beginning of Year	<u>182,493</u>	<u>187,840</u>	<u>370,333</u>
Net Position, End of Year	<u>\$ 196,579</u>	<u>\$ 232,343</u>	<u>\$ 428,922</u>



AGENCY FUNDS

Agency Funds These Funds are custodial in nature and do not involve measurement of operations. They include the following:

Local Government This includes two funds, the Local Government Fund and the Municipal Bond Commission, which account for taxes collected by the State that are to be remitted to respective local governments.

Other Agency Funds These funds are the Consolidated Investment Pool, the Patient Injury Compensation Fund, and other small agency funds which account for various assets and liabilities generated through agency relationships. These include patient and inmate funds and other amounts collected on behalf of third parties, performance bonds required by the Department of Energy and Labor, the Department of Environmental Protection, and other restricted assets held by the Governor's Office of Community and Industrial Development. The Patient Injury Compensation Fund was created for the purpose of providing fair and reasonable compensation in medical malpractice actions for any portion of economic damages awarded that is uncollectible as a result of limitations on economic damage awards for trauma care, or as a result of the operation of the joint and several liability principles and standards set forth in the West Virginia State Code.

**Combining Statement of Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

	Local Government		Other Agency			Total
	Local Government	Municipal Bond Commission	Consolidated Investment Pool	Patient Injury Compensation Fund	Other Agency Funds	
Assets:						
Current Assets:						
Cash and Cash Equivalents	\$ 448	\$ 3,566	\$ 49,738	\$ 2,125	\$ 18,919	\$ 74,796
Investments	—	—	8,860	—	—	8,860
Receivables, Net	—	—	496	3	15	514
Due from Other Funds	<u>339</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>339</u>
Total Assets	<u>\$ 787</u>	<u>\$ 3,566</u>	<u>\$ 59,094</u>	<u>\$ 2,128</u>	<u>\$ 18,934</u>	<u>\$ 84,509</u>
Liabilities:						
Current Liabilities:						
Accounts Payable	\$ —	\$ —	\$ 9	\$ 3	\$ —	\$ 12
Due to Other Governments	787	3,566	—	—	1,043	5,396
Agency Liabilities	<u>—</u>	<u>—</u>	<u>59,085</u>	<u>2,125</u>	<u>17,891</u>	<u>79,101</u>
Total Liabilities	<u>\$ 787</u>	<u>\$ 3,566</u>	<u>\$ 59,094</u>	<u>\$ 2,128</u>	<u>\$ 18,934</u>	<u>\$ 84,509</u>

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Local Government				
Assets:				
Cash	\$ 2,334	\$ 729,855	\$ 731,741	\$ 448
Due from Other Funds	659	339	659	339
Total Assets	<u>\$ 2,993</u>	<u>\$ 730,194</u>	<u>\$ 732,400</u>	<u>\$ 787</u>
Liabilities:				
Accounts Payable	\$ —	\$ 301,713	\$ 301,713	\$ —
Due to Other Governments	2,993	428,481	430,687	787
Total Liabilities	<u>\$ 2,993</u>	<u>\$ 730,194</u>	<u>\$ 732,400</u>	<u>\$ 787</u>
 Municipal Bond Commission				
Assets:				
Cash	\$ 3,374	\$ 535,888	\$ 535,696	\$ 3,566
Total Assets	<u>\$ 3,374</u>	<u>\$ 535,888</u>	<u>\$ 535,696</u>	<u>\$ 3,566</u>
Liabilities:				
Accounts Payable	\$ —	\$ 8,615	\$ 8,615	\$ —
Due to Other Governments	3,374	527,273	527,081	3,566
Total Liabilities	<u>\$ 3,374</u>	<u>\$ 535,888</u>	<u>\$ 535,696</u>	<u>\$ 3,566</u>
 Consolidated Investment Pool				
Assets:				
Cash	\$ 2,912	\$ 52,259	\$ 53,886	\$ 1,285
Equity in Pooled Cash Equivalents	72,635	7,529	31,711	48,453
Investments	9,745	1,146	2,031	8,860
Accrued Interest Receivable	39	496	39	496
Total Assets	<u>\$ 85,331</u>	<u>\$ 61,430</u>	<u>\$ 87,667</u>	<u>\$ 59,094</u>
Liabilities:				
Accounts Payable	\$ —	\$ 5,041	\$ 5,032	\$ 9
Agency Liabilities	85,331	56,389	82,635	59,085
Total Liabilities	<u>\$ 85,331</u>	<u>\$ 61,430</u>	<u>\$ 87,667</u>	<u>\$ 59,094</u>

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Patient Injury Compensation Fund				
Assets:				
Cash and Cash Equivalents	\$ 8	\$ 3,773	\$ 3,674	\$ 107
Equity in Pooled Cash	1,943	1,575	1,500	2,018
Accrued Interest Receivable	<u>2</u>	<u>3</u>	<u>2</u>	<u>3</u>
Total Assets	<u>\$ 1,953</u>	<u>\$ 5,351</u>	<u>\$ 5,176</u>	<u>\$ 2,128</u>
Liabilities:				
Accounts Payable	\$ 9	\$ 1,922	\$ 1,928	\$ 3
Agency Liabilities	<u>1,944</u>	<u>3,429</u>	<u>3,248</u>	<u>2,125</u>
Total Liabilities	<u>\$ 1,953</u>	<u>\$ 5,351</u>	<u>\$ 5,176</u>	<u>\$ 2,128</u>
 Other Agency Funds*				
Assets:				
Cash and Cash Equivalents*	\$ 11,393	\$ 213,101	\$ 209,581	\$ 14,913
Equity in Pooled Cash	3,998	289	281	4,006
Accrued Interest Receivable	<u>6</u>	<u>15</u>	<u>6</u>	<u>15</u>
Total Assets	<u>\$ 15,397</u>	<u>\$ 213,405</u>	<u>\$ 209,868</u>	<u>\$ 18,934</u>
Liabilities:				
Due to Other Governments	\$ 787	\$ 4,089	\$ 3,833	\$ 1,043
Agency Liabilities*	<u>14,610</u>	<u>209,316</u>	<u>206,035</u>	<u>17,891</u>
Total Liabilities	<u>\$ 15,397</u>	<u>\$ 213,405</u>	<u>\$ 209,868</u>	<u>\$ 18,934</u>
 Total All Agency Funds*				
Assets:				
Cash and Cash Equivalents*	\$ 20,021	\$ 1,534,876	\$ 1,534,578	\$ 20,319
Equity in Pooled Cash Equivalents	78,576	9,393	33,492	54,477
Investments	9,745	1,146	2,031	8,860
Due from Other Funds	659	339	659	339
Accrued Interest Receivable	<u>47</u>	<u>514</u>	<u>47</u>	<u>514</u>
Total Assets	<u>\$ 109,048</u>	<u>\$ 1,546,268</u>	<u>\$ 1,570,807</u>	<u>\$ 84,509</u>
Liabilities:				
Accounts Payable	\$ 9	\$ 317,291	\$ 317,288	\$ 12
Due to Other Governments	7,154	959,843	961,601	5,396
Agency Liability*	<u>101,885</u>	<u>269,134</u>	<u>291,918</u>	<u>79,101</u>
Total Liabilities	<u>\$ 109,048</u>	<u>\$ 1,546,268</u>	<u>\$ 1,570,807</u>	<u>\$ 84,509</u>

* Beginning in FY 2019, the Division of Corrections is no longer included in Agency Funds. It is now accounted for as a discretely presented component unit, Division of Corrections and Rehabilitation.

DISCRETELY PRESENTED COMPONENT UNITS

Nonmajor Component Units

Educational Broadcasting Authority The Authority is responsible for extending educational, cultural, and informational experiences to all citizens of the State through the construction and operation of noncommercial, educational television and radio stations, and related facilities. Revenues for operations are derived primarily through private donations, with additional supplements from federal and state grants.

Jobs Investment Trust The Board is responsible for improving and promoting economic development in the State. It can issue loans to businesses that will stimulate economic growth and provide or retain jobs in the State.

West Virginia State Rail Authority The Authority is responsible for the rehabilitation, improvement, and restoration of the financial stability of the railway system in the State, enabling it to remain a viable mode of transportation for the public sector. The Authority, empowered to issue bonds and set rates for the rail system, additionally receives federal and state grants to supplement the cost of operations.

Solid Waste Management Board The Board is responsible for the improved collection and disposal of solid wastes, and for encouraging recycling, reuse, or recovery of resources from wastes. The intent of the Board is to become a viable financing mechanism for solid waste projects in West Virginia, and it is empowered to issue bonds and set rate structures at its discretion.

Racing Commission The Commission has full jurisdiction and supervision over all horse- and dog-race meetings, and all persons involved in the holding or conducting of horse- or dog-race meetings. It can fix the annual fee for permits and registrations. Other racing taxes and fees are set by West Virginia State Code, Chapter 19, Article 23.

Public Defender Corporation The Corporation is responsible for fulfilling the State's obligation to provide legal representation to eligible clients. Funding of the individual public defender corporations is by appropriation determined by the executive director of the Public Defender Services.

Municipal Pensions Oversight Board The Board's purpose is to monitor and improve the performance of municipal policemen's and firemen's pension and relief funds assuring prudent administration, investment, and management of the funds. The board also assists municipal boards of trustees in performing their duties related to pensions, assures the funds' compliance with applicable laws, and distributes insurance premium tax revenues to the individual pension funds.

**Combining Statement of Net Position
Nonmajor Discretely Presented Component Units
June 30, 2019
(Expressed in Thousands)**

	Educational Broadcasting Authority	Job Investment Trust	WV State Rail Authority
Assets:			
Current Assets:			
Cash and Cash Equivalents	\$ 3,017	\$ 8,310	\$ 7,712
Investments	2,807	—	—
Receivables, Net	397	—	63
Due from Primary Government	14	—	87
Inventories	—	—	19
Other Assets	—	—	—
Restricted Assets:			
Cash and Cash Equivalents	7,840	—	—
Receivables, Net	—	—	—
Total Current Assets	<u>14,075</u>	<u>8,310</u>	<u>7,881</u>
Noncurrent Assets:			
Investments	—	2,478	—
Receivables, Net	—	2,729	—
Other Assets	—	260	—
Restricted Assets:			
Receivables, Net	—	—	—
Other Restricted Assets	244	—	—
Capital Assets, Net	<u>3,945</u>	<u>57</u>	<u>37,214</u>
Total Noncurrent Assets	<u>4,189</u>	<u>5,524</u>	<u>37,214</u>
Total Assets	<u>18,264</u>	<u>13,834</u>	<u>45,095</u>
Deferred Outflows of Resources:			
Related to Pensions	284	39	44
Related to OPEB	<u>149</u>	<u>7</u>	<u>27</u>
Total Deferred Outflows of Resources	<u>433</u>	<u>46</u>	<u>71</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	81	21	58
Accrued and Other Liabilities	—	127	46
Due to Primary Government	10	—	36
Unearned Revenue	—	—	3
Compensated Absences	<u>303</u>	<u>—</u>	<u>69</u>
Total Current Liabilities	<u>394</u>	<u>148</u>	<u>212</u>
Noncurrent Liabilities:			
Accrued and Other Liabilities	—	—	—
Unearned Revenue	—	—	46
Liabilities Payable from Restricted Assets	—	—	—
Net Pension Liability	446	57	74
Net OPEB Liability	1,562	67	297
Compensated Absences	<u>—</u>	<u>—</u>	<u>—</u>
Total Noncurrent Liabilities	<u>2,008</u>	<u>124</u>	<u>417</u>
Total Liabilities	<u>2,402</u>	<u>272</u>	<u>629</u>
Deferred Inflows of Resources:			
Related to Pensions	442	35	55
Related to Other Postemployment Benefits	<u>662</u>	<u>81</u>	<u>67</u>
Total Deferred Inflows of Resources	<u>1,104</u>	<u>116</u>	<u>122</u>
Net Position:			
Net Investment in Capital Assets	3,945	57	37,214
Restricted for:			
Nonexpendable	244	—	—
Specific Component Unit Purposes	—	—	—
Unrestricted	<u>11,002</u>	<u>13,435</u>	<u>7,201</u>
Total Net Position	<u>\$ 15,191</u>	<u>\$ 13,492</u>	<u>\$ 44,415</u>

