

# West Virginia



**Comprehensive Annual Financial Report**  
*Fiscal Year Ended June 30, 2020*

*Spring is celebrated as shades of pink and mauve blooms grace the flowering cherry tree at the State Capitol in Charleston, West Virginia.*

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# *West Virginia*

*Comprehensive Annual  
Financial Report  
For the Fiscal Year  
Ended June 30, 2020*

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*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*

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*Governor Jim Justice*

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*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, 2020. 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](http://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. Also, photo credit goes to Perry Bennett, Chief Legislative Photographer with the West Virginia Legislature.

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

## TABLE OF CONTENTS

### INTRODUCTORY SECTION

Letter of Transmittal.....	x
GFOA Certificate of Achievement.....	xx
Organization Chart.....	xxi
State of West Virginia Principal Officials .....	xxii

### FINANCIAL SECTION

Report of Independent Auditors.....	2
Management’s Discussion and Analysis .....	6

#### *Basic Financial Statements*

Government-wide Financial Statements	
Statement of Net Position .....	24
Statement of Activities .....	26
Governmental Funds Financial Statements	
Balance Sheet .....	30
Reconciliation of the Governmental Funds	
Balance Sheet to the Statement of Net Position.....	32
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	33
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	34
Proprietary Funds Financial Statements	
Statement of Net Position .....	38
Statement of Revenues, Expenses, and Changes in Fund Net Position .....	40
Statement of Cash Flows.....	42
Fiduciary Funds Financial Statements	
Statement of Fiduciary Net Position.....	48
Statement of Changes in Fiduciary Net Position .....	49
Discretely Presented Component Units Financial Statements	
Combining Statement of Net Position.....	52
Combining Statement of Activities .....	56

Notes to the Financial Statements:

Note 1 – Summary of Significant Accounting Policies .....	59
Note 2 – Reclassification for Reorganization and Restricted Balances .....	83
Note 3 – Net Position/Fund Deficits .....	86
Note 4 – Deposits and Investments .....	89
Note 5 – Receivables .....	126
Note 6 – Interfund Balances and Due to/Due from Component Units .....	130
Note 7 – Interfund Transfers .....	132
Note 8 – Restricted Assets .....	135
Note 9 – Capital Assets .....	137
Note 10 – Long-Term Obligations .....	141
Note 11 – Leases .....	155
Note 12 – Retirement Systems .....	157
Note 13 – Other Postemployment Benefits .....	177
Note 14 – Risk Management .....	189
Note 15 – Commitments and Contingencies .....	195
Note 16 – Subsequent Events .....	200
Note 17 – COVID-19 Uncertainty .....	202

***Required Supplementary Information***

Budgetary Comparison Schedule .....	204
Notes to Required Supplementary Information – Budgetary Reporting .....	207
Budgetary Comparison Schedule, Budget-to-GAAP Reconciliation .....	211
Pension Plans Schedules .....	212
Notes to Required Supplementary Information – Pension .....	228
OPEB Plan Schedules .....	231
Notes to Required Supplementary Information – OPEB .....	234

***Combining Financial Statements and Schedules***

Nonmajor Governmental Funds

Combining Balance Sheet .....	238
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	240

Nonmajor Special Revenue Funds

Combining Balance Sheet .....	244
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	246

Nonmajor Debt Service Funds

Combining Balance Sheet .....	250
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	251



Internal Service Funds	
Combining Statement of Fund Net Position.....	254
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position .....	255
Combining Statement of Cash Flows.....	256
Nonmajor Proprietary Funds	
Combining Statement of Net Position .....	260
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position .....	262
Combining Statement of Cash Flows.....	264
Pension Trust and Other Employee Benefit Trust Funds	
Combining Statement of Fiduciary Net Position.....	270
Combining Statement of Changes in Fiduciary Net Position.....	272
Investment Trust Funds	
Combining Statement of Fiduciary Net Position.....	276
Combining Statement of Changes in Fiduciary Net Position.....	276
Agency Funds	
Combining Statement of Assets and Liabilities.....	279
Combining Statement of Changes in Assets and Liabilities.....	280
Nonmajor Discretely Presented Component Units	
Combining Statement of Net Position .....	284
Combining Statement of Activities .....	286

## STATISTICAL SECTION

Index to Statistical Section	
Schedule 1 – Net Position by Component.....	292
Schedule 2 – Changes in Net Position.....	294
Schedule 3 – Fund Balances – Governmental Funds.....	298
Schedule 4 – Changes in Fund Balances – Governmental Funds.....	300
Schedule 5 – Revenue Base.....	302
Schedule 6 – Revenue Rates .....	304
Schedule 7 – Revenue Payers by Industry/Category.....	306
Schedule 8 – Ratios of Outstanding Debt.....	308
Schedule 9 – Pledged Revenue Coverage .....	310
Schedule 10 – Demographic and Economic Indicators.....	318
Schedule 11 – Principal Employers.....	320
Schedule 12 – Education Enrollment .....	321
Schedule 13 – State Employees by Function. ....	322
Schedule 14 – Operating Indicators by Function .....	324
Schedule 15 – Capital Assets Statistics by Function .....	326
Schedule 16 – Miscellaneous Statistics .....	328



# *Introductory Section*



Transmittal Letter

Certificate of  
Achievement for  
Excellence in  
Financial Reporting

Organization Chart

Principal Officials



STATE OF WEST VIRGINIA  
DEPARTMENT OF ADMINISTRATION

ALLAN L. MCVEY  
CABINET SECRETARY

December 18, 2020

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 2020 Comprehensive Annual Financial Report (2020 CAFR) of the State of West Virginia for the fiscal year ended June 30, 2020. This report was prepared by the Financial Accounting and Reporting Section (FARS) within the Finance Division of the Department of Administration (Management).

The 2020 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, 2020, 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 2020 CAFR consists of Management's representations concerning the financial information of the State of West Virginia. Consequently, Management assumes full

The Honorable Jim Justice, Governor  
The Honorable Members of the West Virginia Legislature  
Citizens of the State of West Virginia  
December 18, 2020  
Page xi

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  
December 18, 2020  
Page xii

## **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 2020 "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. According to the 2020 Tax Foundation, West Virginia achieved the Best Business Climate ranking when compared to the surrounding states Ohio, Pennsylvania, Maryland, Virginia, and Kentucky.

West Virginia continues to diversify its economy, which includes industries such as technology, chemicals and polymers, automotive, manufacturing, natural gas, aerospace, metals, 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:

- Procter & Gamble, employing more than 1,400, began efforts to continue its growth announcing the continued hiring of an additional 100 to 200 employees at its Berkley County facility.
- Clorox announced it will move forward with construction on a new manufacturing facility which will bring 100 jobs and \$190 million in economic impact to the Eastern Panhandle.

The Honorable Jim Justice, Governor  
The Honorable Members of the West Virginia Legislature  
Citizens of the State of West Virginia  
December 18, 2020  
Page xiii

- Amsted Industries, located in Clarksburg, announced a planned expansion of the production of synthetic graphite, enabling U.S. companies to access a domestic, high-grade graphite material for use in products such as electric vehicle batteries and missile systems.

Looking forward, other significant announcements for 2021 include:

- Virgin Hyperloop announced it will locate its new Hyperloop Certification Center (HCC) on nearly 800 acres of land, spanning Tucker and Grant counties, where it will leverage intellectual capital and resources from West Virginia University and Marshall University, and from across the State. West Virginia was chosen after Hyperloop conducted a nation-wide search for a location for this facility. West Virginia was chosen over 17 other states for this development project and will now be at the center of developing the next innovation in barrier-breaking transportation.
- West Virginia Methanol, Inc., announced a \$350 million investment to build West Virginia's first methanol producing plant in Pleasants County, generating construction and ongoing manufacturing jobs for the State.

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 in the State. 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
- High quality of life, low cost of living, and unparalleled outdoor recreational activities.

The Honorable Jim Justice, Governor  
The Honorable Members of the West Virginia Legislature  
Citizens of the State of West Virginia  
December 18, 2020  
Page xiv

## **Major Initiatives**

The State of West Virginia focused on several major initiatives during FY 2020. Some of these initiatives are outlined below:

### 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 10-year period.

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 2020, 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 Airport Road - 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 2020, the DOT authorized 851 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 2020, enhanced by an infusion of General Obligation Bond Sales proceeds, in conjunction with the traditional State-Funded and Federal-Aid programs that started in 1988, allowed for 119 construction starts on bridge initiatives ranging from full replacement to deck overlays. The resurfacing initiative comprised of 217 resurfacing projects which addressed nearly 718 miles of roadway.



The Honorable Jim Justice, Governor  
The Honorable Members of the West Virginia Legislature  
Citizens of the State of West Virginia  
December 18, 2020  
Page xv

### 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, nine state forests, the Greenbrier River Trail, and the North Bend Rail Trail. 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 Outdoor Industry Association research, the outdoor recreation economy in West Virginia contributes 82,000 direct state jobs resulting in \$2 billion in wages and salaries. Consumers spend \$7.6 billion annually in West Virginia on outdoor recreation.

The parks section manages or assists in managing more than 160,000 acres of public land and sees up to 7 million visitors annually. Traffic counts and projections show 2020 to be trending much higher in attendance with a projected 4 million attendees in July, August, and September 2020 alone. Currently, there are more than \$100 million in renovations either completed, under construction, or in the planning stage.

### Workers' Compensation Reforms

West Virginia continues to reduce its workers' compensation rates. Based on statistical data provided by the National Council on Compensation Insurance, the base rates have decreased for sixteen consecutive filings since the privatization in January 2006. Employers will have saved \$417 million since July 2006. The workers' compensation market is competitive, with more than 302 carriers providing workers' compensation.

Prior to the privatization, the unfunded liability for the former Workers' Compensation fund exceeded \$3 billion and as of June 30, 2020, this unfunded liability was \$64 million. Because of the significant reduction in FY 2020, the State of WV did not allocate revenues to fund this liability.

### Environmental Protection Initiatives

In FY 2020, the West Virginia Department of Environmental Protection's Rehabilitation Environmental Action Plan (REAP) awarded 27 recycling assistance grants totaling \$1,528,115

The Honorable Jim Justice, Governor  
The Honorable Members of the West Virginia Legislature  
Citizens of the State of West Virginia  
December 18, 2020  
Page xvi

to local governments, universities, and 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; 12 covered electronic devices recycling grants totaling \$133,261 to conduct electronic collection events and programs; and 35 litter control grants totaling \$94,800 to initiate, continue, or expand local litter control programs.

The Abandoned Mine Lands and Reclamation Division (AMLR) completed 18 reclamation projects totaling \$8.5 million and 48 emergency projects totaling \$7.4 million. AMLR solicited bids for 13 AML reclamation projects at a cost of \$5 million, 2 AML waterline construction projects at a cost of \$2.2 million, and 4 AML Pilot projects at a cost of \$1.8 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. The Act requires companies to reclaim the land when mining ceases.

Through the Clean Water State Revolving Fund, DEP disbursed more than \$74.8 million to communities for municipal sewer projects under construction; disbursed \$278,141 to the onsite system loan program; closed new loans on an additional 15 municipal construction projects, worth \$71.8 million; and has already issued 14 preliminary binding commitment letters and/or loan agreements for additional projects, worth \$55.5 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.

### 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 A (Rainy Day Fund) until the aggregate amount of the fund is equal to 13% of total appropriations for the fiscal year just ended. For the fiscal year ending June 30, 2020, \$14.0 million, half of the FY 2020 surplus, was deposited into the Rainy Day Fund in August 2020

The Honorable Jim Justice, Governor  
The Honorable Members of the West Virginia Legislature  
Citizens of the State of West Virginia  
December 18, 2020  
Page xvii

bringing the total percentage of the Rainy-Day Fund to 7.8% of FY 2020 appropriations.

### Strong Financial Performance

In 2020, fiscal accountability and management of available funds produced a budgetary surplus despite a COVID-19 Pandemic related year-end \$302 million budget gap. The budget gap was largely due to a decision to follow federal guidelines with regard to a delay in certain income tax payment due dates from the fourth quarter of the State's fiscal year ending June 30, 2020 to July of the fiscal year ending June 30, 2021. In addition, a temporary partial shutdown of certain business activities and stay-at-home practices effectively led to reduced tax receipts. The \$302 million budget gap was closed with a combination of \$103 million in one-time revenues which consisted primarily of CARE funds and income tax reserves and \$199 million in targeted budget adjustments. The resolved budget gap meant no impact on government services. West Virginia ended fiscal year 2020 with a General Fund budgetary surplus of \$28.0 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 18.0%.

### ***Conclusion***

West Virginia continues to aggressively address the fiscal challenges associated with a changing economy. During FY 2020, 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.

### **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 2019. 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

The Honorable Jim Justice, Governor  
The Honorable Members of the West Virginia Legislature  
Citizens of the State of West Virginia  
December 18, 2020  
Page xviii

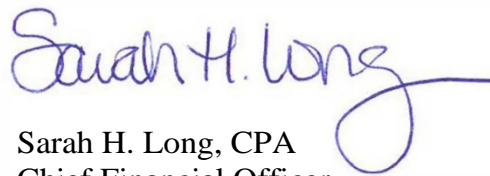
Management, the Consolidated Public Retirement Board, the Department of Transportation, the Housing Development Fund, the Parkways Authority, the West Virginia Lottery, the Board of Treasury Investments, and the West Virginia Prepaid College Plan.

### **Acknowledgments**

The annual budget document, prepared by the State Budget Office, provides additional information related to budget priorities and goals, including acknowledgement 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 2020 budgets.

The 2020 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**

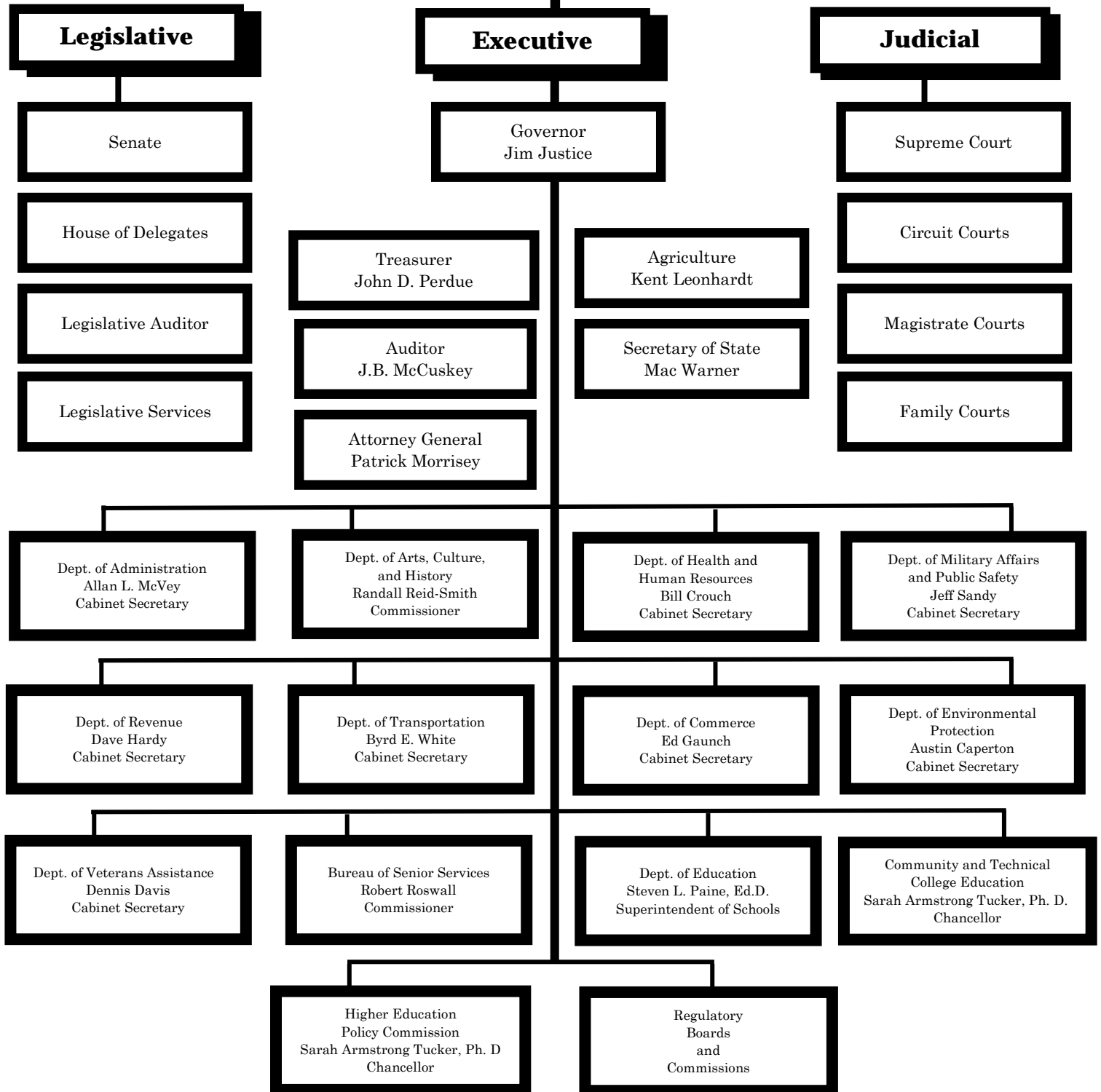
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morrill*

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  
Tim Armstead

Supreme Court Justice  
Margaret L. Workman

Supreme Court Justice  
Elizabeth D. Walker

Supreme Court Justice  
Evan H. Jenkins

Supreme Court Justice  
John A. Hutchison



# *Financial Section*



Report of  
Independent Auditors

Management's  
Discussion  
and Analysis



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Charleston, WV 25301

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## 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, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements 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 61% of total assets, 88% of net position, and 13% 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; 95% of total assets, 92% of fund balance, and 98% 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 56% 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, 2020, 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 21 and 203 through 234 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 18, 2020



## **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, 2020. 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 \$9.1 billion, reported as net position. Governmental activities reported \$6.96 billion in net position, a \$38 million increase, up 0.6% from last year, while the business-type activities reported net position of \$2.2 billion, a \$159 million decrease.

#### **Fund Level:**

At year-end, the governmental funds reported combined fund balances of \$4.4 billion, a decrease of \$17 million, or 0.4% lower than the prior year. The unrestricted fund balance, including the committed, assigned, and unassigned balances, was \$1.7 billion. The nonspendable balance was \$193 million, and \$2.5 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 \$14 million to be transferred to the Revenue Shortfall Reserve Fund (Rainy Day Fund); this transfer was down from the previous year by \$4.4 million.

#### **Long-Term Obligations:**

There was a net increase in the State's long-term obligations of \$185 million. The Governmental Activities increased by \$200 million and the Business-type Activities decreased by \$15 million. The net increase of \$185 million consisted of a decrease in net pension liability in the amount of \$158 million, a decrease in other net postemployment benefit liability of \$232 million, a decrease of \$11 million in accrued and other liabilities, and an increase in payments on bonds, capital leases, and notes payable in the amount of \$570 million. The decrease in accrued and other liabilities is related to a decrease in Medicaid of \$19.7 million, an increase of \$13.5 million in taxes, and a decrease of \$6.4 million in claims and judgments.

The insurance and compensation benefits liability increased \$7.6 million. The increase consisted of a \$14 million increase at the Board of Risk and Insurance Management due to a decrease in estimated claims expense, an increase in unpaid claims and a \$83 million

increase in Unemployment Compensation due to an increase in claims related to the COVID-19 pandemic. There was a \$98.5 million decrease for Offices of the Insurance Commissioner due to a decrease in estimated claims expense and a \$9.5 million increase at the Public Employees Insurance Agency due to a decrease in the incurred claims expense. 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 is 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 that 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

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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, consumer sales taxes and operating grants and contributions 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.

### **COVID-19 Uncertainty**

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. On March 18, 2020, Governor Jim Justice declared West Virginia under a state of emergency, which we are still under as of the report date.

Workforce West Virginia saw increased unemployment expenditures of \$1.2 billion decreasing assets \$187.5 million from the prior year related to the COVID-19 outbreak. Personal income tax revenue decreased \$68 million for fiscal year 2020 due primarily due to the economic impact from the COVID-19 pandemic and the related decrease in estimated income tax payments. Business tax collection decreased by roughly \$242 million

due to economic impact of the pandemic. The West Virginia Lottery estimates that the COVID-19 pandemic related closure of limited video lottery retailers and casinos resulted in over \$198 million in lost revenue, leaving the State with unfunded appropriations of \$55 million as of June 30, 2020. Additionally, it is anticipated that the State's Lottery numbers will continue to decrease from original projections in fiscal year 2021 as well.

The outbreak will undoubtedly have a continued adverse impact on economic and market conditions, triggering a period of global economic slowdown. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the State of West Virginia's financial condition, liquidity and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, industry workforce, and the overall State of West Virginia budget. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the State of West Virginia is not able to estimate the effects of the COVID-19 outbreak on its changes in net position, net position, or liquidity for future fiscal years.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Comparing June 30, 2020, to June 30, 2019, government-wide balances, current and other assets increased \$1.16 billion due to a \$837 million increase in cash and equivalents, primarily from increases in operating grants and contributions. Current and other liabilities increased \$1.38 billion primarily due to \$1.2 billion in CARE Act funds being classified as deferred revenue. Long-term liabilities increased \$145 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, decreased \$162 million over the course of this fiscal year's operations. The net position of the governmental activities increased \$36 million, and the net position of the business-type activities decreased \$198 million.

**Net Position as of June 30**  
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019 (as restated)	2020	2019 (as restated)	2020	2019 (as restated)
Current and Other Assets	\$ 7,725,182	\$ 6,431,814	\$ 4,205,331	\$ 4,338,374	\$ 11,930,513	\$ 10,770,188
Capital Assets	<u>10,135,451</u>	<u>9,742,390</u>	<u>2,001</u>	<u>1,821</u>	<u>10,137,452</u>	<u>9,744,211</u>
Total Assets	<u>17,860,633</u>	<u>16,174,204</u>	<u>4,207,332</u>	<u>4,340,195</u>	<u>22,067,965</u>	<u>20,514,399</u>
Deferred Outflows of Resources	<u>1,199,349</u>	<u>1,341,602</u>	<u>2,300</u>	<u>2,569</u>	<u>1,201,649</u>	<u>1,344,171</u>
Current and Other Liabilities	3,179,848	1,904,560	511,703	405,941	3,691,551	2,310,501
Long-term Liabilities	<u>7,944,241</u>	<u>7,719,047</u>	<u>1,526,421</u>	<u>1,606,178</u>	<u>9,470,662</u>	<u>9,325,225</u>
Total Liabilities	<u>11,124,089</u>	<u>9,623,607</u>	<u>2,038,124</u>	<u>2,012,119</u>	<u>13,162,213</u>	<u>11,635,726</u>
Deferred Inflows of Resources	<u>977,905</u>	<u>972,407</u>	<u>2,184</u>	<u>2,045</u>	<u>980,089</u>	<u>974,452</u>
Net Position:						
Net Investment in Capital Assets	9,192,701	9,005,297	2,001	1,821	9,194,702	9,007,118
Restricted	1,188,896	1,251,729	1,777,494	2,011,244	2,966,390	3,262,973
Unrestricted (Deficit)	<u>(3,423,609)</u>	<u>(3,335,479)</u>	<u>389,829</u>	<u>354,405</u>	<u>(3,033,780)</u>	<u>(2,981,074)</u>
Total Net Position	<u>\$ 6,957,988</u>	<u>\$ 6,921,547</u>	<u>\$ 2,169,324</u>	<u>\$ 2,367,470</u>	<u>\$ 9,127,312</u>	<u>\$ 9,289,017</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 33% of total net position and is subject to constitutional, legal, or external constraints on how it can be used. Net position that is restricted includes 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, 2020 and 2019 (expressed in thousands):