Solid Waste Management Board	Racing Commission	Public Defender Corporation	Municipal Pensions Oversight Board	Total
\$ 3,168	\$ 1,975	\$ 6,516	\$ 30,948	\$ 61,646
—	—	—	—	2,807
203	54	2	—	719
—	—	1	—	102
—	—	—	—	19
1	—	55	—	56
4,330	14,631	—	—	26,801
168	434	—	—	602
<u>7,870</u>	<u>17,094</u>	<u>6,574</u>	<u>30,948</u>	<u>92,752</u>
—	—	—	—	2,478
—	—	—	—	2,729
—	—	—	—	260
241	—	—	—	241
—	—	—	—	244
13	—	796	10	42,035
<u>254</u>	<u>—</u>	<u>796</u>	<u>10</u>	<u>47,987</u>
<u>8,124</u>	<u>17,094</u>	<u>7,370</u>	<u>30,958</u>	<u>140,739</u>
50	162	1,596	26	2,201
12	54	896	3	1,148
<u>62</u>	<u>216</u>	<u>2,492</u>	<u>29</u>	<u>3,349</u>
105	449	8	10	732
—	107	324	39	643
—	77	—	1	124
—	—	7	—	10
—	—	972	—	1,344
<u>105</u>	<u>633</u>	<u>1,311</u>	<u>50</u>	<u>2,853</u>
200	—	—	—	200
—	—	—	—	46
—	14,631	—	—	14,631
85	303	2,232	40	3,237
160	670	4,283	22	7,061
39	173	—	—	212
<u>484</u>	<u>15,777</u>	<u>6,515</u>	<u>62</u>	<u>25,387</u>
<u>589</u>	<u>16,410</u>	<u>7,826</u>	<u>112</u>	<u>28,240</u>
59	258	1,397	24	2,270
60	244	1,007	6	2,127
<u>119</u>	<u>502</u>	<u>2,404</u>	<u>30</u>	<u>4,397</u>
13	—	796	9	42,034
—	—	—	—	244
4,539	—	—	30,836	35,375
<u>2,926</u>	<u>398</u>	<u>(1,164)</u>	<u>—</u>	<u>33,798</u>
<u>\$ 7,478</u>	<u>\$ 398</u>	<u>\$ (368)</u>	<u>\$ 30,845</u>	<u>\$ 111,451</u>

**Combining Statement of Activities
Nonmajor Discretely Presented Component Units
For the Fiscal Year Ended June 30, 2019
(Expressed in Thousands)**

		<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
Component Units:				
Educational Broadcasting Authority	\$ 8,611	\$ 2,686	\$ 1,579	\$ (4,346)
Jobs Investment Trust	593	518	175	100
WV State Rail Authority	4,171	2,430	—	(1,741)
Solid Waste Management Board	2,498	2,813	—	315
Racing Commission	2,757	2,714	—	(43)
Public Defender Corporation	17,518	—	54	(17,464)
Municipal Pensions Oversight Board	<u>19,420</u>	<u>—</u>	<u>—</u>	<u>(19,420)</u>
Total Component Units	<u>\$ 55,568</u>	<u>\$ 11,161</u>	<u>\$ 1,808</u>	<u>\$ (42,599)</u>

General Revenue

Unrestricted Investment Earnings	Grants and Contributions Not Restricted for Specific Programs	Miscellaneous	Payments from the State of West Virginia	Total General Revenue and Special Item	Change in Net Position	Net Position, Beginning of Year	Net Position, End of Year
\$ 62	\$ 2,421	\$ 880	\$ 10,097	\$ 13,460	\$ 9,114	\$ 6,077	\$ 15,191
165	—	4	—	169	269	13,223	13,492
214	—	19	1,153	1,386	(355)	44,770	44,415
—	—	41	—	41	356	7,122	7,478
—	—	42	—	42	(1)	399	398
8	—	378	18,565	18,951	1,487	(1,855)	(368)
<u>680</u>	<u>—</u>	<u>1</u>	<u>20,022</u>	<u>20,703</u>	<u>1,283</u>	<u>29,562</u>	<u>30,845</u>
<u>\$ 1,129</u>	<u>\$ 2,421</u>	<u>\$ 1,365</u>	<u>\$ 49,837</u>	<u>\$ 54,752</u>	<u>\$ 12,153</u>	<u>\$ 99,298</u>	<u>\$ 111,451</u>



Carrolton Covered Bridge



STATISTICAL SECTION

Financial Trends

Revenue Capacity

Debt Capacity

**Demographics
and Economic
Information**

**Operating
Information**

Miscellaneous

Built by brothers Emmett and Daniel O'Brien in 1856 in Barbour County, WV, this wooden bridge spans the Buckhannon River near Carrolton and is the second longest and third oldest surviving covered bridge in the state.



Statistical Section Index

Financial Trends – These schedules contain trend information to help the reader understand how the State’s financial performance and well-being have changed over time.

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Revenue Capacity Information – These schedules contain trend information to help the reader understand the State’s capacity to raise revenues and the sources of those revenues.

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Debt Capacity Information – These schedules contain trend information to help the reader understand the State’s outstanding debt, the capacity to repay that debt, and the ability to issue additional debt in the future.

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Demographic and Economic Information – These schedules offer indicators to help the reader understand the environment within which the government’s financial activities take place.

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Operating Information – These schedules assist the reader in evaluating the size, efficiency, and effectiveness of the State’s government.

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Note: GASB 63 was implemented in fiscal year 2013, which changed net assets to net position.

Sources: Unless otherwise noted, the information in the following schedules is derived from the State’s Comprehensive Annual Financial Reports.

Schedule 1
Net Position by Component
Last Ten Fiscal Years
(Expressed in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental Activities				
Net Investment in Capital Assets	\$ 9,005,297	\$ 8,875,443	\$ 8,996,053	\$ 8,986,789
Restricted	1,251,729	953,572	402,490	422,147
Unrestricted Net Position (Deficit)	<u>(3,337,234)</u>	<u>(4,119,293)</u>	<u>(4,455,964)</u>	<u>(4,563,114)</u>
Total Governmental Activities				
Net Position	<u>\$ 6,919,792</u>	<u>\$ 5,709,722</u>	<u>\$ 4,942,579</u>	<u>\$ 4,845,822</u>
Business-type Activities				
Net Investment in Capital Assets	\$ 1,821	\$ 2,676	\$ 2,863	\$ 2,940
Restricted	1,972,374	1,895,646	1,809,614	1,741,004
Unrestricted Net Position (Deficit)	<u>354,405</u>	<u>333,239</u>	<u>282,812</u>	<u>201,954</u>
Total Business-type Activities				
Net Position (Deficit)	<u>\$ 2,328,600</u>	<u>\$ 2,231,561</u>	<u>\$ 2,095,289</u>	<u>\$ 1,945,898</u>
Primary Government				
Net Investment in Capital Assets	\$ 9,007,118	\$ 8,878,119	\$ 8,998,916	\$ 8,989,729
Restricted	3,224,103	2,849,218	2,212,104	2,163,151
Unrestricted Net Position (Deficit)	<u>(2,982,829)</u>	<u>(3,786,054)</u>	<u>(4,173,152)</u>	<u>(4,361,160)</u>
Total Primary Government				
Net Position	<u>\$ 9,248,392</u>	<u>\$ 7,941,283</u>	<u>\$ 7,037,868</u>	<u>\$ 6,791,720</u>

Notes: Beginning in FY 2010, the WV Infrastructure and Jobs Development Council is no longer included in the Governmental Funds and is now accounted for as an Enterprise Fund. Previous amounts have not been restated.

Beginning in FY 2011, the Lottery is no longer included in the business-type activities. It is now accounted for as a discretely presented component unit. Previous amounts have not been restated.

GASB 63 was implemented in fiscal year 2013, which changed net assets to net position.

In FY 2019, Regional Jail Authority merged with Division of Corrections, Division of Juvenile Services, and Correctional Industries to create the Division of Corrections and Rehabilitation Services.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 8,890,142	\$ 8,791,243	\$ 8,620,814	\$ 8,404,751	\$ 8,288,909	\$ 7,909,484
439,118	367,636	407,011	504,680	551,892	435,296
<u>(4,718,599)</u>	<u>(17,631)</u>	<u>78,335</u>	<u>298,279</u>	<u>1,347,124</u>	<u>1,407,481</u>
<u>\$ 4,610,661</u>	<u>\$ 9,141,248</u>	<u>\$ 9,106,160</u>	<u>\$ 9,207,710</u>	<u>\$ 10,187,925</u>	<u>\$ 9,752,261</u>
\$ 2,963	\$ 3,175	\$ 3,392	\$ 4,555	\$ 6,200	\$ 31,428
1,813,975	1,812,958	1,792,845	1,721,727	1,551,461	1,432,449
<u>201,022</u>	<u>41,180</u>	<u>(222,728)</u>	<u>(450,488)</u>	<u>(568,660)</u>	<u>(744,459)</u>
<u>\$ 2,017,960</u>	<u>\$ 1,857,313</u>	<u>\$ 1,573,509</u>	<u>\$ 1,275,794</u>	<u>\$ 989,001</u>	<u>\$ 719,418</u>
\$ 8,893,105	\$ 8,794,418	\$ 8,624,206	\$ 8,409,306	\$ 8,295,109	\$ 7,940,912
2,253,093	2,180,594	2,199,856	2,226,407	2,103,353	1,867,745
<u>(4,517,577)</u>	<u>23,549</u>	<u>(144,393)</u>	<u>(152,209)</u>	<u>778,464</u>	<u>663,022</u>
<u>\$ 6,628,621</u>	<u>\$ 10,998,561</u>	<u>\$ 10,679,669</u>	<u>\$ 10,483,504</u>	<u>\$ 11,176,926</u>	<u>\$ 10,471,679</u>

**Schedule 2
Changes in Net Position
Last Ten Fiscal Years
(Expressed in Thousands)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental Activities				
Expenses:				
Legislative	\$ 21,399	\$ 24,352	\$ 24,189	\$ 25,766
Judicial	122,394	136,825	134,351	133,702
Executive	279,266	213,285	176,485	139,580
Administration	203,481	235,485	262,684	234,542
Commerce	163,112	196,759	166,225	166,129
Environmental Protection	115,131	112,962	173,689	84,533
Employment Programs	47,779	43,287	55,231	48,173
Education	2,704,721	2,669,868	2,777,727	2,708,236
Health and Human Resources	5,500,238	5,483,893	5,810,783	5,352,930
Military Affairs and Public Safety	461,957	479,783	502,408	417,604
Revenue	122,114	93,815	89,178	78,504
Transportation	1,341,573	1,150,909	1,153,708	1,183,397
Veterans Assistance	25,178	24,369	20,572	20,588
Senior Services	45,485	44,825	41,934	44,037
Regulatory Boards and Commissions	44,027	55,422	53,909	47,680
Interest on Long-Term Debt	<u>157,642</u>	<u>118,156</u>	<u>110,722</u>	<u>112,273</u>
Total Expenses	11,355,497	11,083,995	11,553,795	10,797,674
Program Revenues:				
Charges for Services:				
Legislative	1,286	1,277	1,268	1,431
Judicial	1,026	—	1,768	1,730
Executive	25,710	19,326	18,002	14,407
Administration	50,744	46,708	42,766	45,767
Commerce	45,103	46,986	41,017	43,541
Environmental Protection	65,371	68,595	53,209	74,621
Employment Programs	—	—	—	—
Education	554	—	—	2,580
Health and Human Resources	64,862	56,589	70,812	72,849
Military Affairs and Public Safety	15,877	18,449	16,018	10,868
Revenue	45,962	44,703	42,421	42,754
Transportation	181,181	169,142	101,562	92,171
Veterans Assistance	393	3	—	—
Senior Services	(2)	—	3	—
Regulatory Boards and Commissions	<u>37,712</u>	<u>41,508</u>	<u>42,259</u>	<u>26,158</u>
Total Charges for Services	535,779	513,286	431,105	428,877
Operating Grants and Contributions:				
Legislative	48	3,786	309	136
Judicial	3,543	2,472	2,899	1,978
Executive	40,152	29,404	24,812	33,725
Administration	(1,547)	—	—	3,006
Commerce	65,568	60,551	60,378	41,846
Environmental Protection	106,230	99,742	87,674	98,312
Employment Programs	48,391	49,969	49,288	48,050
Education	453,950	435,775	440,701	451,719
Health and Human Resources	4,044,403	4,005,927	4,319,051	3,940,757
Military Affairs and Public Safety	78,481	85,058	130,128	118,282
Revenue	1,833	1,316	2,645	1,917
Veterans Assistance	5,947	11,805	8,208	8,008
Senior Services	23,452	22,005	22,318	23,489
Regulatory Boards and Commissions	<u>3,180</u>	<u>3,134</u>	<u>2,910</u>	<u>3,049</u>
Total Operating Grants and Contributions	4,873,631	4,810,944	5,151,321	4,774,274
Capital Grants and Contributions:				
Executive	—	—	—	—
Administration	—	—	1,563	2,552
Military Affairs and Public Safety	38	2,364	2,128	1,235
Transportation	492,389	369,711	526,571	452,435
Veterans Assistance	<u>2,311</u>	<u>—</u>	<u>1,564</u>	<u>—</u>
Total Capital Grants and Contributions	494,738	372,075	531,826	456,222
Total Program Revenues	<u>5,904,148</u>	<u>5,696,305</u>	<u>6,114,252</u>	<u>5,659,373</u>
Total Governmental Activities Net Program Expenses	<u>(5,451,349)</u>	<u>(5,387,690)</u>	<u>(5,439,543)</u>	<u>(5,138,301)</u>

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 26,762	\$ 30,147	\$ 34,693	\$ 36,722	\$ 31,721	\$ 28,896
126,904	143,929	129,667	140,515	130,104	124,627
124,455	154,212	117,706	216,356	325,389	261,764
280,007	308,685	309,009	320,377	260,298	163,662
141,566	182,198	233,474	231,178	217,334	204,178
109,036	150,859	168,322	204,158	174,211	141,279
43,876	50,406	47,369	51,595	58,312	57,286
2,762,735	2,924,767	3,059,791	3,757,725	2,839,216	2,850,805
5,241,337	4,759,982	4,660,450	4,402,259	4,317,911	4,088,254
412,894	424,232	446,954	491,717	441,523	441,068
86,654	131,627	62,615	91,344	82,820	270,870
1,121,182	1,148,566	1,028,742	1,299,400	1,035,601	1,064,417
19,264	23,551	19,212	27,019	—	—
49,205	45,846	47,608	47,561	47,186	46,671
74,255	44,847	62,883	92,662	33,328	36,917
<u>123,064</u>	<u>119,268</u>	<u>125,559</u>	<u>125,105</u>	<u>135,443</u>	<u>135,534</u>
10,743,196	10,643,122	10,554,054	11,535,693	10,130,397	9,916,228
1,436	1,440	1,550	1,591	1,571	1,598
944	972	969	1,024	1,116	929
22,440	24,539	21,110	22,093	22,868	19,787
51,167	15,608	31,569	33,180	6,289	29,086
46,972	48,312	43,882	48,928	44,747	46,009
71,302	85,487	84,358	61,188	52,683	49,450
—	—	—	—	—	—
3,970	3,982	3,563	4,362	4,195	3,352
84,731	83,974	90,383	90,604	88,737	84,680
8,751	9,847	10,308	11,146	10,019	10,352
50,547	33,231	30,888	31,729	73,947	69,800
97,716	92,772	100,966	100,700	101,000	100,533
—	—	—	—	—	—
—	—	—	1	—	1
<u>31,317</u>	<u>31,403</u>	<u>25,090</u>	<u>31,254</u>	<u>30,815</u>	<u>30,407</u>
471,293	431,567	444,636	437,800	437,987	445,984
784	1,523	984	1,977	634	2,135
2,296	1,453	491	640	1,049	986
14,076	64,345	62,496	136,752	214,224	164,062
50,731	43,532	48,938	45,498	41,426	38,498
39,802	54,672	70,260	70,004	73,424	59,632
102,018	103,557	104,386	142,590	116,378	121,366
45,306	49,686	50,537	51,845	58,008	54,460
443,295	405,576	420,116	446,297	444,269	452,315
3,811,046	3,385,470	3,222,601	3,045,355	3,252,622	3,077,246
65,630	59,304	76,807	82,240	52,057	74,472
144	35	23	9	28	12
9,604	7,814	2,298	—	—	—
22,728	22,588	22,025	23,351	22,671	20,614
<u>3,058</u>	<u>2,782</u>	<u>3,033</u>	<u>2,747</u>	<u>2,105</u>	<u>2,014</u>
4,610,518	4,202,337	4,084,995	4,049,305	4,278,895	4,067,812
—	—	—	—	3	—
—	3,180	—	2,005	—	57,442
17,241	24,395	46,326	49,854	74,581	—
373,708	—	493,949	519,768	554,394	18,758
<u>—</u>	<u>476,631</u>	<u>3,005</u>	<u>5,321</u>	<u>—</u>	<u>558,947</u>
<u>390,949</u>	<u>504,206</u>	<u>543,280</u>	<u>576,948</u>	<u>628,978</u>	<u>635,147</u>
<u>5,472,760</u>	<u>5,138,110</u>	<u>5,072,911</u>	<u>5,064,053</u>	<u>5,345,860</u>	<u>5,148,943</u>
<u>(5,270,436)</u>	<u>(5,505,012)</u>	<u>(5,481,143)</u>	<u>(6,471,640)</u>	<u>(4,784,537)</u>	<u>(4,767,285)</u>

(Continued)

Schedule 2
Changes in Net Position
Last Ten Fiscal Years
(Expressed in Thousands)
(Continued)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Revenues and Other Changes in Net Position:				
Taxes:				
Personal Income	\$ 2,090,596	\$ 1,939,977	\$ 1,830,106	\$ 1,849,056
Consumer Sales	1,481,344	1,355,135	1,312,353	1,291,813
Business	793,067	626,743	581,896	640,081
Medicaid	239,201	222,859	217,665	222,578
Transportation	682,331	674,795	593,158	605,403
Other	393,244	390,773	409,426	303,770
Entitlements and Grants	—	—	—	—
Unrestricted Investment Earnings	144,963	56,933	73,552	34,380
Tobacco Settlement Revenues	59,764	62,930	61,426	62,697
Lottery Revenue	348,250	322,845	336,294	342,702
Miscellaneous	395,866	152,806	106,526	129,760
Transfers	<u>(30,315)</u>	<u>9,667</u>	<u>15,204</u>	<u>(108,778)</u>
Total General Revenues, Special Items and Transfers	<u>6,598,311</u>	<u>5,815,463</u>	<u>5,537,606</u>	<u>5,373,462</u>
Total Governmental Activities Changes in Net Position	<u>\$ 1,146,962</u>	<u>\$ 427,773</u>	<u>\$ 98,063</u>	<u>\$ 235,161</u>
Business-type Activities				
Expenses:				
West Virginia Lottery	\$ —	\$ —	\$ —	\$ —
Water Pollution Control Revolving Fund	5,316	4,067	3,467	4,745
Workers' Compensation Fund	139,992	117,132	134,443	202,406
Unemployment Compensation	164,478	142,103	169,197	509,796
WV Infrastructure and Jobs Development Council	18,512	35,937	23,941	60,622
Public Employees Insurance Agency	561,807	537,044	552,882	542,825
Board of Risk and Insurance Management	84,683	61,797	66,152	67,650
Other Business-type Activities	<u>96,947</u>	<u>98,697</u>	<u>98,901</u>	<u>103,294</u>
Total Expenses	<u>1,071,735</u>	<u>996,777</u>	<u>1,048,983</u>	<u>1,491,338</u>
Program Revenues:				
Charges for Services:				
West Virginia Lottery	—	—	—	—
Water Pollution Control Revolving Fund	5,879	6,061	5,995	5,850
Workers' Compensation Fund	18,194	35,905	35,738	105,897
Unemployment Compensation	204,789	188,153	204,496	431,717
WV Infrastructure and Jobs Development Council	3,310	3,344	3,095	1,940
Public Employees Insurance Agency	545,646	560,051	576,153	507,419
Board of Risk and Insurance Management	76,541	72,270	64,587	58,303
Other Business-type Activities	<u>120,187</u>	<u>121,484</u>	<u>118,471</u>	<u>118,985</u>
Total Charges for Services	<u>974,546</u>	<u>987,268</u>	<u>1,008,535</u>	<u>1,230,111</u>
Capital Grants and Contributions:				
Water Pollution Control Revolving Fund	—	—	—	—
Total Capital Grants and Contributions	—	—	—	—
Total Revenues	<u>974,546</u>	<u>987,268</u>	<u>1,008,535</u>	<u>1,230,111</u>
Total Business-type Activities Net Program Expenses	<u>(97,189)</u>	<u>(9,509)</u>	<u>(40,448)</u>	<u>(261,227)</u>
General Revenues and Other Changes in Net Position:				
Unrestricted Investment Earnings	116,396	99,883	167,076	31,098
Tobacco Settlement Revenue	—	—	—	—
Lottery Revenue	46,000	48,750	31,500	42,735
Miscellaneous	7,791	6,708	6,467	6,554
Transfers	<u>30,315</u>	<u>(9,667)</u>	<u>(15,204)</u>	<u>108,778</u>
Total General Revenues and Other Changes in Net Position	<u>200,502</u>	<u>145,674</u>	<u>189,839</u>	<u>189,165</u>
Total Business-type Activities Changes in Net Position	<u>\$ 103,313</u>	<u>\$ 136,165</u>	<u>\$ 149,391</u>	<u>\$ (72,062)</u>
Total Primary Government Changes in Net Position	<u>\$ 1,250,275</u>	<u>\$ 563,938</u>	<u>\$ 247,454</u>	<u>\$ 163,099</u>

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 1,921,597	\$ 1,771,473	\$ 1,771,481	\$ 1,790,146	\$ 1,657,258	\$ 1,534,970
1,265,957	1,216,812	1,198,983	1,216,561	1,150,887	1,131,075
907,362	937,751	923,575	905,515	977,252	844,405
197,692	189,111	203,421	190,419	173,103	157,693
640,135	628,989	605,768	594,871	574,949	541,023
249,102	303,889	304,693	318,938	264,260	277,811
—	31,078	15,896	5,056	29,995	—
12,259	71,178	23,287	54,699	63,821	89,635
62,105	61,337	88,327	63,270	61,233	66,199
356,401	343,220	388,888	497,874	408,974	—
131,023	125,770	94,150	112,324	103,228	97,791
<u>(230,208)</u>	<u>(217,282)</u>	<u>(220,028)</u>	<u>(258,248)</u>	<u>(244,759)</u>	<u>279,309</u>
<u>5,513,425</u>	<u>5,463,326</u>	<u>5,398,441</u>	<u>5,491,425</u>	<u>5,220,201</u>	<u>5,019,911</u>
<u>\$ 242,989</u>	<u>\$ (41,686)</u>	<u>\$ (82,702)</u>	<u>\$ (980,215)</u>	<u>\$ 435,664</u>	<u>\$ 252,626</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 899,247
6,358	9,991	10,645	5,740	26,723	34,796
44,488	129,087	105,430	147,230	179,803	173,967
225,940	274,215	380,239	365,323	444,036	605,272
71,587	29,752	17,669	18,503	16,024	22,882
577,433	573,008	490,841	524,789	527,830	437,496
72,436	67,524	57,293	57,288	37,624	35,614
<u>108,868</u>	<u>110,133</u>	<u>114,918</u>	<u>108,221</u>	<u>101,937</u>	<u>97,089</u>
<u>1,107,110</u>	<u>1,193,710</u>	<u>1,177,035</u>	<u>1,227,094</u>	<u>1,333,977</u>	<u>2,306,363</u>
—	—	—	—	—	1,358,092
5,725	5,611	5,011	4,631	4,548	4,509
46,272	45,099	54,817	54,361	51,015	50,460
223,836	270,784	356,531	400,238	467,910	510,048
2,591	3,076	2,771	4,381	3,162	2,756
516,689	515,987	513,982	499,236	499,726	481,060
51,940	45,959	41,243	45,587	46,376	51,613
<u>120,634</u>	<u>123,772</u>	<u>123,710</u>	<u>117,206</u>	<u>103,143</u>	<u>97,846</u>
<u>967,687</u>	<u>1,010,288</u>	<u>1,098,065</u>	<u>1,125,640</u>	<u>1,175,880</u>	<u>2,556,384</u>
—	—	—	—	—	—
—	—	—	—	—	—
<u>967,687</u>	<u>1,010,288</u>	<u>1,098,065</u>	<u>1,125,640</u>	<u>1,175,880</u>	<u>2,556,384</u>
<u>(139,423)</u>	<u>(183,422)</u>	<u>(78,970)</u>	<u>(101,454)</u>	<u>(158,097)</u>	<u>250,021</u>
29,282	175,662	94,612	66,690	160,942	190,159
—	—	—	—	—	—
37,000	57,000	57,000	57,000	51,000	—
7,271	17,282	6,473	6,309	7,362	54,718
<u>230,208</u>	<u>217,282</u>	<u>220,028</u>	<u>258,248</u>	<u>244,759</u>	<u>(279,309)</u>
<u>303,761</u>	<u>467,226</u>	<u>378,113</u>	<u>388,247</u>	<u>464,063</u>	<u>(34,432)</u>
<u>\$ 164,338</u>	<u>\$ 283,804</u>	<u>\$ 299,143</u>	<u>\$ 286,793</u>	<u>\$ 305,966</u>	<u>\$ 215,589</u>
<u>\$ 407,327</u>	<u>\$ 242,118</u>	<u>\$ 216,441</u>	<u>\$ (693,422)</u>	<u>\$ 741,630</u>	<u>\$ 468,215</u>

Note: In FY 2019, Regional Jail Authority merged with Division of Corrections, Division of Juvenile Services, and Correctional Industries to create the Division of Corrections and Rehabilitation Services.