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for Services	\$ 493,549	\$ 535,779	\$ 975,533	\$ 974,546	\$ 1,469,082	\$ 1,510,325
Operating Grants and Contributions	5,511,368	4,873,631	—	—	5,511,368	4,873,631
Capital Grants and Contributions	343,682	494,738	—	—	343,682	494,738
General Revenues:						
Personal Income Tax	2,023,079	2,090,596	—	—	2,023,079	2,090,596
Consumer Sales Tax	1,514,838	1,481,344	—	—	1,514,838	1,481,344
Business Taxes	550,918	793,067	—	—	550,918	793,067
Transportation Taxes	680,902	682,331	—	—	680,902	682,331
Other Taxes	620,640	632,445	—	—	620,640	632,445
Lottery Revenue	266,124	348,250	38,198	46,000	304,322	394,250
Other Revenues	406,443	600,593	1,081,060	124,187	1,487,503	724,780
Total Revenues	<u>12,411,543</u>	<u>12,532,774</u>	<u>2,094,791</u>	<u>1,144,733</u>	<u>14,506,334</u>	<u>13,677,507</u>
Program Expenses:						
Legislative	22,565	21,399	—	—	22,565	21,399
Judicial	136,383	122,394	—	—	136,383	122,394
Executive	368,025	279,266	—	—	368,025	279,266
Administration	279,823	203,481	—	—	279,823	203,481
Commerce	194,690	163,112	—	—	194,690	163,112
Environmental Protection	103,259	115,131	—	—	103,259	115,131
Employment Programs	50,785	47,779	—	—	50,785	47,779
Education	2,991,209	2,704,721	—	—	2,991,209	2,704,721
Health and Human Resources	5,934,351	5,500,238	—	—	5,934,351	5,500,238
Military Affairs and Public Safety	559,734	461,957	—	—	559,734	461,957
Revenue	63,132	122,114	—	—	63,132	122,114
Transportation	1,386,393	1,341,573	—	—	1,386,393	1,341,573
Veterans Assistance	20,152	25,178	—	—	20,152	25,178
Regulatory Board and Commissions	50,519	45,485	—	—	50,519	45,485
Senior Services	48,307	44,027	—	—	48,307	44,027
Interest on Long-term Debt	172,922	157,642	—	—	172,922	157,642
Workers' Compensation Fund	—	—	59,151	139,992	59,151	139,992
Unemployment Compensation	—	—	1,415,646	164,478	1,415,646	164,478
West Virginia Infrastructure and Jobs Development Council	—	—	22,325	18,512	22,325	18,512
Water Pollution Control Revolving Fund	—	—	10,739	5,316	10,739	5,316
Public Employees Insurance Agency	—	—	597,217	561,807	597,217	561,807
Board of Risk and Insurance Management	—	—	70,377	84,683	70,377	84,683
Other Nonmajor Business-type	—	—	110,335	96,947	110,335	96,947
Total Expenses	<u>12,382,249</u>	<u>11,355,497</u>	<u>2,285,790</u>	<u>1,071,735</u>	<u>14,668,039</u>	<u>12,427,232</u>
Increase (Decrease) in Net Position, Before Transfers	29,294	1,177,277	(190,999)	72,998	(161,705)	1,250,275
Transfers	7,147	(30,315)	(7,147)	30,315	—	—
Increase (Decrease) in Net Position	<u>36,441</u>	<u>1,146,962</u>	<u>(198,146)</u>	<u>103,313</u>	<u>(161,705)</u>	<u>1,250,275</u>
Net Position, Beginning of Year, as Originally Reported, in prior year	<u>6,919,792</u>	<u>5,772,830</u>	<u>2,328,600</u>	<u>2,225,287</u>	<u>9,248,392</u>	<u>7,998,117</u>
Restatement (See Note 2)	1,755	—	38,870	—	40,625	—
Net Position, Beginning of Year, as Restated	<u>6,921,547</u>	<u>5,772,830</u>	<u>2,367,470</u>	<u>2,225,287</u>	<u>9,289,017</u>	<u>7,998,117</u>
Net Position, End of Year	<u>\$ 6,957,988</u>	<u>\$ 6,919,684</u>	<u>\$ 2,169,324</u>	<u>\$ 2,328,600</u>	<u>\$ 9,127,312</u>	<u>\$ 9,248,392</u>

## **Governmental Activities**

For the year ended June 30, 2020, the State's change in net position before transfers decreased by \$1.1 billion for governmental activities. Revenues were lower by \$121 million and expenses were higher by \$1 billion comparing the years ended June 30, 2020 and 2019. Personal income tax revenue decreased primarily due to the economic impact from the COVID-19 pandemic and the related decrease in estimated income tax payments. Business tax revenues for the fourth quarter of fiscal year 2020 fell 65% due to the economic impact of the pandemic. Other revenue decreased primarily as Lottery revenues fell by \$95 million between mid-March and June due to the pandemic. Operating grants and contributions increased \$638 million due to an increase in federal funding of \$465 million for Department of Health and Human Resources. Education, Military Affairs and Public Safety, and the Governor's office also had increases in grant awards totaling \$177 million. There was also a decrease in capital grants and contributions of \$151 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. The FAST Act was originally set to expire on September 30, 2020, but was recently extended to September 30, 2021.

Program expenses increased approximately \$1 billion in total. Education expenses were up \$286 million primarily due to transfers to Federal subrecipients and county and municipalities related to the CARES Act funds and Department of Health and Human Resources expenses were up \$434 million due to increased professional and contractual services and medical supplies related to the COVID-19 pandemic. The Executive branch, Military Affairs and Public Safety, and Department of Administration had increased cost of \$263 million as a result of the pandemic.

The charts on the next page depict revenues and expenses, respectively, of the governmental activities for the fiscal year. Approximately 38% of the total revenues came from personal income, consumer sales, business taxes, and transportation taxes, while 47% 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 25% for education (see Chart B).

Chart A

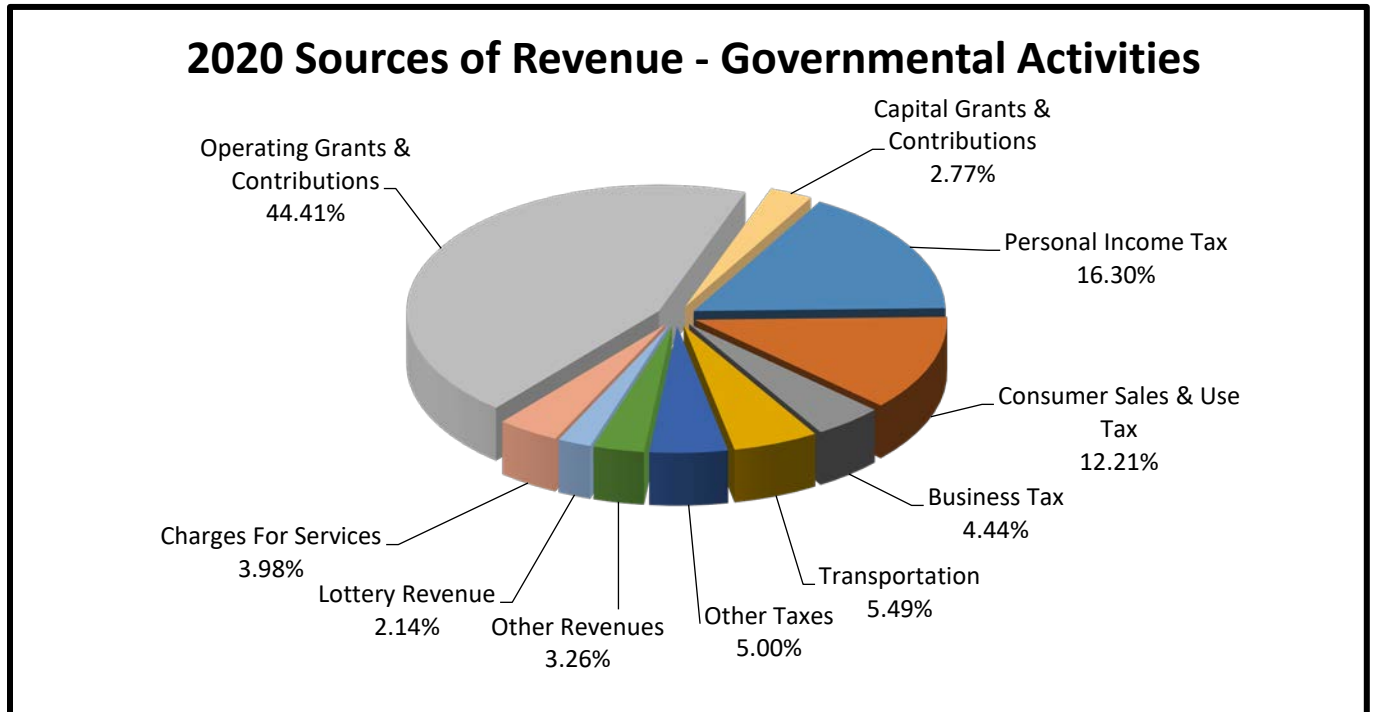
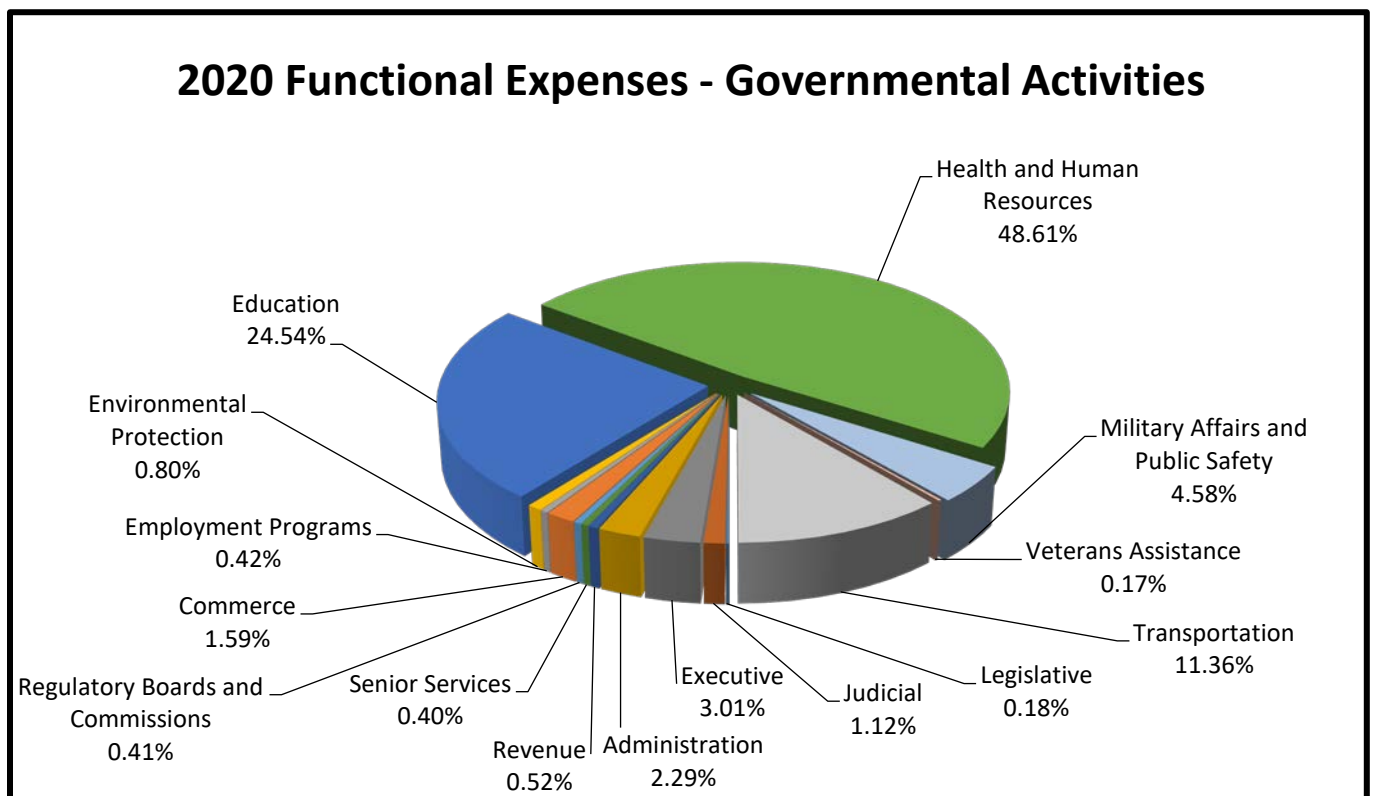


Chart B



**Business-type Activities**

For fiscal year 2020, business-type activities decreased the State's net position by \$198 million before transfers. Significant contributors to this change were:

- The Unemployment Compensation Fund had a \$278 million decrease in net position before transfers. Revenues were higher by \$881.4 million and expenses were higher by \$1.24 billion comparing the years ended June 30, 2020 and 2019. Both revenue and expense increases are related to the COVID-19 pandemic and increased federal funding to help offset increases in Unemployment claim expenses.
- West Virginia Infrastructure and Jobs Development Council had a \$29.7 million increase from the prior year in net position. This was due primarily to the receipt of excess lottery revenue of \$32 million that was offset by a payment of general and administrative expenses of \$1.1 million and \$2.2 million for the State match of the federally funded Drinking Water Revolving Fund.
- West Virginia Public Employees Insurance Agency saw a \$985 thousand decrease in net position before transfers. This was due to increased operating expenses of \$36 million which included \$ 5 million in investment earnings and \$31 million of state funding appropriation.
- The West Virginia Board of Risk and Insurance Management (BRIM) recorded an increase in net position before transfers of \$28 million. While premium revenue decreased, the increase in net position was primarily due to an increase in claims and claims adjustment expense, offsetting the premium revenue decrease.

**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 \$4.4 billion, a decrease of \$16.8 million in comparison to that of the prior year.



There was a net decrease in revenue of \$112 million. Total tax revenues decreased by \$267 million; this differs from the tax decrease for governmental activities due to government-wide statements, including other specific program revenues. Federal revenues increased \$402 million, primarily from increases in grant awards for Department of Health and Human Services and Higher Education. There was also a \$215 million decrease in the General Fund; food stamp revenue increased \$128 million; investment earnings decreased \$22 million; and motor vehicle registration decreased \$53 million. Expenses were up by \$1 billion, primarily due to spending from many agencies to aid in the recovery of the Coronavirus pandemic.