Schedule 3
Fund Balances
Governmental Funds
Last Ten Fiscal Years
(Expressed in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Fund				
Reserved	\$ —	\$ —	\$ —	\$ —
Unreserved	—	—	—	—
Nonspendable:				
Inventories	7,370	11,888	11,113	9,936
Receivables	121,803	112,120	128,761	128,116
Restricted for:				
Government Operations	1,127	818	500	132
Development, Tourism, and Recreation	3,031	2,409	1,768	511
Education	162	95	180	65
Health & Social Services	595	372	527	160
Public Protection	453	402	314	81
Committed for:				
General Government Operations	11,321	6,483	4,771	1,213
Rainy Day Funds	763,388	720,323	663,061	789,352
Development, Tourism, and Recreation	3,356	2,755	2,246	695
Education	37,394	25,038	24,126	24,031
Health & Social Services	12,103	9,219	5,020	871
Public Protection	2,398	2,115	1,720	479
Assigned for:				
General Government Operations	7,312	1,978	—	6,183
Development, Tourism, and Recreation	941	615	—	—
Education	276	267	—	—
Health & Social Services	1,043	860	—	—
Public Protection	663	420	—	—
Unassigned	<u>673,649</u>	<u>305,331</u>	<u>(1,231,719)</u>	<u>(1,324,232)</u>
Total General Fund	<u>\$ 1,648,385</u>	<u>\$ 1,203,508</u>	<u>\$ (387,612)</u>	<u>\$ (362,407)</u>
All Other Governmental Funds				
Reserved:				
Special Revenue Funds	\$ —	\$ —	\$ —	\$ —
Permanent Funds	—	—	—	—
Capital Projects	—	—	—	—
Debt Service	—	—	—	—
Unreserved, Reported in:				
Special Revenue Funds	—	—	—	—
Capital Projects	—	—	—	—
Debt Service	—	—	—	—
Nonspendable:				
Inventories	54,997	49,163	52,860	49,814
Permanent Fund	1,000	1,000	1,000	1,000
Receivables	—	—	543,598	564,488
Restricted for:				
Capital Projects	1,002,883	967,400	10,658	12,333
Debt Services	658,493	677,347	153,621	153,646
Development, Tourism, and Recreation	65,000	65,482	63,888	54,591
Education	427	360	889	584
Public Protection	94,395	87,049	57,160	51,334
Transportation	312,280	17,550	12,737	12,031
Committed for:				
General Government Operations	5,258	5,144	1,642	1,796
Public Protection	322,358	287,855	265,899	299,757
Assigned for:				
Health and Social Services	1,917	—	—	—
Public Protection	3,877	5,738	6,226	4,506
Transportation	280,637	220,966	67,439	6,309
Unassigned	<u>—</u>	<u>210,794</u>	<u>(13,610)</u>	<u>(9,953)</u>
Total All Other Governmental Funds	<u>2,803,522</u>	<u>2,595,848</u>	<u>1,224,007</u>	<u>1,202,236</u>
Total Fund Balances, Governmental Funds	<u>\$ 4,451,907</u>	<u>\$ 3,799,356</u>	<u>\$ 836,395</u>	<u>\$ 839,829</u>

Notes: GASB 54 (FY 2010) required reclassification of certain funds.

In FY 2019, Regional Jail Authority merged with Division of Corrections, Division of Juvenile Services, and Correctional Industries to create the Division of Corrections and Rehabilitation Services.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
10,288	11,485	13,268	11,143	9,928	11,426
129,150	132,830	122,135	111,340	153,307	152,911
846	5,600	9,821	17,065	5,936	16,012
2,376	9,318	14,748	16,162	12,881	12,598
268	1,508	2,625	2,207	3,582	3,203
780	3,644	7,300	17,399	14,195	9,962
402	3,411	6,682	7,217	8,435	17,371
5,430	960,077	1,044,948	946,290	421,296	413,657
879,749	—	—	—	—	—
3,160	16,972	33,168	8,745	36,811	46,104
17,590	18,189	23,804	14,123	18,376	21,417
5,268	25,700	81,720	27,501	220,216	227,265
2,308	10,801	20,940	—	20,174	20,691
—	26,692	32,261	14,117	22,408	21,227
—	1,219	1,723	—	3,412	3,368
—	2,257	3,341	—	2,711	2,543
—	3,883	5,894	—	15,926	28,296
—	1,683	3,801	—	3,395	4,227
<u>(1,284,506)</u>	<u>(1,284,401)</u>	<u>(1,102,111)</u>	<u>(640,981)</u>	<u>427,107</u>	<u>270,221</u>
<u>\$ (226,891)</u>	<u>\$ (49,132)</u>	<u>\$ 326,068</u>	<u>\$ 552,328</u>	<u>\$ 1,400,096</u>	<u>\$ 1,282,499</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
48,686	37,980	44,798	47,371	40,434	38,676
1,000	1,000	1,000	1,000	1,000	1,000
585,811	606,938	627,800	645,301	666,824	—
13,270	13,750	32,953	96,637	147,798	28,283
154,491	153,707	152,824	151,727	173,097	181,415
54,668	52,493	45,840	40,050	40,391	34,877
1,174	357	327	555	386	393
53,233	44,940	41,908	43,114	31,147	23,363
12,968	14,224	11,077	17,350	14,584	—
2,268	2,345	3,772	5,504	5,843	6,764
311,564	290,746	245,947	233,177	220,245	191,383
—	—	28	—	—	649
7,265	9,596	5,741	1,357	1,739	2,568
61,181	92,946	29,666	—	113,544	23,121
<u>(9,072)</u>	<u>(8,797)</u>	<u>(6,430)</u>	<u>(8,425)</u>	<u>(6,398)</u>	<u>862,381</u>
<u>1,298,507</u>	<u>1,312,225</u>	<u>1,237,251</u>	<u>1,274,718</u>	<u>1,450,634</u>	<u>1,394,873</u>
<u>\$ 1,071,616</u>	<u>\$ 1,263,093</u>	<u>\$ 1,563,319</u>	<u>\$ 1,827,046</u>	<u>\$ 2,850,730</u>	<u>\$ 2,677,372</u>

Schedule 4
Changes in Fund Balances
Governmental Funds
Last Ten Fiscal Years
(Expressed in Thousands)

Revenues:	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Taxes:				
Personal Income	\$ 2,084,820	\$ 1,936,836	\$ 1,846,638	\$ 1,853,422
Consumer Sales and Use	1,477,711	1,355,092	1,317,452	1,293,535
Severance	452,680	393,278	360,801	373,801
Corporate Net Income	205,481	109,113	120,728	152,873
Business and Occupation	129,105	115,772	110,240	119,594
Medicaid	238,773	226,212	215,558	221,717
Gasoline and Motor Carrier	444,575	443,273	389,753	404,321
Automobile Privilege	237,756	231,522	203,405	201,082
Other	393,326	390,691	409,636	303,544
Intergovernmental	4,871,752	4,696,456	5,130,386	4,702,423
Licenses, Permits, and Fees	249,476	245,434	230,571	239,007
Motor Vehicle Registration	175,565	156,931	109,047	94,277
Charges for Services	131,956	122,975	123,512	118,233
Lottery Revenue	343,356	317,140	330,589	336,938
Investment Earnings	159,033	66,522	83,917	34,300
Food Stamp Revenue	405,622	451,228	490,483	496,107
Other	<u>468,351</u>	<u>212,216</u>	<u>177,335</u>	<u>202,768</u>
Total Revenues	<u>12,469,338</u>	<u>11,470,691</u>	<u>11,650,051</u>	<u>11,147,942</u>
Expenditures:				
Current:				
Legislative	23,606	23,439	24,461	26,907
Judicial	133,023	130,832	139,774	144,091
Executive	279,425	202,686	176,493	142,313
Administration	77,139	111,703	148,133	126,668
Commerce	224,908	206,481	196,657	180,018
Environmental Protection	140,328	127,757	148,139	151,537
Employment Programs	49,383	48,895	51,546	48,968
Education	2,873,944	2,796,313	2,831,189	2,869,977
Health and Human Resources	5,589,099	5,484,857	5,869,748	5,430,561
Military Affairs and Public Safety	488,369	478,052	525,010	495,656
Revenue	137,263	86,650	95,166	91,050
Transportation	1,042,123	873,276	894,409	914,909
Veterans Assistance	24,811	23,104	21,036	21,546
Senior Services	45,002	44,295	42,029	44,253
Regulatory Boards and Commissions	35,534	39,337	42,181	36,877
Capital Outlay	542,106	365,949	364,318	359,889
Debt Service:				
Principal	111,090	130,901	75,615	85,180
Interest	<u>135,867</u>	<u>92,461</u>	<u>91,238</u>	<u>95,180</u>
Total Expenditures	<u>11,953,020</u>	<u>11,266,988</u>	<u>11,737,142</u>	<u>11,265,580</u>
Excess of Revenues Over (Under) Expenditures	516,318	203,703	(87,091)	(117,638)
Other Financing Sources (Uses):				
Fair Value of Long-Term Debt Issued	133,789	1,186,099	81,595	—
Premiums on Bonds Issued	19,097	172,216	8,640	—
Capital Lease Acquisition	12,414	11,737	13,568	2,019
Other Nonoperating Revenues	—	—	—	—
Payments to Refunded Bonds Escrow Agents	—	(142,788)	(32,022)	—
Transfers In	254,709	163,393	204,252	188,770
Transfers Out	<u>(287,175)</u>	<u>(155,288)</u>	<u>(191,070)</u>	<u>(304,938)</u>
Total Other Financing Sources (Uses)	<u>132,834</u>	<u>1,235,369</u>	<u>84,963</u>	<u>(114,149)</u>
Net Changes in Fund Balances	<u>\$ 649,152</u>	<u>\$ 1,439,072</u>	<u>\$ (2,128)</u>	<u>\$ (231,787)</u>
Debt service as a percentage of noncapital expenditures	2.16%	2.05%	1.47%	1.65%

Note:

In FY 2019, Regional Jail Authority merged with Division of Corrections, Division of Juvenile Services, and Correctional Industries to create the Division of Corrections and Rehabilitation Services.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 1,915,382	\$ 1,768,069	\$ 1,767,626	\$ 1,790,299	\$ 1,654,563	\$ 1,531,867
1,264,716	1,211,057	1,197,317	1,216,286	1,151,363	1,132,951
589,883	612,283	547,453	564,327	571,539	530,940
189,473	202,444	230,131	232,266	263,963	227,693
120,426	121,401	125,692	123,137	127,103	133,245
200,408	184,666	219,568	176,661	170,079	157,693
435,142	433,252	417,571	408,571	406,347	393,557
204,993	195,737	188,197	186,300	168,602	147,466
249,071	303,923	304,687	318,999	266,723	279,444
4,452,997	4,160,993	4,073,257	4,077,933	4,372,908	4,115,677
242,406	262,481	245,631	234,984	218,431	214,293
103,092	99,430	93,363	92,951	96,504	91,902
124,305	123,767	128,257	127,806	147,142	135,914
349,853	335,075	380,052	487,122	398,974	—
14,298	78,537	28,696	55,931	495,777	100,111
494,131	479,215	513,960	491,416	75,594	478,622
<u>224,883</u>	<u>224,015</u>	<u>199,087</u>	<u>209,490</u>	<u>175,821</u>	<u>184,935</u>
<u>11,175,459</u>	<u>10,796,345</u>	<u>10,660,545</u>	<u>10,794,479</u>	<u>10,761,433</u>	<u>9,856,310</u>
28,840	30,224	34,742	36,731	31,916	29,022
140,847	142,859	127,804	139,941	130,574	125,184
126,313	182,887	149,602	216,268	354,357	256,364
155,998	159,680	155,163	190,164	120,881	114,972
163,777	185,011	214,172	226,194	226,931	223,569
131,371	151,742	133,541	152,634	134,515	148,982
45,743	53,540	50,210	55,969	61,536	60,483
2,997,533	2,968,967	3,024,480	3,760,480	2,878,686	2,773,160
5,285,201	4,895,617	4,684,841	4,425,591	4,334,459	4,056,573
461,599	466,444	490,711	526,654	523,868	462,163
92,758	150,556	67,760	91,349	90,370	263,427
801,658	845,679	743,613	1,009,032	741,384	754,486
20,261	23,464	19,114	26,600	—	—
49,439	45,919	47,669	47,656	47,292	46,727
54,965	68,545	64,130	93,643	34,540	37,161
335,493	302,040	465,399	334,046	571,034	521,480
105,800	101,350	122,855	341,673	101,978	103,735
<u>100,348</u>	<u>106,307</u>	<u>113,136</u>	<u>113,204</u>	<u>123,841</u>	<u>123,670</u>
<u>11,097,944</u>	<u>10,880,831</u>	<u>10,708,942</u>	<u>11,787,829</u>	<u>10,508,162</u>	<u>10,101,158</u>
77,515	(84,486)	(48,397)	(993,350)	253,271	(244,848)
205,365	—	—	18,615	190,755	—
39,273	—	—	1,025	10,292	—
580	955	495	234,765	805	—
—	—	—	—	—	12,505
(244,030)	—	—	(20,935)	(37,730)	—
149,515	134,350	154,945	170,321	134,473	654,340
<u>(388,051)</u>	<u>(351,045)</u>	<u>(370,770)</u>	<u>(434,125)</u>	<u>(378,508)</u>	<u>(383,264)</u>
<u>(237,348)</u>	<u>(215,740)</u>	<u>(215,330)</u>	<u>(30,334)</u>	<u>(79,913)</u>	<u>283,581</u>
<u>\$ (159,833)</u>	<u>\$ (300,226)</u>	<u>\$ (263,727)</u>	<u>\$ (1,023,684)</u>	<u>\$ 173,358</u>	<u>\$ 38,733</u>
1.92%	1.96%	2.30%	3.97%	2.27%	2.37%

Schedule 5
Revenue Base
Last Ten Years
(Expressed in Thousands)

Personal Income by Industry (Calendar Year)	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Farm Earnings	\$ (63,393)	\$ (87,698)	\$ (99,972)	\$ (30,770)
Agricultural/Forestry, Fishing, and Other	161,474	158,024	158,604	160,316
Mining	2,471,086	2,139,297	1,897,087	2,725,768
Construction	4,101,799	3,008,747	2,689,538	2,896,798
Manufacturing	3,800,160	3,446,282	3,408,226	3,421,537
Transportation, Warehousing, and Public Utilities	2,341,273	2,208,615	2,151,786	2,159,353
Wholesale Trade	1,542,010	1,491,856	1,467,931	1,557,478
Retail Trade	2,964,421	2,938,849	2,972,989	2,935,939
Finance, Insurance, and Real Estate	2,094,476	1,916,253	1,865,942	1,885,393
Service Industries	17,462,559	16,079,025	15,551,002	15,611,983
Federal, Civilian	2,713,339	2,602,306	2,498,151	2,424,565
Military	300,274	285,857	277,818	272,963
State and Local Government	6,301,709	6,357,743	6,351,203	6,221,514
Tax Revenue (Fiscal Year)				
Consumer Sales	1,247,000	1,222,000	1,231,000	1,228,100
Personal Income	1,920,000	1,814,000	1,803,000	1,840,100
Severance	346,000	321,000	276,000	414,000
Corporate Income and Business Franchise	110,000	116,000	144,000	186,000
Motor Fuel	420,000	381,000	396,000	435,000
Automobile Privilege	231,522	203,405	201,082	204,993

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not provided. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period available is 2018.

Sources: Bureau of Economic Analysis, State of West Virginia Executive Budget, and the Department of Highways.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 19,745	\$ (15,408)	\$ 19,745	\$ (40,920)	\$ (51,659)	\$ (46,725)
102,143	97,594	90,077	97,810	74,187	104,000
3,423,411	3,749,493	3,947,662	3,440,574	2,753,612	2,958,000
2,857,279	2,894,652	2,857,741	2,513,975	2,408,107	2,301,000
3,601,454	3,753,280	3,666,492	3,565,688	3,376,006	3,334,000
2,127,148	2,134,739	2,097,404	2,034,076	1,943,157	1,990,000
1,539,380	1,519,306	1,537,622	1,477,230	1,413,039	1,442,000
2,941,483	3,039,500	2,948,321	2,867,136	2,754,166	2,832,000
1,956,188	2,043,981	1,894,862	1,769,826	1,649,776	1,591,000
15,033,408	14,871,664	14,559,593	13,908,974	13,261,227	12,808,000
2,349,128	2,296,812	2,281,687	2,469,552	2,431,677	2,496,000
299,618	327,312	344,553	466,154	522,277	535,000
6,210,344	6,203,760	6,055,436	6,376,291	6,104,522	7,252,000
1,173,100	1,193,300	1,216,000	1,148,200	1,095,700	1,110,000
1,664,100	1,700,500	1,689,000	1,593,200	1,446,900	1,557,400
488,700	409,700	467,900	440,900	400,600	359,600
203,500	238,100	188,100	303,000	232,900	270,200
441,100	408,900	387,000	397,700	390,900	384,500
195,737	188,197	186,300	168,602	147,466	141,930

**Schedule 6
Revenue Rates
Last Ten Calendar Years**

Personal Income Tax

**Single, Head of Household, Widow(er) with Dependent Child
and Married Filing Jointly (Unchanged Over Last Ten Years)**

Less than \$10,000.....3% of the taxable income

At least —	But less than —		
\$10,000	\$25,000.....	\$ 300.00	plus 4.0% of excess over \$10,000
\$25,000	\$40,000.....	\$ 900.00	plus 4.5% of excess over \$25,000
\$40,000	\$60,000.....	\$1,575.00	plus 6.0% of excess over \$40,000
\$60,000	\$2,775.00	plus 6.5% of excess over \$60,000

Business

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Corporate Net Income (applies to C corporations)	6.50%	6.50%	6.50%	6.50%
Severance Tax:				
Timber	1.50%	1.50%	1.50%	0%
Oil/Gas	5%	5%	5%	5%
Coal	Various	Various	Various	Various
Consumer Sales Tax	6%	6%	6%	6%
Food Tax *	0%	0%	0%	0%
Motor Fuel Excise and Sales Tax** (cents per gallon)	35.7	35.7	35.7	34.6
Automobile Privilege Tax	6%	6%	6%	5%

*On July 1, 2012, the tax rate on food declined from 2% to 1%. On July 1, 2013, the food tax was eliminated except when sold prepared or via vending machine.

**As of January 1, 2012, the variable sales and use rate of 11.7 cents per invoiced gallon increased to 12.9 cents per invoiced gallon.

All rates are set by the Legislature.

Sources: State Tax Department and the Division of Motor Vehicles.

Married Filing Separately (Unchanged Over Last Ten Years)

Less than \$5,000.....3% of the taxable income

At Least —	But less than —		
\$5,000	\$12,500.....	\$ 150.00	plus 4.0% of excess over \$ 5,000
\$12,500	\$20,000.....	\$ 450.00	plus 4.5% of excess over \$ 12,500
\$20,000	\$30,000.....	\$ 787.50	plus 6.0% of excess over \$ 20,000
\$30,000	\$1,387.50	plus 6.5% of excess over \$ 30,000

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
6.50%	7.00%	8.50%	8.50%	8.50%	8.50%
0%	Temporarily Discontinued	1.22%	1.22%	Temporarily Discontinued	Temporarily Discontinued
5%	5%	5%	5%	5%	5%
Various	Various	Various	Various	Various	Various
6%	6%	6%	6%	6%	6%
0%	0%	1%	3% / 2%	3%	3%
34.6	34.7	33.4	32.2 / 33.4	32.2	32.2
5%	5%	5%	5%	5%	5%

Schedule 7**Revenue Payers by Industry/Category****Most Current Available Year and****Historical Comparison**

(Dollars Expressed in Thousands)

Consumers Sales and Service Tax and Use Tax**Tax Year 2015**

<u>Industry</u>	<u>Remittance</u>	<u>Percent of Total</u>	<u>Accounts</u>	<u>Percent of Total</u>
Agriculture, Forestry, Fishing and Hunting	\$ 2,562,463	0.21%	649	1.56%
Mining, Quarrying, and Oil and Gas Extraction	14,747,163	1.19%	295	0.71%
Construction	39,145,299	3.15%	3,716	8.92%
Manufacturing	73,281,413	5.90%	3,083	7.40%
Wholesale Trade	109,243,636	8.80%	2,838	6.81%
Retail Trade	565,962,381	45.61%	9,406	22.58%
Finance and Insurance	11,623,578	0.94%	471	1.13%
Services	348,897,658	28.11%	18,783	45.10%
Other	<u>75,533,745</u>	<u>6.09%</u>	<u>2,411</u>	<u>5.79%</u>
Total	<u>\$ 1,240,997,336</u>	<u>100.00%</u>	<u>41,652</u>	<u>100.00%</u>

Tax Year 2006

<u>Industry</u>	<u>Remittance</u>	<u>Percent of Total</u>	<u>Accounts</u>	<u>Percent of Total</u>
Agriculture, Forestry, Fishing and Hunting	\$ 4,263,248	0.40%	1,520	2.16%
Mining, Quarrying, and Oil and Gas Extraction	5,715,604	0.53%	1,502	2.13%
Construction	32,432,170	3.00%	11,977	17.02%
Manufacturing	53,336,059	4.94%	4,062	5.77%
Wholesale Trade	90,177,184	8.35%	3,164	4.50%
Retail Trade	582,626,343	53.95%	16,075	22.84%
Finance and Insurance	3,115,399	0.29%	579	0.82%
Services	244,810,238	22.67%	26,800	38.08%
Other	<u>63,413,908</u>	<u>5.87%</u>	<u>4,698</u>	<u>6.68%</u>
Total	<u>\$ 1,079,890,153</u>	<u>100.00%</u>	<u>70,377</u>	<u>100.00%</u>

Note: Due to confidentiality issues, the names of revenue payers are not provided. This information is an alternative regarding the sources of the State's revenue.

Source: West Virginia State Tax Department

Personal Income Tax

Tax Year 2015

<u>Income Level</u>	<u>Tax Liability</u>	<u>Percent of Total</u>	<u>Returns</u>	<u>Percent of Total</u>
\$0 - \$10,000	\$ 5,272,893	0.30%	236,651	27.90%
\$10,000 - \$20,000	47,459,937	2.66%	123,579	14.57%
\$20,000 - \$40,000	170,695,066	9.56%	162,763	19.20%
\$40,000 - \$60,000	213,223,266	11.93%	104,607	12.33%
Over \$60,000	<u>1,349,611,684</u>	<u>75.55%</u>	<u>220,536</u>	<u>26.00%</u>
Total	<u>\$ 1,786,262,846</u>	<u>100.00%</u>	<u>848,136</u>	<u>100.00%</u>

Tax Year 2006

<u>Income Level</u>	<u>Tax Liability</u>	<u>Percent of Total</u>	<u>Returns</u>	<u>Percent of Total</u>
\$0 - \$10,000	\$ 18,619,641	1.39%	251,245	32.97%
\$10,000 - \$20,000	61,443,632	4.60%	123,103	16.15%
\$20,000 - \$40,000	173,037,512	12.95%	156,696	20.56%
\$40,000 - \$60,000	214,708,216	16.07%	99,970	13.12%
Over \$60,000	<u>868,594,173</u>	<u>64.99%</u>	<u>131,030</u>	<u>17.20%</u>
Total	<u>\$ 1,336,403,174</u>	<u>100.00%</u>	<u>762,044</u>	<u>100.00%</u>

**Schedule 8
Ratios of Outstanding Debt
Last Ten Fiscal Years
(Dollars Expressed in Thousands)**

	Primary Government Debt			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental Activities:				
General Obligation Bonds	\$ 1,182,881	\$ 1,240,350	\$ 359,261	\$ 393,089
Revenue Bonds	1,532,497	1,415,049	1,182,921	1,142,347
Capital Leases and Notes Payable	32,972	45,563	28,168	28,153
Capital Leases Payable to Component Units	<u>227,660</u>	<u>244,995</u>	<u>260,955</u>	<u>275,765</u>
Total Governmental Activities	<u>2,976,010</u>	<u>2,945,957</u>	<u>1,831,305</u>	<u>1,839,354</u>
Enterprise Activities:				
Revenue Bonds	<u>172,045</u>	<u>178,395</u>	<u>185,290</u>	<u>191,049</u>
Total Primary Government Debt	<u>\$ 3,148,055</u>	<u>\$ 3,124,352</u>	<u>\$ 2,016,595</u>	<u>\$ 2,030,403</u>

Note: The Infrastructure and Jobs Development Council revenue bonds were previously included in the governmental activities. Beginning in 2012, "capital leases payable to component units" is separately presented from "capital leases and notes payable" in Schedule 8. This reclassification is so the presentation of capital leases payable to component units is consistent in the governmentwide Statement of Net Position.

Governmental Activities Tax Income

Year	<u>Personal Income</u>	<u>Consumer Sales and Use</u>	<u>Business</u>	<u>Transportation</u>	<u>Other</u>	<u>Total</u>
2019	\$ 2,090,596	\$ 1,368,741	\$ 793,067	\$ 682,331	\$ 632,445	\$ 5,567,180
2018	1,939,977	1,355,135	626,743	674,795	613,632	5,210,282
2017	1,830,106	1,312,353	581,896	593,158	627,091	4,944,604
2016	1,849,056	1,291,813	640,081	605,403	526,348	4,912,701
2015	1,921,597	1,265,957	907,362	640,135	446,794	5,181,845
2014	1,771,473	1,216,812	937,751	628,989	493,000	5,048,025
2013	1,771,481	1,198,983	923,575	605,768	508,114	5,007,921
2012	1,790,146	1,216,561	905,515	594,871	509,357	5,016,450
2011	1,657,258	1,150,887	977,252	574,949	437,363	4,797,709
2010	1,534,970	1,131,075	844,405	541,023	435,504	4,486,977

General Obligation Bond Debt Ratios

Year	<u>General Obligation Bond Debt</u>	<u>Percent of Tax Income</u>	<u>Percent of Personal Income</u>	<u>Amount of Debt Per Capita*</u>
2019	\$ 1,182,881	21.25%	1.60%	\$ 0.66
2018	1,240,350	23.81%	1.80%	0.68
2017	359,261	7.27%	0.54%	0.20
2016	393,089	8.00%	0.58%	0.21
2015	412,368	7.96%	0.62%	0.22
2014	460,428	9.12%	0.70%	0.25
2013	498,776	9.96%	0.78%	0.27
2012	533,304	10.63%	0.86%	0.29
2011	580,357	12.10%	0.98%	0.31
2010	622,928	13.88%	1.08%	0.34

Primary Government Debt

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 412,368	\$ 460,428	\$ 498,776	\$ 533,304	\$ 580,357	\$ 622,928
1,185,022	1,226,587	1,266,848	1,330,795	1,366,199	1,243,106
28,813	27,405	34,104	34,025	330,722	336,143
<u>260,995</u>	<u>243,790</u>	<u>256,155</u>	<u>275,530</u>	<u>—</u>	<u>—</u>
<u>1,887,198</u>	<u>1,958,210</u>	<u>2,055,883</u>	<u>2,173,654</u>	<u>2,277,278</u>	<u>2,202,177</u>
<u>197,762</u>	<u>112,735</u>	<u>115,497</u>	<u>113,950</u>	<u>116,319</u>	<u>118,612</u>
<u>\$ 2,084,960</u>	<u>\$ 2,070,945</u>	<u>\$ 2,171,380</u>	<u>\$ 2,287,604</u>	<u>\$ 2,393,597</u>	<u>\$ 2,320,789</u>

Total Debt Ratios

<u>Year</u>	<u>Total Debt</u>	<u>Percent of Tax Income</u>	<u>Percent of Personal Income</u>	<u>Amount of Debt Per Capita*</u>
2019	\$ 3,148,055	56.55%	4.27%	\$ 1.74
2018	3,124,352	59.97%	4.54%	1.72
2017	2,016,595	40.78%	3.01%	1.10
2016	2,030,403	41.33%	3.00%	1.10
2015	2,084,960	40.24%	3.12%	1.13
2014	2,070,745	41.35%	3.24%	1.12
2013	2,171,380	43.36%	3.39%	1.17
2012	2,287,604	45.60%	3.68%	1.23
2011	2,393,597	49.89%	4.03%	1.29
2010	2,320,789	51.72%	4.03%	1.28

All General Obligation Bonds carry a pledge of the State to levy taxes if funds are insufficient to meet debt service.