At year-end, nonmajor governmental funds had a net decrease in fund balance of approximately \$31 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 \$33 million. Restricted fund balance is \$290 million, of which \$60 million was available for debt service; \$65 million to fund capital projects; \$63 million for development, tourism, and recreation; and \$102 million for public protection. Committed fund balance is \$321 million: \$6 million for general government operations and \$315 million for public protection.

**Governmental Fund Balances at June 30, 2020**  
(Expressed in Thousands)

	<u>General Fund</u>	<u>Transportation</u>	<u>Tobacco Settlement Finance Authority</u>	<u>State Road</u>
Nonspendable	\$ 131,389	\$ 60,248	\$ —	\$ —
Restricted	119,849	142,157	576,916	1,380,020
Unrestricted:				
Committed	71,312	—	—	—
Assigned	15,268	13,586	—	—
Unassigned	<u>1,305,129</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 1,642,947</u>	<u>\$ 215,991</u>	<u>\$ 576,916</u>	<u>\$ 1,380,020</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 \$71 million, and a nonspendable fund balance of \$131 million, by an unassigned fund balance of \$1.3 billion and a total fund balance of \$1.6 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 12% of total General Fund expenditures, while total fund balance represents 15.3% of the same amount.

Cash and cash equivalents in the General Fund were up \$1 billion, primarily due to CARES Act funds received but not spent at June 30. These funds were invested with the Board of Treasury Investments. General fund revenues increased in fiscal year 2020 from 2019 by \$302 million. This increase is due primarily to intergovernmental revenue of \$560 million. Food stamp revenue increased by \$128 million. Lottery revenue decreased by \$81 million and tax revenue decreased by \$265 million. Revenues were \$8 million more than expenditures. Expenses for general fund also increased with the majority of the increase relating to the Health and Human Resource and Education function of \$652 million in 2020.

At year-end, Transportation had a \$142 million restricted fund balance and a nonspendable fund balance of \$60 million in inventory. Total fund balance was lower by approximately \$432 million from 2019, primarily due a decrease in total revenues. Intergovernmental revenues decreased by \$279 million and federal aid revenue decreased by approximately \$153 million.

The Tobacco Settlement Finance Authority's fund balance decreased by \$23 million due to the amortization of the deferred inflows of resources. Required bond interest in the amount of \$50 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 lower than the amount originally anticipated. The general revenue fund budget to actual overall revenue variance was negative by \$199 million due to changes in revenue collection in several tax categories. Personal income taxes decreased \$207 million, severance taxes decreased by \$93 million, corporate income/business franchise taxes increased \$15 million, other taxes decreased \$11 million, and interest income increased \$75 million.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2020, the State had invested \$10 billion, net of accumulated depreciation, in a broad range of capital assets shown below. Depreciation expense for the year totaled \$384.8 million.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land and Improvements	\$ 1,459,747	\$ 1,432,025	\$ 611	\$ 611	\$ 1,460,358	\$ 1,432,636
Buildings and Improvements	969,747	986,566	936	661	970,683	987,227
Equipment	135,912	100,223	243	339	136,155	100,562
Library Holdings	600	560	—	—	600	560
Intangibles – Software	98,095	103,516	211	210	98,306	103,726
Intangibles – Land Rights	2,752	2,752	—	—	2,752	2,752
Construction in Progress	1,752,147	1,196,230	—	—	1,752,147	1,196,230
Infrastructure	<u>5,716,451</u>	<u>5,920,518</u>	<u>—</u>	<u>—</u>	<u>5,716,451</u>	<u>5,920,518</u>
Totals	<u>\$ 10,135,451</u>	<u>\$ 9,742,390</u>	<u>\$ 2,001</u>	<u>\$ 1,821</u>	<u>\$ 10,137,452</u>	<u>\$ 9,744,211</u>

The total increase, net of disposals and accumulated depreciation, in the State's net investment in capital assets for the current fiscal year, approximated \$393 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 \$204 million decrease in infrastructure was due primarily to Transportation's acquisitions of \$102 million, offset by depreciation expense of \$304 million. Transportation had an increase of \$17 million in land acquisitions, while Department of Natural Resources acquired \$11 million in land for wildlife management purposes. The net decrease of \$16 million in buildings is primarily due to Transportation's \$20 million increase offset by the State's depreciation expense of \$36 million. The net increase of \$35 million in equipment is primarily due to Transportation's acquisitions of \$43 million offset by \$11 million of dispositions. The net increase of \$555 million in construction in progress was due to increased projects in Transportation, the Division of Natural Resources, and the General Services Division. Transportation saw an increase of \$650 million 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, offset by a decrease of \$123 million for completed projects. The Division of Natural Resources increased construction by \$20 million for improvement projects to numerous state parks, while completing \$4 million in construction projects. The General Services Division had an increase of \$14 million in construction for improvement and restoration projects for the Capitol Campus, as well as other various projects to improve land and buildings; this increase in construction was offset by \$2

million in completed projects. Additional information concerning the State’s capital assets can be found in Note 9 of this report and under the capital assets heading in Note 1.

**Long-Term Debt**

At year-end the State had \$10.9 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 has an AA- rating.

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)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
General Obligation Bonds	\$ 1,865,314	\$ 1,182,881	\$ —	\$ —	\$1,865,314	\$ 1,182,881
Revenue Bonds	1,445,649	1,532,497	165,475	172,045	1,611,124	1,704,542
Capital Leases	220,626	244,420	—	—	220,626	244,420
Notes Payable	21,472	16,212	—	—	21,472	16,212
Accrued and Other Liabilities	1,261,569	1,257,316	32,039	47,691	1,293,608	1,305,007
Insurance and Compensation Benefits	—	—	1,739,069	1,731,449	1,739,069	1,731,449
Compensated Absences	93,111	83,467	633	521	93,744	83,988
Net Pension Liability	2,996,887	3,155,226	1,075	1,220	2,997,962	3,156,446
Net OPEB Liability	<u>1,064,703</u>	<u>1,296,539</u>	<u>3,059</u>	<u>3,719</u>	<u>1,067,762</u>	<u>1,300,258</u>
Totals	<u>\$ 8,969,331</u>	<u>\$ 8,768,558</u>	<u>\$ 1,941,350</u>	<u>\$ 1,956,645</u>	<u>\$ 10,910,681</u>	<u>\$ 10,725,203</u>

In FY 20, Division of Highways issued the 2020 Roads to Prosperity General Obligation Bonds of \$600 million. Revenue bonds decreased by \$87 million due to debt service payments. No new revenue bonds were issued in FY 20. Net Pension Liability decreased by \$158 million primarily due to change in actuarial assumptions and change in net investment earnings. Net OPEB Liability decreased by \$232 million primarily due to change in actuarial assumptions and change in experience and utilization of healthcare benefits. Also, premium rates decreased significantly since the last actuarial valuation which is the primary reason for the decrease in actuarial liabilities.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The general revenue estimate for FY 2021 is projected to be \$4.59 billion, or \$109 million below the FY 2020 official revenue estimate. Due to the COVID-19 pandemic, our current FY 2020 General Revenue actual collections are projected to be less than the official revenue estimate by as much as \$215 million. The Lottery Funds' actual revenue collections for FY 2020 are also projected to be less than their original estimates. Lottery revenues are projected to remain flat in FY 2021 and remain that way through FY 2025.

The budget for FY 2021 includes increases for social programs, public employees insurance, education, 100% funding of the required state employer's contributions to the retirement systems, and deferred maintenance to state owned properties.

The FY 2021 budget includes a six-year plan showing the projected revenues and expenditures through FY 2025. The goal of the six-year plan is to provide the West Virginia Legislature and citizens a clear understanding of not only the FY 2021 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.



# *Basic Financial Statements*



Government-  
Wide

Major Funds

Notes 1-17

## Statement of Net Position June 30, 2020 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets:				
Current Assets:				
Cash and Cash Equivalents	\$ 4,916,006	\$ 1,701,070	\$ 6,617,076	\$ 1,080,187
Investments	893,359	96,280	989,639	164,451
Receivables, Net	1,000,923	172,791	1,173,714	345,552
Capital Leases Receivable from Primary Government	—	—	—	18,723
Due from Other Governments	501,589	6,514	508,103	—
Due from Primary Government	—	—	—	29,582
Due from Fiduciary Funds	132	6,457	6,589	—
Due from Component Units	107,910	5,617	113,527	—
Internal Balances	(7,746)	7,746	—	—
Inventories	70,103	43	70,146	21,283
Other Assets	1,712	13,621	15,333	21,071
Restricted Assets:				
Cash and Cash Equivalents	7,853	180,129	187,982	181,901
Investments	—	—	—	83,013
Receivables, Net	—	1,808	1,808	3,301
Other Restricted Assets	—	<u>264,014</u>	<u>264,014</u>	<u>4</u>
Total Current Assets	<u>7,491,841</u>	<u>2,456,090</u>	<u>9,947,931</u>	<u>1,949,068</u>
Noncurrent Assets:				
Cash and Cash Equivalents	—	—	—	126,336
Investments	—	364,768	364,768	577,004
Receivables, Net	—	1,307,169	1,307,169	289,636
Capital Leases Receivable from Primary Government	—	—	—	191,007
Other Assets	158	—	158	99,430
Advance to Component Units	120,272	—	120,272	—
Net Pension Asset	96,703	—	96,703	—
Net OPEB Asset	—	—	—	100
Restricted Assets:				
Cash and Cash Equivalents	16,208	13,817	30,025	100,510
Investments	—	60,280	60,280	52,118
Receivables, Net	—	3,207	3,207	826,639
Other Restricted Assets	—	—	—	5,937
Land and Other Capital Assets				
Not Being Depreciated	3,190,537	611	3,191,148	426,134
Capital Assets, Being Depreciated (Net of Accumulated Depreciation)	<u>6,944,914</u>	<u>1,390</u>	<u>6,946,304</u>	<u>3,684,496</u>
Total Noncurrent Assets	<u>10,368,792</u>	<u>1,751,242</u>	<u>12,120,034</u>	<u>6,379,347</u>
Total Assets	<u>17,860,633</u>	<u>4,207,332</u>	<u>22,067,965</u>	<u>8,328,415</u>
Deferred Outflows of Resources:				
Deferred Loss on Bond Refundings Related to Pensions	4,175	821	4,996	45,060
Related to OPEB	834,458	982	835,440	35,940
	<u>360,716</u>	<u>497</u>	<u>361,213</u>	<u>48,179</u>
Total Deferred Outflows of Resources	<u>1,199,349</u>	<u>2,300</u>	<u>1,201,649</u>	<u>129,179</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	357,404	10,301	367,705	245,171
Interest Payable	11,000	—	11,000	13,592
Accrued Tuition Contract Benefits	—	6,137	6,137	—
Accrued and Other Liabilities	821,749	17,865	839,614	324,899
Due to Other Governments	556,845	15,473	572,318	—
Due to Primary Government	—	—	—	113,527
Due to Fiduciary Funds	8,561	402	8,963	2,366
Due to Component Units	29,038	544	29,582	—
Unearned Revenue	1,191,816	23,518	1,215,334	108,341
Premium Deficiency	—	46,535	46,535	—
Insurance and Compensation Benefits Obligations	—	383,992	383,992	—
General Obligation Debt	72,665	—	72,665	—
Revenue Bonds Payable	44,554	6,820	51,374	194,283
Capital Leases and Other Debt	9,274	—	9,274	12,754
Capital Leases Payable to Component Units	18,723	—	18,723	—
Compensated Absences	58,219	116	58,335	57,850
Total Current Liabilities	<u>3,179,848</u>	<u>511,703</u>	<u>3,691,551</u>	<u>1,072,783</u>
Noncurrent Liabilities:				
Accrued Tuition Contract Benefits	—	8,037	8,037	—
Accrued and Other Liabilities	439,820	—	439,820	116,686
Due to Other Governments	94	—	94	—
Unearned Revenue	—	—	—	325
Insurance and Compensation Benefits Obligations	—	1,355,077	1,355,077	—
Advances from Primary Government	—	—	—	120,272
Liabilities Payable from Restricted Assets	—	—	—	78,376
General Obligation Debt	1,792,649	—	1,792,649	—
Revenue Bonds Payable	1,401,095	158,655	1,559,750	2,445,652
Capital Leases and Other Debt	23,094	—	23,094	198,344
Capital Leases Payable to Component Units	191,007	—	191,007	—
Net Pension Liability	2,996,887	1,075	2,997,962	38,067
Net OPEB Liability	1,064,703	3,060	1,067,763	269,614
Compensated Absences	34,892	517	35,409	15,579
Total Noncurrent Liabilities	<u>7,944,241</u>	<u>1,526,421</u>	<u>9,470,662</u>	<u>3,282,915</u>
Total Liabilities	<u>11,124,089</u>	<u>2,038,124</u>	<u>13,162,213</u>	<u>4,355,698</u>
Deferred Inflows of Resources:				
Gain on Bond Refundings	—	—	—	549
Related to Pensions	478,758	764	479,522	35,400
Related to OPEB	499,147	1,420	500,567	122,352
Service Concession Arrangements	—	—	—	39,068
Grants and Contributions	—	—	—	9,711
Total Deferred Inflows of Resources	<u>977,905</u>	<u>2,184</u>	<u>980,089</u>	<u>207,080</u>
Net Position:				
Net Investment in Capital Assets	9,192,701	2,001	9,194,702	2,883,600
Restricted for:				
Capital Projects	—	—	—	25,396
Debt Service	656,033	—	656,033	625,576
General Government Operations	117,048	2,702	119,750	—
Permanent Funds:				
Nonexpendable	1,000	—	1,000	303,426
Expendable	535	—	535	—
Lending Activities	—	1,658,082	1,658,082	105,588
Insurance Activities	—	116,710	116,710	—
Development, Tourism, and Recreation	70,469	—	70,469	—
Education	244	—	244	—
Health and Social Services	1,449	—	1,449	—
Public Protection	199,961	—	199,961	—
Transportation	142,157	—	142,157	—
Specific Fund/Component Unit Purposes	—	—	—	259,627
Unrestricted (Deficit)	<u>(3,423,609)</u>	<u>389,829</u>	<u>(3,033,780)</u>	<u>(308,397)</u>
Total Net Position	<u>\$ 6,957,988</u>	<u>\$ 2,169,324</u>	<u>\$ 9,127,312</u>	<u>\$ 3,894,816</u>