Infrastructure bonds are paid from the dedication of the first \$24 million in severance tax collections.

Safe Roads Bonds are paid from a debt service fund which is administered by the West Virginia State Treasurer's Office. The Division of Highways makes a monthly transfer to this fund from the Road Fund. The monthly transfer amount is equal to 10% of the annual debt service requirements on all Safe Roads Bonds.

*These ratios are calculated using the current fiscal year debt total divided by personal income and population for the prior calendar year. See Schedule 10 for personal income and population data.

In FY 2019, Regional Jail Authority merged with Division of Corrections, Division of Juvenile Services, and Correctional Industries to create the Division of Corrections and Rehabilitation Services.

Schedule 9

Pledged Revenue Coverage

Last Ten Fiscal Years

(Dollars Expressed in Thousands)

Department of Transportation

West Virginia Code Chapter 17, Article 17A provides for the issuance of Surface Transportation Improvement Special Obligation Notes (GARVEE bonds) to facilitate the construction of highways, secondary roads and bridges to be funded wholly or in part by federal dollars and in anticipation of reimbursement from such sources. Title 23, Section 122 federal legislation allows this reimbursement. There is a Memorandum of Agreement between the Federal Highway Administration and the Division of Highways that documents the procedures for managing the stewardship and oversight of highway projects that are financed with the proceeds of these notes first issued in fiscal year 2007.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Current Year Debt Service Requirements			
				Principal	Interest	Total	Coverage
2019	\$ 31,495	\$ —	\$ 31,495	\$ 17,765	\$ 13,730	\$ 31,495	1.00
2018	25,926	—	25,926	15,310	10,616	25,926	1.00
2017*	10,971	—	10,971	8,515	2,456	10,971	1.00
2016	—	—	—	—	—	—	0.00
2015	27,504	—	27,504	25,650	1,854	27,504	1.00
2014	27,519	—	27,519	24,475	3,044	27,519	1.00
2013	27,547	—	27,547	23,370	4,177	27,547	1.00
2012	27,588	—	27,588	22,425	5,163	27,588	1.00
2011	27,575	—	27,575	21,520	6,055	27,575	1.00
2010	27,591	—	27,591	20,845	6,746	27,591	1.00

WV Infrastructure and Jobs Development Council

The primary source of repayment for the revenue and refunding bonds is the receipt of payments of principal and interest on a set of loans, known as defined loans, previously made to projects from revenue bond proceeds. New bonds were issued in 2018 to refund earlier bond issues.

2019	\$ 54,612	\$ 19,158	\$ 35,454	\$ 2,900	\$ 4,055	\$ 6,955	5.10
2018	51,948	30,841	21,107	3,570	4,137	7,707	2.74
2017	29,097	17,264	11,833	83,805	3,634	87,439	0.14
2016	38,048	58,856	(20,808)	2,720	4,640	7,360	(2.83)
2015	28,840	70,089	(41,249)	2,620	4,746	7,366	(5.60)
2014	49,441	30,909	18,532	2,710	4,845	7,555	2.45
2013	49,211	18,762	30,449	29,230	4,410	33,640	0.91
2012	50,861	26,532	24,329	2,465	5,476	7,941	3.06
2011	48,900	18,101	30,799	2,390	5,563	7,953	3.87
2010	43,671	20,913	22,758	2,310	5,644	7,954	2.86

* Revised

Tobacco Settlement Finance Authority

Pursuant to the Code, and a Purchase and Sale Agreement, dated June 1, 2007, by and between the Authority and the State, the State sold to the Authority its right, title, and interest in and to all tobacco settlement revenue that is received by the State, under the terms of the Master Settlement Agreement entered into by participating tobacco product manufacturers, West Virginia, 45 other states, and six other U.S. jurisdictions in November 1998. The Series 2007 Bonds are secured by and are payable solely from the right, title, and interest of the Authority of 100% of the tobacco receipts, and investment earnings on the accounts with the trustee under the Indenture.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Current Year Debt Service Requirements			
				Principal	Interest	Total	Coverage
2019	\$ 63,711	\$ 109	\$ 63,602	\$ 12,910	\$ 51,226	\$ 64,136	1.00
2018	65,304	127	65,177	13,410	52,228	65,638	0.99
2017	68,009	116	67,893	15,090	53,355	68,445	1.00
2016	66,356	130	66,226	12,405	54,281	66,686	0.99
2015	67,029	17	67,012	12,205	55,192	67,397	0.99
2014	67,499	149	67,350	11,815	56,068	67,883	0.99
2013	93,889	24	93,865	36,360	58,790	95,150	0.99
2012	67,599	34	67,565	8,515	59,425	67,940	0.99
2011	66,382	27	66,355	6,690	59,925	66,615	1.00
2010	70,404	21	70,383	10,070	60,677	70,747	0.99

Economic Development Project Fund

West Virginia State Code Chapter 29, Article 22, Section 18a designates \$19 million annually from the “excess lottery revenue fund” to be paid into the Economic Development Project Fund created in subsection (d) for payment of revenue bonds issued pursuant to the same subsection. Interest on the account and any other amounts paid into the Economic Development Project Fund are also to be used for the repayment of the bonds, which were issued in 2004.

2019	\$ 19,801	\$ —	\$ 19,801	\$ 11,825	\$ 6,846	\$ 18,671	1.06
2018	19,419	—	19,419	11,220	7,465	18,685	1.04
2017	19,114	—	19,114	10,650	8,052	18,702	1.03
2016	19,051	—	19,051	10,105	8,610	18,715	1.02
2015	19,206	—	19,206	9,660	9,104	18,764	1.02
2014	19,852	—	19,852	9,240	9,538	18,778	1.06
2013	20,210	—	20,210	8,850	9,944	18,794	1.08
2012	19,290	—	19,290	8,495	10,317	18,812	1.03
2011	19,569	—	19,569	8,175	10,655	18,830	1.04
2010	19,411	—	19,411	7,890	10,955	18,845	1.03

(Continued)

Schedule 9

Pledged Revenue Coverage

Last Ten Fiscal Years

(Dollars Expressed in Thousands)

(Continued)

Education, Arts, Sciences, and Tourism

Certain net profits of the Lottery, as set forth in Chapter 29, Article 22 of the Code of West Virginia, are transferred to the Trustee under the bond indenture. These bonds are subordinate as to lien and source of payment only to those certain School Building Authority Capital Improvement Bonds, Series 2004 and 2012.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Current Year Debt Service Requirements			
				Principal	Interest	Total	Coverage
2019	\$ 9,994	\$ —	\$ 9,994	\$ 3,795	\$ 6,198	\$ 9,993	1.00
2018	10,240	2,691	7,549	1,095	6,206	7,301	1.03
2017	10,010	—	10,010	3,290	6,709	9,999	1.00
2016	9,996	—	9,996	3,130	6,865	9,995	1.00
2015	9,996	—	9,996	3,010	6,985	9,995	1.00
2014	9,999	—	9,999	2,880	7,119	9,999	1.00
2013	10,000	—	10,000	2,770	7,230	10,000	1.00
2012	10,012	3	10,009	2,685	7,310	9,995	1.00
2011	8,001	315	7,686	9,605	6,285	15,890	0.48
2010	8,242	3	8,239	9,115	643	9,758	0.84

Cacapon Project Fund

Pledged revenues under the Indenture include all money deposited into the Cacapon State Park Lottery Revenue Debt Service Fund pursuant to Section 18e of the Lottery Act and transferred to the Trustee for deposit in the Revenue Fund established under the Indenture, and all income and receipts on the funds and accounts held by the Trustee under the Indenture.

2019	\$ 2,045	\$ —	\$ 2,045	\$ 400	\$ 1,179	\$ 1,579	1.30
2018	1,397	—	1,397	—	400	400	3.49

Economic Development Authority

The Economic Development Authority (EDA) has issued Revenue Bonds to provide financial assistance to State governmental entities for the acquisition and construction of facilities deemed to be in the public interest. The EDA has lease-purchase agreements with the State, and the State makes the payments to the trustee. Upon repayment of the bonds, ownership of the acquired facilities transfers to the governmental entity served by the bond issuance.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Current Year Debt Service Requirements			
				Principal	Interest	Total	Coverage
2019	\$ —	\$ —	\$ 27,846	\$ 17,330	\$ 10,516	\$ 27,846	1.00
2018	—	—	27,273	16,093	11,180	27,273	1.00
2017	—	—	26,455	14,810	11,645	26,455	1.00
2016	—	—	25,780	13,775	12,005	25,780	1.00
2015	—	—	23,478	13,065	10,413	23,478	1.00
2014	—	—	23,290	12,365	10,925	23,290	1.00
2013	—	—	22,681	10,885	11,796	22,681	1.00
2012	—	—	259,285	251,468	7,817	259,285	1.00

Housing Development Fund

Operating revenue includes revenues and principal loan repayments. Both are used for bond repayment. The Fund is authorized by West Virginia State Code to issue bonds and notes for its various programs in an aggregate principal amount not to exceed \$1.25 billion outstanding at any one time, exclusive of refunded obligations. Bonds and notes issued by the Fund are considered obligations of the Fund and are not deemed to constitute a debt or liability of the State. All bonds are secured by a pledge of all mortgage loan repayments, all proceeds of federal or private mortgage insurance, interest received on any monies or securities held pursuant to the resolution, and the rights and interest of the Fund in and to the mortgage loans.

2019	\$ 84,319	\$ 8,351	\$ 75,968	\$ 23,385	\$ 9,101	\$ 32,486	2.34
2018	86,072	6,441	79,631	28,095	9,904	37,999	2.10
2017	93,181	7,022	86,159	27,075	10,967	38,042	2.26
2016	97,344	6,980	90,364	24,240	12,690	36,930	2.44
2015	94,554	7,435	87,119	23,345	14,769	38,114	2.28
2014	102,230	7,334	94,896	22,970	16,139	39,109	2.42
2013	130,658	7,393	123,265	25,065	20,168	45,233	2.73
2012	144,583	9,462	135,121	20,651	25,694	46,345	2.92
2011	125,325	9,325	116,000	16,594	30,479	47,073	2.46
2010	130,282	6,009	124,273	19,198	33,963	53,161	2.34

Water Development Authority

The Authority maintains a variety of programs to provide long-term, short-term and private-activity financing at favorable interest rates for design, construction, and/or acquisition of wastewater and/or water systems. Monies are loaned to municipalities, public service districts, and other political subdivisions through purchase of revenue bonds or notes issued by these local governmental agencies. The loans are repaid from the revenues of the systems or other permanent financing. The aggregate principal amount of bonds and/or notes issued by the Authority may not exceed \$500 million outstanding at any time; provided that before the Authority issues bonds or notes in excess of \$440 million, the Legislature must pass a resolution authorizing this action. An additional aggregate principal amount of \$180 million may be issued for the limited purpose of providing grants for capital improvements for designated projects in the Chesapeake Bay and Greenbrier Watershed areas. The Authority's long-term planning is accomplished within the confines of its authorized borrowing limit. Operating revenue includes revenues and principal loan repayments. Both are used for bond repayment. Fiscal year 2013 includes retirement of revenue bonds.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Current Year Debt Service Requirements			
				Principal	Interest	Total	Coverage
2019	\$ 11,449	\$ 1,207	\$ 10,242	\$ 8,969	\$ 6,677	\$ 15,646	0.65
2018	12,034	1,398	10,636	49,195	7,382	56,577	0.19
2017	12,681	1,633	11,048	54,880	63,040	117,920	0.69
2016	13,294	1,685	11,609	8,034	8,251	16,285	0.71
2015	14,060	1,624	12,436	7,875	8,494	16,369	0.76
2014	14,134	2,347	11,787	50,610	9,537	60,147	0.20
2013	14,538	2,723	11,815	75,830	6,886	82,716	0.14
2012	14,715	2,166	12,549	6,930	11,334	18,264	0.69
2011	15,274	2,283	12,991	7,160	11,616	18,776	0.69
2010	15,355	1,091	14,264	6,930	11,874	18,804	0.76

Higher Education Fund

Various individual institutions, as well as the Fund, have issued bonds which are generally payable from tuition and registration fees. Several bond issues, including 2009 Series A, 2010 Series A, B and C, and a 2012 Series A and B, are to be repaid using certain Lottery funds. During fiscal years 2011 and 2012, Higher Education had a series of revenue bond refinancings that resulted in an increase in principal and interest payments.