**Statement of Activities  
For the Fiscal Year Ended June 30, 2020  
(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>
<b>Functions</b>				
<b>Primary Government:</b>				
Governmental Activities:				
Legislative	\$ 22,565	\$ 1,064	\$ 1,095	\$ —
Judicial	136,383	907	2,102	—
Executive	368,025	23,619	108,510	—
Administration	279,823	56,118	(1,805)	—
Commerce	194,690	40,634	71,738	—
Environmental Protection	103,259	58,935	87,493	—
Employment Programs	50,785	—	53,462	—
Education	2,991,209	1,394	508,378	—
Health and Human Resources	5,934,351	84,834	4,509,174	—
Military Affairs and Public Safety	559,734	16,234	132,731	794
Revenue	63,132	42,173	3,040	—
Transportation	1,386,393	130,505	—	340,627
Veterans Assistance	20,152	324	6,761	2,261
Senior Services	48,307	2	25,427	—
Regulatory Boards and Commissions	50,519	36,806	3,262	—
Interest on Long-Term Debt	<u>172,922</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Governmental Activities	<u>12,382,249</u>	<u>493,549</u>	<u>5,511,368</u>	<u>343,682</u>
Business-type Activities:				
Water Pollution Control Revolving Fund	10,739	5,779	—	—
Workers' Compensation Fund	59,151	1,679	—	—
Unemployment Compensation	1,415,646	202,465	—	—
West Virginia Infrastructure and Jobs Development Council	22,325	3,810	—	—
Public Employees' Insurance Agency	597,217	555,480	—	—
Board of Risk and Insurance Management	70,377	75,539	—	—
Other Activities	<u>110,335</u>	<u>130,781</u>	<u>—</u>	<u>—</u>
Total Business-type Activities	<u>2,285,790</u>	<u>975,533</u>	<u>—</u>	<u>—</u>
Total Primary Government	<u>14,668,039</u>	<u>1,469,082</u>	<u>5,511,368</u>	<u>343,682</u>
<b>Component Units:</b>				
West Virginia Lottery	972,347	955,731	—	—
Economic Development Authority	5,550	8,159	—	—
Housing Development Authority	103,643	40,892	74,479	—
Parkways Authority	102,772	159,596	—	—
Water Development Authority	7,702	11,126	—	—
Higher Education	2,033,966	892,820	520,428	25,738
Corrections and Rehabilitation	397,504	113,380	11,344	—
School Building Authority	87,288	—	745	—
Other Component Units	<u>60,177</u>	<u>9,885</u>	<u>2,371</u>	<u>—</u>
Total Component Units	<u>\$ 3,770,949</u>	<u>\$ 2,191,589</u>	<u>\$ 609,367</u>	<u>\$ 25,738</u>
<b>General Revenues:</b>				
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 Restated				
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**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (20,406)	\$ —	\$ (20,406)	\$ —
(133,374)	—	(133,374)	—
(235,896)	—	(235,896)	—
(225,510)	—	(225,510)	—
(82,318)	—	(82,318)	—
48,265	—	48,265	—
2,677	—	2,677	—
(2,486,533)	—	(2,486,533)	—
(1,340,343)	—	(1,340,343)	—
(409,975)	—	(409,975)	—
(17,919)	—	(17,919)	—
(915,261)	—	(915,261)	—
(10,806)	—	(10,806)	—
(22,878)	—	(22,878)	—
(10,451)	—	(10,451)	—
<u>(172,922)</u>	<u>—</u>	<u>(172,922)</u>	<u>—</u>
<u>(6,033,650)</u>	<u>—</u>	<u>(6,033,650)</u>	<u>—</u>
—	(4,960)	(4,960)	—
—	(57,472)	(57,472)	—
—	(1,213,181)	(1,213,181)	—
—	(18,515)	(18,515)	—
—	(41,737)	(41,737)	—
—	5,162	5,162	—
—	<u>20,446</u>	<u>20,446</u>	<u>—</u>
—	<u>(1,310,257)</u>	<u>(1,310,257)</u>	<u>—</u>
<u>(6,033,650)</u>	<u>(1,310,257)</u>	<u>(7,343,907)</u>	<u>—</u>
—	—	—	(16,616)
—	—	—	2,609
—	—	—	11,728
—	—	—	56,824
—	—	—	3,424
—	—	—	(594,980)
—	—	—	(272,780)
—	—	—	(86,543)
—	—	—	<u>(47,921)</u>
—	—	—	<u>(944,255)</u>
2,023,079	—	2,023,079	—
1,514,838	—	1,514,838	—
550,918	—	550,918	—
235,758	—	235,758	—
680,902	—	680,902	—
384,882	—	384,882	—
—	—	—	4,211
123,951	96,412	220,363	30,585
106,093	—	106,093	—
—	—	—	947,489
266,124	38,198	304,322	—
176,399	984,648	1,161,047	153,766
<u>7,147</u>	<u>(7,147)</u>	<u>—</u>	<u>—</u>
6,070,091	1,112,111	7,182,202	1,136,051
36,441	(198,146)	(161,705)	191,796
<u>6,921,547</u>	<u>2,367,470</u>	<u>9,289,017</u>	<u>3,703,020</u>
<u>\$ 6,957,988</u>	<u>\$ 2,169,324</u>	<u>\$ 9,127,312</u>	<u>\$3,894,816</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 238.

# West Virginia

## Balance Sheet Governmental Funds June 30, 2020 (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>
<b>Assets:</b>						
Cash and Cash Equivalents	\$2,642,680	\$ 226,511	\$ 94,340	\$ 1,408,923	\$ 517,397	\$ 4,889,851
Investments	754,992	—	—	—	138,367	893,359
Receivables, Net	776,641	167,610	30,288	—	17,081	991,620
Due from Other Governments	497,008	93	—	—	4,488	501,589
Due from Other Funds	1,960	350	—	—	96	2,406
Due from Component Units	104,006	45	—	—	1,055	105,106
Advance to Component Units	120,272	—	—	—	—	120,272
Inventories	8,954	60,248	—	—	5	69,207
Other Assets	1,325	305	—	—	—	1,630
<b>Restricted Assets:</b>						
Cash and Cash Equivalents	—	—	—	—	1,732	1,732
<b>Total Assets</b>	<u>4,907,838</u>	<u>455,162</u>	<u>124,628</u>	<u>1,408,923</u>	<u>680,221</u>	<u>7,576,772</u>
<b>Deferred Outflows of Resources:</b>						
Deferred Payments to Tobacco Settlement Finance Authority	—	—	482,581	—	—	482,581
<b>Total Deferred Outflows of Resources</b>	—	—	<u>482,581</u>	—	—	<u>482,581</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 4,907,838</u>	<u>\$ 455,162</u>	<u>\$ 607,209</u>	<u>\$ 1,408,923</u>	<u>\$ 680,221</u>	<u>\$ 8,059,353</u>
<b>Liabilities:</b>						
Accounts Payable	\$ 171,628	\$ 109,553	\$ 10	\$ 28,810	\$ 26,254	\$ 336,255
Accrued and Other Liabilities	861,924	22,694	—	—	20,539	905,157
Unearned Revenue	1,187,127	4,689	—	—	—	1,191,816
Due to Other Governments	451,598	93,208	—	—	11,775	556,581
Due to Other Funds	21,082	8,992	—	93	2,421	32,588
Due to Component Units	28,877	35	—	—	25	28,937
<b>Total Liabilities</b>	<u>2,722,236</u>	<u>239,171</u>	<u>10</u>	<u>28,903</u>	<u>61,014</u>	<u>3,051,334</u>
<b>Deferred Inflows of Resources:</b>						
Tax Revenue	60,074	—	—	—	—	60,074
Tobacco Settlement Revenue	—	—	30,283	—	—	30,283
Advances to Tobacco Settlement Finance Authority	482,581	—	—	—	—	482,581
<b>Total Deferred Inflows of Resources</b>	<u>542,655</u>	—	<u>30,283</u>	—	—	<u>572,938</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	8,954	60,248	—	—	5	69,207
Permanent Fund	—	—	—	—	1,000	1,000
Receivables	122,435	—	—	—	—	122,435
Restricted for:						
Capital Projects	—	—	—	1,380,020	64,799	1,444,819
Debt Service	—	—	576,916	—	59,829	636,745
General Government						
Operations	109,500	—	—	—	—	109,500
Development, Tourism,						
and Recreation	7,766	—	—	—	62,703	70,469
Education	244	—	—	—	535	779
Health and Social						
Services	1,449	—	—	—	—	1,449
Public Protection	890	—	—	—	102,368	103,258
Transportation	—	142,157	—	—	—	142,157
Committed to:						
General Government						
Operations	21,434	—	—	—	5,986	27,420
Development, Tourism,						
and Recreation	8,084	—	—	—	—	8,084
Education	14,336	—	—	—	—	14,336
Health and Social						
Services	22,521	—	—	—	—	22,521
Public Protection	4,937	—	—	—	314,622	319,559
Assigned to:						
General Government						
Operations	8,491	—	—	—	—	8,491
Development, Tourism,						
and Recreation	1,835	—	—	—	—	1,835
Education	751	—	—	—	—	751
Health and Social						
Services	2,591	—	—	—	3,762	6,353
Public Protection	1,600	—	—	—	3,598	5,198
Transportation	—	13,586	—	—	—	13,586
Unassigned	<u>1,305,129</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,305,129</u>
Total Fund Balances	<u>1,642,947</u>	<u>215,991</u>	<u>576,916</u>	<u>1,380,020</u>	<u>619,207</u>	<u>4,435,081</u>
Total Liabilities, Deferred						
Inflows of Resources,						
and Fund Balances	<u>\$4,907,838</u>	<u>\$ 455,162</u>	<u>\$ 607,209</u>	<u>\$1,408,923</u>	<u>\$ 680,221</u>	<u>\$8,059,353</u>

# West Virginia

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2020 (Expressed in Thousands)

Total Fund Balances - Governmental Funds \$ 4,435,081

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	\$ 1,421,547	
Construction in Progress	1,726,271	
Infrastructure Assets	13,203,950	
Buildings, Equipment, and Other Depreciable Assets	1,906,528	
Intangibles	51,779	
Accumulated Depreciation	<u>(8,458,559)</u>	
Total Capital Assets		9,851,516

The Net Pension Asset is not recognized at the fund level. 96,703

Certain tax and other revenues are earned but not available and therefore are deferred inflows of resources in the funds. 90,357

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. (972,802)

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. 247,276

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. 158

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. 1,196,224

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	(1,865,314)	
Revenue Bonds	(1,445,649)	
Capital Leases	(165,063)	
Compensated Absences	(91,064)	
Net Pension Liability	(2,994,346)	
Net OPEB Liability	(1,058,483)	
Accrued Interest Payable and Other Liabilities	<u>(366,606)</u>	
Total Long-Term Liabilities		<u>(7,986,525)</u>

Net Position of Governmental Activities \$ 6,957,988

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, 2020  
(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>
<b>Revenues:</b>						
<b>Taxes:</b>						
Personal Income	\$2,021,193	\$ —	\$ —	\$ —	\$ —	\$2,021,193
Consumer Sales and Use	1,516,325	—	—	—	—	1,516,325
Severance	268,513	—	—	—	—	268,513
Corporate Net Income	155,406	—	—	—	—	155,406
Business and Occupation	134,173	—	—	—	—	134,173
Medicaid	236,292	—	—	—	—	236,292
Gasoline and Motor Carrier	—	410,901	—	—	—	410,901
Automobile Privilege	—	270,001	—	—	—	270,001
Other	380,623	4,250	—	—	—	384,873
Intergovernmental	4,791,307	340,627	—	—	141,676	5,273,610
Licenses, Permits, and Fees	116,325	7,997	—	—	116,869	241,191
Motor Vehicle Registration	—	122,972	—	—	—	122,972
Charges for Services	136,293	—	—	—	207	136,500
Lottery Revenues	251,504	—	—	—	10,652	262,156
Food Stamp Revenue	533,130	—	—	—	—	533,130
Investment Earnings	96,028	4,990	2,130	18,720	15,472	137,340
Other	<u>123,264</u>	<u>19,170</u>	<u>106,141</u>	<u>—</u>	<u>4,600</u>	<u>253,175</u>
<b>Total Revenues</b>	<b><u>10,760,376</u></b>	<b><u>1,180,908</u></b>	<b><u>108,271</u></b>	<b><u>18,720</u></b>	<b><u>289,476</u></b>	<b><u>12,357,751</u></b>
<b>Expenditures:</b>						
<b>Current:</b>						
Legislative	21,756	—	—	—	1,658	23,414
Judicial	137,777	—	—	—	—	137,777
Executive	374,699	—	—	—	—	374,699
Administration	146,844	—	361	—	5	147,210
Commerce	220,882	—	—	—	—	220,882
Environmental Protection	—	—	—	—	135,242	135,242
Employment Programs	—	—	—	—	53,426	53,426
Education	3,088,635	—	—	—	3,386	3,092,021
Health and Human Resources	6,018,370	—	—	—	—	6,018,370
Military Affairs and Public Safety	566,560	—	—	—	—	566,560
Revenue	51,190	—	—	—	21,931	73,121
Transportation	37,051	781,221	—	59,440	—	877,712
Veterans Assistance	21,516	—	—	—	1	21,517
Senior Services	48,651	—	—	—	—	48,651
Regulatory Boards and Commissions	18,304	—	—	—	20,459	38,763
Capital Outlay	—	711,083	—	230,794	30,782	972,659
<b>Debt Service:</b>						
Principal	—	53,175	61,825	—	52,020	167,020
Interest	—	70,605	50,263	—	28,379	149,247
<b>Total Expenditures</b>	<b><u>10,752,235</u></b>	<b><u>1,616,084</u></b>	<b><u>112,449</u></b>	<b><u>290,234</u></b>	<b><u>347,289</u></b>	<b><u>13,118,291</u></b>
Excess of Revenues Over (Under) Expenditures	<u>8,141</u>	<u>(435,176)</u>	<u>(4,178)</u>	<u>(271,514)</u>	<u>(57,813)</u>	<u>(760,540)</u>
<b>Other Financing Sources (Uses):</b>						
Face Value of Long-Term Debt Issued	—	—	—	600,000	—	600,000
Premiums on Bonds Issued	—	—	—	146,576	—	146,576
Transfers In	115,854	3,261	—	—	73,794	192,909
Transfers Out	<u>(129,433)</u>	<u>—</u>	<u>(19,272)</u>	<u>—</u>	<u>(48,821)</u>	<u>(197,526)</u>
<b>Total Other Financing Sources (Uses)</b>	<b><u>(13,579)</u></b>	<b><u>3,261</u></b>	<b><u>(19,272)</u></b>	<b><u>746,576</u></b>	<b><u>24,973</u></b>	<b><u>741,959</u></b>
<b>Net Change in Fund Balance</b>	<b><u>(5,438)</u></b>	<b><u>(431,915)</u></b>	<b><u>(23,450)</u></b>	<b><u>475,062</u></b>	<b><u>(32,840)</u></b>	<b><u>(18,581)</u></b>
Fund Balances, Beginning of Year, as Restated	<u>1,648,385</u>	<u>647,906</u>	<u>600,366</u>	<u>904,958</u>	<u>652,047</u>	<u>4,453,662</u>
<b>Fund Balances, End of Year</b>	<b><u>\$1,642,947</u></b>	<b><u>\$ 215,991</u></b>	<b><u>\$ 576,916</u></b>	<b><u>\$ 1,380,020</u></b>	<b><u>\$ 619,207</u></b>	<b><u>\$4,435,081</u></b>

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, 2020  
(Expressed in Thousands)**

Net Change in Fund Balances – Total Governmental Funds		\$ (18,581)
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	\$ 731,152	
Depreciation Expense	<u>(345,823)</u>	
Excess of Capital Outlay Over Depreciation Expense		385,329
Accretion of interest related to capital appreciation bonds is an expense of the governmental activities.		(764,933)
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	21,874	
Capital Lease Payments	<u>150,605</u>	
Total Long-Term Debt Repayment		172,479
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.		7,546
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(7,348)
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.		542,265
OPEB contributions (excluding Internal Service Funds) to defined benefit OPEB plan in the current fiscal year are not included on the statement of activities.		124,037
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)	(13)	
Increase in Compensated Absences	(9,324)	
Decrease in Accrued and Other Liabilities	5,150	
Decrease in Net Pension Liability (Asset), net of deferrals	(375,922)	
Increase in OPEB Liability, net of deferrals	(42,329)	
Amortization in Bond Premiums/Discounts	<u>18,744</u>	
Total Change in Expenditures		<u>(403,694)</u>
Change in Net Position of Governmental Activities		<u>\$ 36,441</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, for establishing a new utility, or for cleaning up the State's water supply. 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 for 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 260.

# West Virginia

## Statement of Net Position Proprietary Funds June 30, 2020 (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
<b>Assets:</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 152,322	\$ 1,350,003	\$ 14,839	\$ 43,640
Investments	—	—	—	90,303
Receivables, Net	35,063	156	47,213	25,421
Due from Other Governments	—	—	6,494	—
Due from Other Funds	—	—	1,176	—
Due from Component Units	—	—	1,049	—
Inventories	—	—	—	—
Other Assets	—	—	—	—
Restricted Assets:				
Cash and Cash Equivalents	—	—	—	159,321
Receivables, Net	—	—	—	—
Other Restricted Assets	—	—	—	—
Total Current Assets	<u>187,385</u>	<u>1,350,159</u>	<u>70,771</u>	<u>318,685</u>
Noncurrent Assets:				
Investments	—	—	—	—
Receivables, Net	644,966	—	—	529,249
Restricted Assets:				
Cash and Cash Equivalents	—	—	—	—
Investments	—	—	—	—
Receivables, Net	—	—	—	—
Capital Assets, Net	—	—	—	—
Total Noncurrent Assets	<u>644,966</u>	<u>—</u>	<u>—</u>	<u>529,249</u>
Total Assets	<u>832,351</u>	<u>1,350,159</u>	<u>70,771</u>	<u>847,934</u>
Deferred Outflows of Resources:				
Deferred Loss on Bond Refundings	—	—	—	821
Related to Pensions	103	—	—	52
Related to OPEB	<u>70</u>	<u>—</u>	<u>—</u>	<u>10</u>
Total Deferred Outflows of Resources	<u>173</u>	<u>—</u>	<u>—</u>	<u>883</u>
<b>Liabilities:</b>				
Current Liabilities:				
Accounts Payable	106	—	—	28
Accrued Tuition Contract Benefits	—	—	—	—
Accrued and Other Liabilities	—	9,371	2,701	2,530
Premium Deficiency	—	—	—	—
Unearned Revenue	—	—	—	—
Due to Other Governments	—	—	15,473	—
Due to Other Funds	—	—	—	—
Due to Component Units	34	—	—	279
Insurance and Compensation Benefits Obligations	—	138,500	97,590	—
Revenue Bonds Payable	—	—	—	6,820
Capital Leases and Other Debt	—	—	—	—
Capital Leases Payable to Component Units	—	—	—	—
Compensated Absences	<u>81</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Current Liabilities	<u>221</u>	<u>147,871</u>	<u>115,764</u>	<u>9,657</u>
Noncurrent Liabilities:				
Accrued Tuition Contract Benefits	—	—	—	—
Insurance and Compensation Benefits Obligations	—	1,197,700	—	—
Revenue Bonds Payable	—	—	—	158,655
Capital Leases and Other Debt	—	—	—	—
Capital Leases Payable to Component Units	—	—	—	—
Compensated Absences	66	—	—	—
Net Pension Liability	137	—	—	47
Net OPEB Liability	<u>571</u>	<u>—</u>	<u>—</u>	<u>23</u>
Total Noncurrent Liabilities	<u>774</u>	<u>1,197,700</u>	<u>—</u>	<u>158,725</u>
Total Liabilities	<u>995</u>	<u>1,345,571</u>	<u>115,764</u>	<u>168,382</u>
Deferred Inflows of Resources:				
Related to Pensions	102	—	—	35
Related to OPEB	<u>271</u>	<u>—</u>	<u>—</u>	<u>13</u>
Total Deferred Inflows of Resources	<u>373</u>	<u>—</u>	<u>—</u>	<u>48</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	—	—	—	—
Restricted for:				
Capital Projects	—	—	—	—
General Government Operations	—	—	—	—
Lending Activities	831,156	—	—	637,091
Insurance Activities	—	68,353	(44,993)	—
Unrestricted (Deficit)	<u>—</u>	<u>(63,765)</u>	<u>—</u>	<u>43,296</u>
Total Net Position	<u>\$ 831,156</u>	<u>\$ 4,588</u>	<u>\$ (44,993)</u>	<u>\$ 680,387</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
\$ 37,847	\$ 21,271	\$ 81,148	\$ 1,701,070	\$ 26,155
—	—	5,977	96,280	—
50,859	3,052	11,027	172,791	9,303
20	—	—	6,514	—
14,218	—	—	15,394	14,678
4,568	—	—	5,617	2,804
—	—	43	43	896
—	—	13,621	13,621	82
—	20,808	—	180,129	7,548
—	1,134	674	1,808	—
—	<u>264,014</u>	—	<u>264,014</u>	—
<u>107,512</u>	<u>310,279</u>	<u>112,490</u>	<u>2,457,281</u>	<u>61,466</u>
260,386	104,382	—	364,768	—
—	—	132,954	1,307,169	—
13,817	—	—	13,817	14,781
—	60,280	—	60,280	—
—	—	3,207	3,207	—
101	—	1,900	2,001	283,935
<u>274,304</u>	<u>164,662</u>	<u>138,061</u>	<u>1,751,242</u>	<u>298,716</u>
<u>381,816</u>	<u>474,941</u>	<u>250,551</u>	<u>4,208,523</u>	<u>360,182</u>
—	—	—	821	—
214	215	398	982	2,036
<u>140</u>	<u>82</u>	<u>195</u>	<u>497</u>	<u>1,089</u>
<u>354</u>	<u>297</u>	<u>593</u>	<u>2,300</u>	<u>3,125</u>
3,627	1,482	5,058	10,301	21,149
—	—	6,137	6,137	—
2,538	440	285	17,865	806
46,535	—	—	46,535	—
13,854	9,664	—	23,518	—
—	—	—	15,473	358
1,582	4	7	1,593	671
202	—	29	544	101
73,366	69,336	5,200	383,992	—
—	—	—	6,820	—
—	—	—	—	8,629
—	—	—	—	1,820
—	—	35	116	—
<u>141,704</u>	<u>80,926</u>	<u>16,751</u>	<u>512,894</u>	<u>33,534</u>
—	—	8,037	8,037	—
13,817	135,460	8,100	1,355,077	—
—	—	—	158,655	—
—	—	—	—	15,151
—	—	—	—	51,435
—	150	301	517	2,047
224	214	453	1,075	2,541
<u>595</u>	<u>391</u>	<u>1,480</u>	<u>3,060</u>	<u>6,220</u>
<u>14,636</u>	<u>136,215</u>	<u>18,371</u>	<u>1,526,421</u>	<u>77,394</u>
<u>156,340</u>	<u>217,141</u>	<u>35,122</u>	<u>2,039,315</u>	<u>110,928</u>
157	145	325	764	2,028
<u>271</u>	<u>169</u>	<u>696</u>	<u>1,420</u>	<u>3,075</u>
<u>428</u>	<u>314</u>	<u>1,021</u>	<u>2,184</u>	<u>5,103</u>
101	—	1,900	2,001	212,831
—	—	—	—	14,781
—	—	2,702	2,702	7,548
—	—	189,835	1,658,082	—
—	78,617	14,733	116,710	—
<u>225,301</u>	<u>179,166</u>	<u>5,831</u>	<u>389,829</u>	<u>12,116</u>
<u>\$ 225,402</u>	<u>\$ 257,783</u>	<u>\$ 215,001</u>	<u>\$ 2,169,324</u>	<u>\$ 247,276</u>

# West Virginia

Statement of Revenues, Expenses, and  
Changes in Fund Net Position  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2020  
(Expressed in Thousands)