2019	\$ 1,706,699	\$ 1,735,783	\$ (29,084)	\$ 46,830	\$ 59,354	\$ 106,184	(0.27)
2018	1,690,514	1,699,547	(9,033)	81,181	58,879	140,060	(0.06)
2017	1,687,251	1,717,659	(30,408)	93,417	59,644	153,061	(0.20)
2016	1,660,924	1,712,074	(51,150)	40,620	58,309	98,929	(0.52)
2015	1,632,186	1,669,579	(37,393)	89,575	54,237	143,812	(0.26)
2014	1,625,089	1,620,246	4,843	45,900	53,211	99,111	0.05
2013	1,640,124	1,613,438	26,686	229,125	20,349	249,474	0.11
2012	1,596,324	1,664,940	(68,616)	226,945	57,079	284,024	(0.24)
2011	1,554,057	1,620,575	(66,518)	71,574	32,361	103,935	(0.64)
2010	1,467,996	1,547,741	(79,745)	25,184	30,716	55,900	(1.43)

(Continued)

Schedule 9**Pledged Revenue Coverage****Last Ten Fiscal Years****(Dollars Expressed in Thousands)****(Continued)****West Virginia Division of Corrections and Rehabilitation**

Revenue bonds are secured by the regional jails and correctional facilities and an irrevocable pledge of the lease payments, which are generated by court fees, and are required to be in sufficient amount to pay principal and interest on the bonds when due.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Current Year Debt Service Requirements			
				Principal	Interest	Total	Coverage
2019	\$ 356,488	\$ 336,744	\$ 19,744	\$ 8,557	\$ 1,564	\$ 10,121	1.95
2018	104,704	86,365	18,339	7,294	1,493	8,787	2.09
2017	93,493	82,258	11,235	6,936	1,854	8,790	1.28
2016	89,639	76,579	13,060	6,537	1,653	8,190	1.60
2015	86,862	72,677	14,185	6,150	2,716	8,866	1.60
2014	89,254	72,944	16,310	5,840	3,030	8,870	1.83
2013	98,547	74,860	23,687	5,550	3,321	8,871	2.67
2012	102,043	77,064	24,979	5,270	3,592	8,862	2.82
2011	88,773	77,797	10,976	5,015	3,975	8,990	1.22
2010	75,434	79,054	(3,620)	4,770	4,097	8,867	(0.41)

School Building Authority

The Authority provides funds for modern efficient public school facilities throughout the State by promoting the consolidation of elementary and secondary public schools. The bonds are paid by certain net profits of the West Virginia Lottery.

2019	\$ 66,767	\$ 104	\$ 66,663	\$ 28,285	\$ 11,732	\$ 40,017	1.67
2018	60,409	2,025	58,384	29,620	12,146	41,766	1.40
2017	60,010	8,069	51,941	27,235	14,169	41,404	1.26
2016	64,044	10,180	53,864	25,900	12,457	38,357	1.40
2015	62,533	10,525	52,008	29,555	14,812	44,367	1.17
2014	64,779	—	64,779	36,930	15,564	52,494	1.23
2013	58,758	—	58,758	35,275	16,047	51,322	1.14
2012	62,068	—	62,068	33,980	17,077	51,057	1.22
2011	59,003	—	59,003	31,620	17,972	49,592	1.19
2010	52,931	—	52,931	29,850	18,877	48,727	1.09

Parkways Authority

Revenue bonds are secured by a pledge of substantially all Parkways Authority operating revenues and all monies deposited into accounts created by the Trust Indentures. Only total debt service is available.

<u>Fiscal Year</u>	<u>Operating Revenue</u>	<u>Direct Operating Expense</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service</u>	<u>Coverage</u>
2019	\$ 132,815	\$ 43,949	\$ 88,866	\$ 9,025	9.85
2018	95,215	37,449	57,766	10,140	5.70
2017	92,436	41,621	50,815	10,760	4.72
2016	93,223	39,123	54,100	10,755	5.03
2015	88,625	40,904	47,721	10,577	4.51
2014	84,730	39,070	45,660	10,529	4.34
2013	83,438	35,772	47,666	11,186	4.26
2012	83,574	35,043	48,531	10,541	4.60
2011	82,440	35,891	46,549	10,515	4.43
2010	79,188	33,134	46,054	10,670	4.32

Note: Details regarding the State's debt can be found in Note 10 to the basic financial statements.

Sources: Department of Transportation; School Building Authority; West Virginia Infrastructure and Jobs Development Council; Housing Development Fund; Water Development Authority; Higher Education Fund; West Virginia Division of Corrections and Rehabilitation; Parkways Authority; Tobacco Settlement Finance Authority; and bond indentures.



West Virginia

Schedule 10 Demographic and Economic Indicators Last Ten Calendar Years

	2018	2017	2016	2015
Population (People in Millions)				
West Virginia	1,805,832	1,815,857	1,831,102	1,844,128
Change	-0.55%	-0.83%	-0.71%	-0.33%
National	327,167,434	325,719,178	323,127,513	321,418,820
Change	0.44%	0.80%	0.53%	0.80%
Total Personal Income (Dollars in Millions)				
West Virginia	\$ 73,809	\$ 68,864	\$ 67,062	\$ 67,787
Change	7.18%	2.69%	-1.07%	1.39%
National	\$ 17,813,035	\$ 16,413,551	\$ 15,912,777	\$ 15,463,981
Change	8.53%	3.15%	2.90%	5.32%
Per Capita Personal Income* (In Dollars)				
West Virginia	\$ 40,873	\$ 37,924	\$ 36,624	\$ 36,578
Change	7.78%	3.55%	0.13%	1.23%
National	\$ 54,446	\$ 50,392	\$ 49,246	\$ 48,112
Change	8.04%	2.33%	2.36%	4.48%
Median Age	42.7	38	42.2	41.8
Educational Attainment				
9th Grade or Less	3.9%	4.5%	4.4%	5.2%
Some High School, No Diploma	8.3%	8.4%	9.6%	9.8%
High School Diploma	39.7%	41.2%	39.7%	40.7%
Some College, No Degree	19.2%	18.6%	18.1%	18.5%
Associate, Bachelor's or Graduate Degree	28.8%	27.3%	28.2%	25.7%
Labor Force and Employment (People in Thousands)				
Civilian Labor Force	783.3	773.8	771.8	776
Employed	742.2	733.4	732.5	730.1
Unemployed	41.2	40.4	39.3	45.9
Unemployment Rate	5.3%	5.2%	5.1%	5.9%
Nonfarm Wage and Salary Workers Employed in West Virginia Goods-Producing Industries:				
Mining	22.6	21.8	20.7	23.7
Construction	41.1	34.0	29.5	31.2
Manufacturing – Durable Goods	28.6	28.8	27.5	28.0
Manufacturing – Nondurable Goods	18.5	18.4	18.7	18.9
Total Goods-Producing Industries	110.8	103.0	96.4	101.8
Non-Goods-Producing Industries:				
Trade	103	107.3	109.4	112.4
Service	359.7	389.9	389.0	397.9
State and Local Government	129.1	132.9	134.8	132.2
Federal Government	23.5	23.6	23.9	23.4
Total Non-Goods-Producing Industries	615.3	653.7	657.1	665.9
Total Nonfarm Wage and Salary Employment	726.1	756.7	753.5	767.7

The most current period available is 2018.

*Per capita personal income is calculated by dividing total personal income by population.

Various population, personal income, and per capita personal income figures have been amended from last year's schedule.

Sources: WORKFORCE West Virginia Research, Information, and Analysis Office; the Census; the Survey of Current Business; and the Bureau of Economic Analysis.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
1,850,326	1,854,304	1,855,413	1,855,364	1,852,994	1,819,777
-0.21%	-0.06%	0.00%	0.13%	1.83%	0.27%
318,857,056	316,128,839	313,914,040	311,591,917	308,745,538	307,006,550
0.86%	0.70%	0.75%	0.92%	0.57%	0.86%
\$ 66,857	\$ 65,889	\$ 63,968	\$ 62,178	\$ 59,417	\$ 57,535
1.45%	3.00%	2.88%	4.65%	3.27%	(0.07)%
\$ 14,683,147	\$ 14,151,427	\$ 13,401,869	\$ 12,981,741	\$ 12,353,577	\$ 11,916,773
3.62%	5.59%	3.24%	5.08%	3.67%	(4.30)%
\$ 36,132	\$ 35,533	\$ 34,477	\$ 33,513	\$ 32,042	\$ 31,137
1.66%	3.06%	2.88%	4.59%	2.91%	(0.48)%
\$ 46,049	\$ 44,765	\$ 42,693	\$ 41,663	\$ 39,937	\$ 38,846
2.79%	4.85%	2.47%	4.32%	2.81%	(5.13)%
41.3	41.3	41.3	41.1	41.3	40.5
5%	5.4%	5.6%	6.8%	6.1%	6.5%
9.9%	10.0%	9.9%	11.3%	10.7%	10.7%
41.1%	40.2%	40.6%	41.3%	41.6%	41.0%
18.4%	18.6%	19.0%	17.6%	18.3%	18.5%
25.7%	25.7%	25.0%	23.0%	23.3%	23.2%
787.8	797.4	805.0	799.9	782.3	797.9
733.5	744.6	746.0	736.1	711.1	734.6
54.3	52.8	59.0	63.8	71.2	63.3
6.9%	6.6%	7.3%	8.0%	9.1%	7.9%
25.5	33.3	33.7	33.6	29.9	29.6
27.7	31.9	35.6	33.0	32.6	34.1
28.9	30.1	29.6	30.0	29.6	30.9
<u>18.8</u>	<u>18.9</u>	<u>19.6</u>	<u>19.5</u>	<u>19.5</u>	<u>19.8</u>
100.9	114.2	118.5	116.1	111.6	114.4
107.9	108.8	111.0	109.9	109.2	110.0
389.6	398.4	381.7	376.2	372.5	369.9
130.0	132.8	130.7	128.3	128.3	126.3
<u>22.2</u>	<u>23.2</u>	<u>23.3</u>	<u>23.5</u>	<u>24.3</u>	<u>23.6</u>
649.7	663.2	646.7	637.9	634.3	629.8
750.6	777.4	765.2	754.0	745.9	744.2

West Virginia

Schedule 11 Principal Employers Current Year and Nine Years Ago

Estimated as of June 30, 2019

Major West Virginia Employers	Number of Employees	Percentage of Total Employed
Local Government	70,000 - 74,999	9.97%
State Government	40,000 - 44,999	5.60%
Federal Government	20,000 - 24,999	3.19%
WVU MEDICINE (formerly West Virginia United Health System)	14,000 - 16,999	2.09%
Wal-Mart Associates, Inc.	10,000 - 12,999	1.55%
Charleston Area Medical Center, Inc.	6,000 - 7,999	0.94%
Mountain Health System	3,000 - 4,999	0.54%
Kroger	3,000 - 4,999	0.54%
Lowe's Home Centers, Inc.	1,000 - 2,999	0.27%
Contura Energy	1,000 - 2,999	0.27%
Wheeling Hospital, Inc.	1,000 - 2,999	0.27%
Mylan Pharmaceuticals, Inc.	1,000 - 2,999	0.27%
Murray American Energy, Inc.	1,000 - 2,999	0.27%

Estimated as of June 30, 2010

Major West Virginia Employers	Number of Employees	Percentage of Total Employed
Local Government	75,000 - 79,999	10.54%
State Government	40,000 - 44,999	5.70%
Federal Government	25,000 - 29,999	3.50%
Wal-Mart Associates, Inc.	10,000 - 12,999	1.57%
West Virginia United Health System	7,000 - 9,999	1.09%
Charleston Area Medical Center, Inc.	5,000 - 6,999	0.82%
Kroger	3,000 - 4,999	0.54%
American Electric Power	1,000 - 2,999	0.27%
Consolidation Coal Company	1,000 - 2,999	0.27%
Lowe's Home Centers, Inc.	1,000 - 2,999	0.27%
St Mary's Hospital	1,000 - 2,999	0.27%
Res-Care, Inc.	1,000 - 2,999	0.27%
Mylan Pharmaceuticals, Inc.	1,000 - 2,999	0.27%

Source: WORKFORCE West Virginia Research, Information, and Analysis Office.

Schedule 12
Education Enrollment
Last Ten Fiscal Years

Public School Enrollment Grades Pre-K Through 12

<u>Year</u>	<u>Elementary (Pre-K to 6)</u>	<u>Secondary (7 to 12)</u>	<u>Total All Grades</u>
2018-19	149,182	116,537	265,719
2017-18	152,584	118,023	270,607
2016-17	154,180	118,986	273,166
2015-16	157,003	120,134	277,137
2014-15	158,815	121,084	279,899
2013-14	160,112	120,901	281,013
2012-13	160,721	121,589	282,310
2011-12	160,571	121,517	282,088
2010-11	160,015	122,115	282,130
2009-10	159,205	122,623	281,828

Higher Education Enrollment
Colleges and Universities

<u>Year</u>	<u>Public</u>		<u>Independent</u>	
	<u>Enrollment</u>	<u>Number of Certificates and Degrees</u>	<u>Enrollment</u>	<u>Number of Certificates and Degrees</u>
2018-19	80,931	18,451	8,167	2,037
2017-18	83,133	18,399	8,385	2,088
2016-17	84,447	18,573	8,607	2,109
2015-16	86,427	18,521	8,654	1,862
2014-15	87,082	18,410	8,637	1,794
2013-14	90,028	18,012	8,496	1,772
2012-13	92,140	16,938	8,758	2,425
2011-12	96,573	16,512	8,758	2,991
2010-11	96,555	15,733	11,496	2,879
2009-10	94,952	15,185	12,168	2,678

Sources: West Virginia Board of Education and West Virginia Higher Education Policy Commission.