	<b>Business-type Activities – Enterprise Funds</b>			
	<b>Water Pollution Control Revolving Fund</b>	<b>Workers’ Compensation Fund</b>	<b>Unemployment Compensation</b>	<b>West Virginia Infrastructure and Jobs Development Council</b>
Operating Revenues:				
Charges for Services and Sales	\$ —	\$ —	\$ 202,466	\$ 3,810
Insurance Premiums	—	1,679	—	—
Tuition Contracts	—	—	—	—
Investment Earnings	2,702	—	—	—
Licenses, Permits, and Fees	3,077	—	—	—
Other	—	148	930,960	—
Total Operating Revenues	<u>5,779</u>	<u>1,827</u>	<u>1,133,426</u>	<u>3,810</u>
Operating Expenses:				
Cost of Sales and Services	—	—	—	—
Insurance Claims and Claims Adjustment	—	52,210	—	—
Tuition Contract Benefits and Expense	—	—	—	—
Infrastructure and Economic Development	—	—	—	9,166
Unemployment Insurance Benefits	—	—	1,415,646	—
General and Administration	10,541	6,941	—	1,147
Pension Expense	55	—	—	28
OPEB Expense	161	—	—	(10)
Depreciation and Amortization	—	—	—	—
Provisions for Uncollectible Loans	—	—	—	5,712
Other	—	—	—	—
Total Operating Expenses	<u>10,757</u>	<u>59,151</u>	<u>1,415,646</u>	<u>16,043</u>
Operating Income (Loss)	<u>(4,978)</u>	<u>(57,324)</u>	<u>(282,220)</u>	<u>(12,233)</u>
Nonoperating Revenues (Expenses):				
Gain (Loss) on Sale of Equipment	—	—	—	—
Interest and Other Investment Income (Loss)	5,324	53,406	4,124	4,193
Interest Expense	—	—	—	(6,282)
Lottery Revenues	—	—	—	38,198
Other Nonoperating Revenues	35	—	—	3
Total Nonoperating Revenues (Expenses), Net	<u>5,359</u>	<u>53,406</u>	<u>4,124</u>	<u>36,112</u>
Income (Loss) Before Transfers	<u>381</u>	<u>(3,918)</u>	<u>(278,096)</u>	<u>23,879</u>
Transfers:				
Transfers In	29,723	—	—	140
Transfers Out	—	(2,255)	—	(2,201)
Total Transfers	<u>29,723</u>	<u>(2,255)</u>	<u>—</u>	<u>(2,061)</u>
Change in Net Position	30,104	(6,173)	(278,096)	21,818
Net Position, Beginning of Year, as Restated	<u>801,052</u>	<u>10,761</u>	<u>233,103</u>	<u>658,569</u>
Net Position, End of Year	<u>\$ 831,156</u>	<u>\$ 4,588</u>	<u>\$ (44,993)</u>	<u>\$ 680,387</u>

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



<b>Public Employees Insurance Agency</b>	<b>Board of Risk and Insurance Management</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	<b>Governmental Activities Internal Service Funds</b>
\$ —	\$ —	\$ 118,370	\$ 324,646	\$ 139,776
555,488	75,652	7,474	640,293	—
—	—	46	46	—
—	—	—	2,702	—
—	—	4,921	7,998	—
<u>4,817</u>	<u>—</u>	<u>207</u>	<u>936,132</u>	<u>—</u>
<u>560,305</u>	<u>75,652</u>	<u>131,018</u>	<u>1,911,817</u>	<u>139,776</u>
—	—	88,262	88,262	112,281
571,036	65,349	10,264	698,859	—
—	—	3,283	3,283	—
—	—	—	9,166	—
—	—	—	1,415,646	—
20,209	4,786	6,754	50,378	12,616
115	220	151	569	884
15	28	105	299	(58)
62	—	182	244	20,622
—	—	—	5,712	—
<u>5,822</u>	<u>—</u>	<u>1,420</u>	<u>7,242</u>	<u>—</u>
<u>597,259</u>	<u>70,383</u>	<u>110,421</u>	<u>2,279,660</u>	<u>146,345</u>
<u>(36,954)</u>	<u>5,269</u>	<u>20,597</u>	<u>(367,843)</u>	<u>(6,569)</u>
—	—	—	—	(197)
4,969	22,818	1,578	96,412	96
—	—	—	(6,282)	(2,288)
—	—	—	38,198	3,968
<u>—</u>	<u>24</u>	<u>48,454</u>	<u>48,516</u>	<u>772</u>
<u>4,969</u>	<u>22,842</u>	<u>50,032</u>	<u>176,844</u>	<u>2,351</u>
<u>(31,985)</u>	<u>28,111</u>	<u>70,629</u>	<u>(190,999)</u>	<u>(4,218)</u>
31,000	—	6,861	67,724	17,181
<u>—</u>	<u>—</u>	<u>(70,415)</u>	<u>(74,871)</u>	<u>(5,417)</u>
<u>31,000</u>	<u>—</u>	<u>(63,554)</u>	<u>(7,147)</u>	<u>11,764</u>
(985)	28,111	7,075	(198,146)	7,546
<u>226,387</u>	<u>229,672</u>	<u>207,926</u>	<u>2,367,470</u>	<u>239,730</u>
<u>\$ 225,402</u>	<u>\$ 257,783</u>	<u>\$ 215,001</u>	<u>\$ 2,169,324</u>	<u>\$ 247,276</u>

# West Virginia

## Statement of Cash Flows Proprietary Funds For the Fiscal Year Ended June 30, 2020 (Expressed in Thousands)

	<b>Business-type Activities – Enterprise Funds</b>			
	<b>Water Pollution Control Revolving Fund</b>	<b>Workers’ Compensation Fund</b>	<b>Unemployment Compensation</b>	<b>West Virginia Infrastructure and Jobs Development Council</b>
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 40,793	\$ 2,391	\$ 183,898	\$ 29,584
Receipts from State Agencies	—	—	—	—
Payments to Suppliers	—	979	—	(604)
Payments to Employees	(1,222)	(8)	—	(547)
Payments to Beneficiaries	—	—	—	—
Payments for Loans Originated	(66,558)	—	—	(31,351)
Payments for Premiums	—	—	—	—
Payments to Claimants	—	(150,710)	(1,326,930)	—
Other Operating Cash Receipts	—	148	947,985	—
Other Operating Cash Payments	(9,420)	—	—	—
Net Cash Provided by (Used For) Operating Activities	<u>(36,407)</u>	<u>(147,200)</u>	<u>(195,047)</u>	<u>(2,918)</u>
Cash Flows from Noncapital Financing Activities:				
Repayment of Operating Debt	—	—	—	(5,735)
Interest Paid on Operating Debt	—	—	—	(7,134)
Transfers In	24,743	(2,258)	—	140
Transfers Out	—	—	—	—
Entitlements and Grants	—	—	—	—
Distributions or Subsidies from (to) Other Organizations	—	—	—	38,198
Other Nonoperating Receipts (Payments)	—	—	—	—
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>24,743</u>	<u>(2,258)</u>	<u>—</u>	<u>25,469</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from Sale of Capital Bonds and Other Debts	—	—	—	3
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>3</u>
Cash Flows from Investing Activities:				
Purchase of Investments	—	—	—	(144,749)
Proceeds from Sale of Investments	—	—	—	151,804
Investment Earnings	5,324	53,406	4,124	4,053
Net Cash Provided by (Used for) Investing Activities	<u>5,324</u>	<u>53,406</u>	<u>4,124</u>	<u>11,108</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(6,340)</u>	<u>(96,052)</u>	<u>(190,923)</u>	<u>33,662</u>
Cash and Cash Equivalents, Beginning of Year, as restated	<u>158,662</u>	<u>1,446,055</u>	<u>205,762</u>	<u>169,299</u>
Cash and Cash Equivalents, End of Year	<u>\$ 152,322</u>	<u>\$ 1,350,003</u>	<u>\$ 14,839</u>	<u>\$ 202,961</u>

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

<b>Public Employees Insurance Agency</b>	<b>Board of Risk and Insurance Management</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	<b>Governmental Activities Internal Service Funds</b>
\$ 545,536	\$ 75,286	\$ 143,819	\$ 1,021,307	\$ —
—	—	—	—	137,432
(24,018)	(3,591)	(89,045)	(116,279)	(98,041)
(1,741)	(1,987)	(4,839)	(10,344)	(26,702)
(607,182)	(51,531)	(27,290)	(686,003)	—
—	—	(9,004)	(106,913)	—
—	—	(7,306)	(7,306)	—
—	—	(8,962)	(1,486,602)	—
77,791	—	1,487	1,027,411	—
<u>—</u>	<u>(39,228)</u>	<u>256</u>	<u>(48,392)</u>	<u>—</u>
<u>(9,614)</u>	<u>(21,051)</u>	<u>(884)</u>	<u>(413,121)</u>	<u>12,689</u>
—	—	—	(5,735)	—
—	—	—	(7,134)	—
4,076	—	6,860	33,561	17,181
—	—	(70,415)	(70,415)	(5,417)
—	—	93	93	—
26,000	—	—	64,198	3,968
<u>—</u>	<u>—</u>	<u>44,763</u>	<u>44,763</u>	<u>—</u>
<u>30,076</u>	<u>—</u>	<u>(18,699)</u>	<u>59,331</u>	<u>15,732</u>
—	—	—	3	13,644
—	—	—	—	(10,304)
—	—	—	—	(2,294)
<u>(16)</u>	<u>—</u>	<u>(407)</u>	<u>(423)</u>	<u>(28,157)</u>
<u>(16)</u>	<u>—</u>	<u>(407)</u>	<u>(420)</u>	<u>(27,111)</u>
(214,820)	(21,222)	(22,107)	(402,898)	—
179,746	21,119	50,974	403,643	—
<u>4,969</u>	<u>16,955</u>	<u>948</u>	<u>89,779</u>	<u>105</u>
<u>(30,105)</u>	<u>16,852</u>	<u>29,815</u>	<u>90,524</u>	<u>105</u>
<u>(9,659)</u>	<u>(4,199)</u>	<u>9,825</u>	<u>(263,686)</u>	<u>1,415</u>
<u>61,323</u>	<u>46,278</u>	<u>71,323</u>	<u>2,158,702</u>	<u>47,069</u>
<u>\$ 51,664</u>	<u>\$ 42,079</u>	<u>\$ 81,148</u>	<u>\$ 1,895,016</u>	<u>\$ 48,484</u>

# West Virginia

## Statement of Cash Flows Proprietary Funds For the Fiscal Year Ended June 30, 2020 (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)	\$ (4,978)	\$ (57,324)	\$ (282,220)	\$ (12,233)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization	—	—	—	—
Provisions for Uncollectible Loans	—	—	—	5,712
Pension Expense	55	—	—	28
OPEB Expense	161	—	—	(10)
Changes in Assets and Liabilities and Deferred Outflows of Resources:				
Receivables	(31,543)	712	98	5,790
Inventories	—	—	—	—
Other Assets	—	—	—	—
Accounts Payable and Accrued Liabilities	(6)	(98,500)	88,716	(2,212)
Tuition Contracts Benefits and Expenses	—	—	—	—
Unearned Revenue	—	—	—	—
Escrow Deposits	—	—	—	—
Due to/from Other Funds	—	—	(1,641)	51
Unpaid Claims Liabilities	—	—	—	—
Other Liabilities	—	7,912	—	—
Compensated Absences	68	—	—	—
Deferred Outflows of Resources	(164)	—	—	(44)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (36,407)</u>	<u>\$ (147,200)</u>	<u>\$ (195,047)</u>	<u>\$ (2,918)</u>
Schedule of Noncash Capital and Financing Activities:				
Loans Originated with Principal Forgiveness Features	\$ —	\$ —	\$ —	\$ —
Unrealized Gain (Loss) on Investments	—	—	—	—
On Behalf of OPEB Payments	35	—	—	1

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
\$ (36,954)	\$ 5,269	\$ 20,597	\$ (367,843)	\$ (6,569)
62	—	182	244	20,622
—	—	—	5,712	—
115	220	151	569	884
15	28	105	299	(58)
(14,792)	149	1,302	(38,284)	(2,342)
—	—	(19)	(19)	21
—	—	—	—	(60)
8,027	—	1,424	(2,551)	2,231
—	—	(24,095)	(24,095)	—
240	(601)	—	(361)	—
—	(39,228)	—	(39,228)	—
—	—	—	(1,590)	—
—	13,818	—	13,818	—
33,900	(515)	(77)	41,220	433
—	—	16	84	—
(227)	(191)	(470)	(1,096)	(2,473)
<u>\$ (9,614)</u>	<u>\$ (21,051)</u>	<u>\$ (884)</u>	<u>\$ (413,121)</u>	<u>\$ 12,689</u>
\$ —	\$ —	\$ 3,325	\$ 3,325	\$ —
4,071	5,863	332	10,266	—
—	—	7	43	378