**Schedule 13
State Employees by Function
Last Ten Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Executive *	849	852	857	899
Legislative	164	157	164	182
Judicial	1,118	1,118	1,137	1,072
Administration	910	923	895	927
Commerce				
Division of Natural Resources (Parks)	683	690	696	701
Tourism and Development	132	143	147	144
WORKFORCE West Virginia	287	291	320	332
Other	344	332	321	379
Environmental Protection	761	753	794	811
Education and the Arts				
Department of Education	511	520	473	511
School for the Deaf and the Blind	163	162	160	158
Rehabilitation Services	442	476	528	532
Higher Education	10,519	10,510	10,556	10,501
Other	205	200	229	267
Revenue	891	894	905	953
Health and Human Services	5,132	5,042	5,250	5,437
Military Affairs and Public Safety (MAPS)				
Corrections and Rehabilitation	3,362	3,313	1,885	1,987
Juvenile Services	0	14	466	549
State Police	999	997	984	1,025
Regional Jail Authority**	0	18	846	935
Other	703	687	660	610
Veterans Assistance	228	230	223	210
Transportation	1,032	5,519	5,530	5,646
Miscellaneous	<u>494</u>	<u>484</u>	<u>483</u>	<u>511</u>
Total	<u>29,929</u>	<u>34,325</u>	<u>34,509</u>	<u>35,279</u>

Notes:

* Executive includes the offices of the Governor, Treasurer, Secretary of State, Auditor, Attorney General, and Agriculture.

** In FY 2019, Regional Jail Authority merged with Division of Corrections, Division of Juvenile Services, and Correctional Industries to create the Division of Corrections and Rehabilitation Services.

Sources: Leave system data warehouse reports, Higher Education Policy Commission, Housing Development Fund, and the Supreme Court of Appeals.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
931	920	932	958	946	921
189	210	213	221	216	218
1,109	1,079	1,055	1,069	1,042	1,010
914	908	889	683	693	679
703	741	748	756	752	798
141	146	163	162	160	155
365	390	391	396	409	440
408	428	441	439	400	400
850	883	855	842	832	823
507	528	550	584	601	576
161	178	174	193	182	195
539	558	531	564	555	563
11,633	11,676	11,717	11,575	11,431	10,965
259	268	280	279	285	274
987	1,028	1,062	1,094	1,080	1,067
5,463	5,514	5,630	5,621	5,535	5,562
1,688	1,839	1,760	1,758	1,725	1,700
516	511	676	712	718	681
1,050	1,037	1,024	1,067	1,043	1,033
948	971	911	912	883	886
591	569	620	556	530	511
207	226	246	240	227	213
5,629	5,723	5,876	5,834	5,776	5,346
<u>519</u>	<u>535</u>	<u>533</u>	<u>506</u>	<u>509</u>	<u>497</u>
<u>36,307</u>	<u>36,866</u>	<u>37,277</u>	<u>37,021</u>	<u>36,530</u>	<u>35,513</u>

**Schedule 14
Operating Indicators by Function
Last Ten Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Department of Transportation			
Division of Highways			
Total highway construction projects authorized	1,014	1,213	813
Number of roadway resurfacing projects	461	595	294
Highway mileage resurfaced (in miles)	1,318	1,816	1,140
WORKFORCE West Virginia (Employment Programs)			
Applications processed for job seekers (in thousands)	104	117	114
Filled job openings	1,576	2,396	3,147
Department of Education			
Schools receiving exemplary accreditation status	N/A	N/A	N/A
Schools receiving full accreditation status	N/A	N/A	N/A
School districts receiving full approval status	N/A	N/A	N/A
Department of Health and Human Resources			
Number of food stamp recipients	289,359	304,952	322,086
Number of food stamps issued	33,602,760	37,312,477	40,337,523
Medicaid enrollees	616,834	650,686	651,031
Counties enrolled in managed care	100%	100%	100%
Child support collections (in millions)	\$194	\$184	\$189
Students served by school-based health clinics	44,868	45,682	37,456
Division of Natural Resources			
Attendance at State Parks (in millions)	6.5	6.6	6.8
Hunting and Fishing License Sales (Calendar Year)	854,434	830,309	852,909
Individuals whitewater rafting on rivers (Calendar Year)	136,233	119,675	136,128
Department of Environmental Protection			
Division of Air Quality			
Number of air quality inspections	812	524	470
Average days open per complaint	7.79	6.53	8.60
Division of Land Restoration Programs			
Organizations that adopted highways	88	52	74
Division of Mining and Reclamation			
Surface mine blasting examinations and certifications	188	273	234
Surface mine mineral extractions inspections	18,241	9,639	18,935
Number of acres reclaimed through reclamation/restoration of land	1,048	204,453	891
Office of Miners Health and Safety (Calendar Year)			
Total Safety Inspections	5,365	5,486	5,328
Violations issued by mine inspectors	9,748	9,495	7,205
Lost time injuries of mining personnel	500	442	369
Department of Military Affairs and Public Safety			
Division of Corrections and Rehabilitation			
Adult inmate housing capacity	5,998	6,106	5,956
Inmate employment (Prison Industries)	271	251	244
Youth successfully completed programs/returned to community (Calendar Year)	145	182	196
Veterans' Home			
Average daily number of residents	82	82	70
Average daily cost per resident	\$96.98	\$107.05	\$112.44
Bureau of Senior Services			
Persons served under Medicaid Aged and Disabled Waiver	6,842	6,419	6,151

N/A – Information is not available. Accreditation has been suspended for school years beginning with 2014-15 and 2013-14 due to development of new state accreditation standards.

Sources: State of West Virginia Executive Budget Operating Detail Reports and state agencies.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
1,042	891	757	806	1,305	1,070	1,231
519	483	325	348	775	508	584
1,729	1,481	975	1,067	1,716	995	1,328
96	102	114	141	145	141	175
2,969	3,235	3,725	4,673	4,943	4,673	4,673
N/A	N/A	N/A	8%	7.98%	9.06%	8.36%
N/A	N/A	N/A	63.72%	72.08%	71.57%	69.73%
N/A	N/A	N/A	89.09%	87.27%	89.09%	89.09%
333,938	360,266	351,392	342,831	339,258	338,665	326,730
40,796,612	40,995,643	39,975,707	41,335,676	40,951,366	41,314,740	39,885,163
649,111	632,808	551,682	410,770	415,030	414,935	405,178
100%	100%	100%	100%	100%	100%	100%
\$214	\$212	\$208	\$209	\$213	\$222	\$201
29,045	28,053	24,391	20,708	28,436	27,076	24,992
7.1	7.0	7.0	7.0	6.8	6.5	6.3
868,658	913,578	927,069	911,219	881,062	879,678	914,474
131,022	134,170	130,192	140,027	142,036	156,962	155,712
583	546	700	550	2,457	2,236	1,503
6.80	8.24	17.00	9.75	10.80	11.06	12.87
1,835	1,301	1,256	1,227	1,186	1,867	1,536
147	134	111	114	125	109	118
19,739	20,205	21,086	21,790	20,530	21,243	20,812
527	398	700	1,202	7,842	5,887	2,784
5,002	5,750	6,751	6,690	6,432	5,413	5,873
7,527	8,767	11,415	13,267	15,705	18,708	15,306
355	584	639	570	648	784	801
5,989	5,987	5,923	5,778	5,242	5,185	5,114
245	240	244	250	253	243	242
					148	159
188	166	179	180	163		
74	81	87	86	98	100	97
\$107.02	\$97.62	\$97.15	\$107.14	\$87.05	\$77.32	\$76.53
6,385	6,455	6,208	7,107	8,530	8,029	5,950

Schedule 15
Capital Assets Statistics by Function
Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Vehicles				
Executive	190	193	235	218
Judicial	19	19	20	18
Administration				
Agency-Owned	2,776	202	10	9
Leased to other agencies	—	2,585	2,434	2,502
Totals	2,776	2,787	2,444	2,511
Revenue	—	—	1	—
Commerce				
Division of Natural Resources (Parks)	525	517	907	581
Division of Forestry	99	107	140	119
Others	8	7	18	14
Total Commerce	632	631	1,065	714
Environmental Protection	5	5	8	8
Education	29	28	48	30
Health and Human Services	25	26	42	35
Military Affairs and Public Safety (MAPS)				
West Virginia State Police	802	706	1,164	867
Corrections and Rehabilitation	84	43	29	26
Regional Jail Authority *	—	47	—	—
Others	49	51	27	23
Total MAPS	935	847	1,220	916
Veterans Affairs	61	61	89	77
Regulatory Boards and Commissions	—	—	2	2
Boats				
Commerce	199	198	209	196
Environmental Protection	14	15	16	15
Buildings				
Executive	105	98	27	72
Administration	225	217	75	71
Revenue	2	2	2	2
Commerce				
Division of Natural Resources (Parks)	1,670	1,039	885	903
Division of Forestry	1	5	5	5
Others	13	12	12	11
Total Commerce	1,684	1,056	902	919
Environmental Protection	7	6	6	6
Education	69	67	72	79
Health and Human Services	455	470	106	106
Military Affairs and Public Safety (MAPS)				
West Virginia State Police	203	203	97	97
Division of Corrections	455	183	64	66
Armory Board	218	218	149	149
Others	53	176	63	66
Total MAPS	929	780	373	378
Veterans Affairs	12	12	11	10
Regulatory Boards and Commissions	17	9	4	4

* In FY 2019, Regional Jail Authority merged with Division of Corrections, Division of Juvenile Services, and Correctional Industries to create the Division of Corrections and Rehabilitation Services.

Sources: Financial Accounting and Reporting Section; West Virginia Financial Information Management System; Fixed Asset detailed ledger.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
227	219	195	192	178	185
20	20	19	15	14	14
8	6	6	7	6	6
<u>2,664</u>	<u>2,114</u>	<u>2,021</u>	<u>2,035</u>	<u>1,743</u>	<u>1,731</u>
2,672	2,120	2,027	2,042	1,749	1,737
—	—	1	1	1	0
710	606	549	571	510	582
135	139	135	96	132	136
<u>18</u>	<u>15</u>	<u>17</u>	<u>17</u>	<u>8</u>	<u>7</u>
863	760	701	684	650	725
8	17	8	11	10	11
42	53	48	42	44	51
38	29	29	25	28	68
1,014	895	902	852	947	992
25	47	45	42	36	40
51	28	27	27	40	94
<u>25</u>	<u>37</u>	<u>33</u>	<u>32</u>	<u>34</u>	<u>34</u>
1,115	1,007	1,007	953	1,057	1,160
80	68	67	75	70	72
2	2	2	2	2	2
103	97	100	92	93	90
8	8	7	7	7	7
28	27	26	29	28	28
70	69	71	78	78	72
2	2	3	3	2	2
907	909	907	905	889	889
5	5	5	5	5	5
<u>11</u>	<u>11</u>	<u>11</u>	<u>8</u>	<u>8</u>	<u>8</u>
923	925	923	918	902	902
7	7	7	7	8	7
79	69	69	82	81	91
106	105	107	108	108	108
92	91	90	90	85	85
63	59	55	55	53	55
149	112	109	154	157	158
<u>66</u>	<u>64</u>	<u>59</u>	<u>55</u>	<u>51</u>	<u>50</u>
370	326	313	354	346	348
10	10	10	10	9	9
4	4	4	3	3	3

Schedule 16
Miscellaneous Statistics
June 30, 2019

Date of Statehood June 20, 1863

West Virginia shares its history with Virginia from 1609 until Virginia seceded from the Union in 1861. The delegates of 40 western counties formed their own government, which was granted statehood in 1863. Declared a state by President Abraham Lincoln, West Virginia is the only state to be designated by Presidential Proclamation.

Form of Government Constitutional Representative Government
Branches of Government Legislative, Executive, Judicial

Area (Land and Water) 24,231.4 square miles (approximately)
Highest Elevation Point Spruce Knob – 4,861 feet above sea level
Lowest Elevation Point Harpers Ferry – 247 feet above sea level
Miles of Public Roads and Streets 38,770
Miles Maintained by the State 34,691

State Police Protection:
Number of State Police Detachments 57
Number of State Police Troopers 623

Higher Education (State Supported):
Number of Campuses 21
Number of Students 83,116

Recreation:
Number of State Parks 35
Area of State Parks 77,004 acres

Number of State Forests 9
Area of State Forests 72,593 acres

Number of State Owned and Operated Rail Trails 2
Distance of Rail Trails 150 miles

Wildlife Fish and Game Management Areas 105
Acreage of Wildlife Management Areas 418,698 acres
(Owned and Leased)