# *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 270.

## West Virginia

### Statement of Fiduciary Net Position Fiduciary Funds June 30, 2020 (Expressed in Thousands)

	Pension and Other Benefit Trust Funds	Investment Trust Funds	SMART 529	Agency Funds
Assets:				
Cash and Cash Equivalents	\$ 55,087	\$ 462,410	\$ —	\$ 82,892
Investments:				
Equity Pooled Investments	17,324,074	—	—	8,781
Mutual Funds	582,988	—	2,644,164	—
Receivables, Net:				
Contributions	27,834	—	3,523	—
Participant Loans	1,766	—	—	—
Accrued Interest	—	—	—	296
Accounts	38,122	—	—	—
Due from Other Funds	9,264	—	—	113
Due from Component Units	<u>2,366</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Assets	<u>18,041,501</u>	<u>462,410</u>	<u>2,647,687</u>	<u>92,082</u>
Deferred Outflows of Resources:				
Related to Pensions	112	—	—	—
Related to OPEB	<u>79</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Deferred Outflows of Resources	<u>191</u>	<u>—</u>	<u>—</u>	<u>—</u>
Liabilities:				
Accounts Payable	14	—	3,223	—
Accrued and Other Liabilities	12,222	—	515	—
Due to Other Governments	—	—	—	4,839
Due to Other Funds	7,003	—	—	—
Insurance Claims Payable	9,244	—	—	—
Agency Liabilities	—	—	—	87,243
Net Pension Liability	121	—	—	—
Net OPEB Liability	<u>327</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Liabilities	<u>28,931</u>	<u>—</u>	<u>3,738</u>	<u>\$ 92,082</u>
Deferred Inflows of Resources:				
Related to Pensions	84	—	—	—
Related to OPEB	<u>151</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Deferred Inflows of Resources	<u>235</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Position:				
Restricted for:				
Pension Benefits	16,787,884	—	—	—
Other Postemployment Benefits	1,224,642	—	—	—
Held in Trust for:				
External Investment Pool Participants	—	462,410	—	—
Individuals and Organizations	<u>—</u>	<u>—</u>	<u>2,643,949</u>	<u>—</u>
Total Net Position	<u>\$ 18,012,526</u>	<u>\$ 462,410</u>	<u>\$ 2,643,949</u>	<u>—</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, 2020**  
**(Expressed in Thousands)**

	<b>Pension and Other Benefit Trust Funds</b>	<b>Investment Trust Funds</b>	<b>SMART 529</b>
Additions:			
Contributions:			
Members	\$ 192,199	\$ —	\$ —
Employer	419,887	—	—
Account Holder Contributions	—	—	205,657
Deposits, Pool Participants	—	689,719	—
Other	<u>433,101</u>	<u>—</u>	<u>—</u>
Total Contributions	<u>1,045,187</u>	<u>689,719</u>	<u>205,657</u>
Investment Income (Loss):			
Net Appreciation (Depreciation) in			
Fair Value of Investments	551,838	7,776	(50,380)
Interest	16,108	—	102,964
Investment Expense	<u>—</u>	<u>—</u>	<u>(4,780)</u>
Net Investment Income	<u>567,946</u>	<u>7,776</u>	<u>47,804</u>
Other	<u>6,093</u>	<u>—</u>	<u>—</u>
Total Additions	<u>1,619,226</u>	<u>697,495</u>	<u>253,461</u>
Deductions:			
Benefits Expense	1,455,200	—	—
Forfeitures	1,101	—	—
Payments in Accordance with Trust Agreements	—	—	262,158
Refunds of Contributions	38,871	—	—
Withdrawals	—	664,007	—
Pension Expense	56	—	—
OPEB Expense	10	—	—
Administrative Expense	<u>18,019</u>	<u>—</u>	<u>5,448</u>
Total Deductions	<u>1,513,257</u>	<u>664,007</u>	<u>267,606</u>
Change in Net Position Held in Trust For:			
Pension Benefits	(27,012)	—	—
Other Postemployment Benefits	132,981	—	—
External Investment Pool Participants	—	33,488	—
Individuals and Organizations	—	—	(14,145)
Net Position, Beginning of Year	<u>17,906,557</u>	<u>428,922</u>	<u>2,658,094</u>
Net Position, End of Year	<u>\$ 18,012,526</u>	<u>\$ 462,410</u>	<u>\$ 2,643,949</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 and 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 284.

# West Virginia

## Combining Statement of Net Position Discretely Presented Component Units June 30, 2020 (Expressed in Thousands)

	<u>West Virginia Lottery</u>	<u>Economic Development Authority</u>	<u>Housing Development Fund</u>	<u>Parkways Authority</u>
Assets:				
Current Assets:				
Cash and Cash Equivalents	\$ 132,073	\$ 83,577	\$ 6,822	\$ 11,732
Investments	—	—	—	—
Receivables, Net	152,435	11,117	4,437	7,076
Capital Leases Receivable from Primary Government	—	18,723	—	—
Due from Primary Government	1	—	—	—
Due from Component Units	13	—	—	—
Inventories	539	—	—	5,307
Other Assets	2,167	—	—	463
Restricted Assets:				
Cash and Cash Equivalents	—	302	69,950	69,708
Investments	—	—	—	83,013
Receivables, Net	—	—	2,771	—
Other Restricted Assets	—	—	—	—
Total Current Assets	<u>287,228</u>	<u>113,719</u>	<u>83,980</u>	<u>177,299</u>
Noncurrent Assets:				
Cash and Cash Equivalents	—	—	—	—
Investments	—	1,752	—	—
Receivables, Net	—	160,084	80,796	—
Capital Leases Receivable from Primary Government	—	191,007	—	—
Other Assets	—	—	—	—
Net OPEB Asset	—	—	100	—
Restricted Assets:				
Cash and Cash Equivalents	—	7,787	77,173	—
Investments	—	—	51,603	515
Receivables, Net	—	—	668,463	—
Other Restricted Assets	—	—	5,560	—
Capital Assets, Net	<u>44,708</u>	<u>33,572</u>	<u>8,598</u>	<u>522,032</u>
Total Noncurrent Assets	<u>44,708</u>	<u>394,202</u>	<u>892,293</u>	<u>522,547</u>
Total Assets	<u>331,936</u>	<u>507,921</u>	<u>976,273</u>	<u>699,846</u>
Deferred Outflows of Resources:				
Loss on Bond Refundings	—	—	—	—
Related to Pensions	880	68	631	1,812
Related to OPEB	<u>460</u>	<u>33</u>	<u>761</u>	<u>1,225</u>
Total Deferred Outflows of Resources	<u>1,340</u>	<u>101</u>	<u>1,392</u>	<u>3,037</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>
\$ 30,703	\$ 532,723	\$ 22,402	\$ 198,843	\$ 61,312	\$ 1,080,187
5,299	156,495	—	—	2,657	164,451
16,678	147,621	2,500	—	3,688	345,552
—	—	—	—	—	18,723
363	13,701	35	9,089	6,393	29,582
—	4,815	—	—	—	4,828
—	3,886	11,535	—	16	21,283
—	17,522	860	—	59	21,071
—	—	25,526	—	16,415	181,901
—	—	—	—	—	83,013
—	—	—	—	530	3,301
<u>4</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4</u>
<u>53,047</u>	<u>876,763</u>	<u>62,858</u>	<u>207,932</u>	<u>91,070</u>	<u>1,953,896</u>
—	126,336	—	—	—	126,336
—	573,050	—	—	2,202	577,004
7,639	38,125	—	—	2,992	289,636
—	—	—	—	—	191,007
—	99,423	—	—	7	99,430
—	—	—	—	—	100
14,902	—	—	—	648	100,510
—	—	—	—	—	52,118
158,105	—	—	—	71	826,639
73	—	—	—	304	5,937
<u>3,987</u>	<u>3,301,034</u>	<u>154,150</u>	<u>618</u>	<u>41,931</u>	<u>4,110,630</u>
<u>184,706</u>	<u>4,137,968</u>	<u>154,150</u>	<u>618</u>	<u>48,155</u>	<u>6,379,347</u>
<u>237,753</u>	<u>5,014,731</u>	<u>217,008</u>	<u>208,550</u>	<u>139,225</u>	<u>8,333,243</u>
6,687	34,221	—	4,152	—	45,060
72	2,383	27,991	113	1,990	35,940
<u>52</u>	<u>35,119</u>	<u>9,408</u>	<u>21</u>	<u>1,100</u>	<u>48,179</u>
<u>6,811</u>	<u>71,723</u>	<u>37,399</u>	<u>4,286</u>	<u>3,090</u>	<u>129,179</u>

# West Virginia

## Combining Statement of Net Position Discretely Presented Component Units June 30, 2020 (Expressed in Thousands) (Continued)

	West Virginia <u>Lottery</u>	Economic Development <u>Authority</u>	Housing Development <u>Fund</u>	Parkways <u>Authority</u>
Liabilities:				
Current Liabilities:				
Accounts Payable	133,070	26	—	6,786
Interest Payable	—	—	1,615	625
Accrued and Other Liabilities	29,655	2,897	19,270	7,068
Unearned Revenue	—	—	—	—
Due to Primary Government	103,747	386	—	3,522
Due to Component Units	4,812	13	—	—
Revenue Bonds Payable	—	18,723	26,745	2,785
Capital Leases and Other Debt	—	249	—	—
Compensated Absences	<u>813</u>	<u>32</u>	<u>550</u>	<u>1,258</u>
Total Current Liabilities	<u>272,097</u>	<u>22,326</u>	<u>48,180</u>	<u>22,044</u>
Noncurrent Liabilities:				
Unearned Revenue	—	282	—	—
Advances from Primary Government	—	120,272	—	—
Liabilities Payable from Restricted Assets	—	—	66,965	—
Accrued and Other Liabilities	—	—	—	—
Revenue Bonds Payable	—	191,007	306,295	172,130
Capital Leases and Other Debt	—	2,696	507	—
Net Pension Liability	1,147	84	828	2,294
Net OPEB Liability	2,551	220	515	6,785
Compensated Absences	<u>—</u>	<u>23</u>	<u>—</u>	<u>—</u>
Total Noncurrent Liabilities	<u>3,698</u>	<u>314,584</u>	<u>375,110</u>	<u>181,209</u>
Total Liabilities	<u>275,795</u>	<u>336,910</u>	<u>423,290</u>	<u>203,253</u>
Deferred Inflows of Resources:				
Gain on Bond Refundings	—	—	—	—
Related to Pensions	730	72	553	1,498
Related to OPEB	1,162	262	835	2,823
Service Concession Arrangements	—	—	—	—
Grants and Contributions	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Deferred Inflows of Resources	<u>1,892</u>	<u>334</u>	<u>1,388</u>	<u>4,321</u>
Net Position:				
Net Investment in Capital Assets	44,708	33,146	8,173	522,032
Restricted for:				
Capital Projects	—	—	—	—
Debt Service	—	—	381,723	145,687
Nonexpendable	—	—	—	—
Lending Activities	—	7,487	76,176	—
Specific Component Unit Purposes	—	—	—	—
Unrestricted	<u>10,881</u>	<u>130,145</u>	<u>86,915</u>	<u>(172,410)</u>
Total Net Position (Deficit)	<u>\$ 55,589</u>	<u>\$ 170,778</u>	<u>\$ 552,987</u>	<u>\$ 495,309</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>
21	86,054	17,406	—	1,808	245,171
1,307	9,932	113	—	—	13,592
—	246,632	12,535	6,254	588	324,899
—	107,888	—	—	453	108,341
2	1,911	6,207	—	118	115,893
—	—	1	—	2	4,828
9,256	113,254	8,420	15,100	—	194,283
—	11,485	1,020	—	—	12,754
—	<u>53,678</u>	—	<u>84</u>	<u>1,435</u>	<u>57,850</u>
<u>10,586</u>	<u>630,834</u>	<u>45,702</u>	<u>21,438</u>	<u>4,404</u>	<u>1,077,611</u>
—	—	—	—	43	325
—	—	—	—	—	120,272
—	—	—	—	11,411	78,376
—	116,486	—	—	200	116,686
152,829	1,264,341	—	359,050	—	2,445,652
4,111	182,265	8,765	—	—	198,344
83	11,350	19,454	307	2,520	38,067
164	204,248	49,653	121	5,357	269,614
83	<u>4,968</u>	<u>10,257</u>	—	<u>248</u>	<u>15,579</u>
<u>157,270</u>	<u>1,783,658</u>	<u>88,129</u>	<u>359,478</u>	<u>19,779</u>	<u>3,282,915</u>
<u>167,856</u>	<u>2,414,492</u>	<u>133,831</u>	<u>380,916</u>	<u>24,183</u>	<u>4,360,526</u>
549	—	—	—	—	549
63	7,944	22,462	63	2,015	35,400
85	88,498	25,782	67	2,838	122,352
—	39,068	—	—	—	39,068
—	<u>9,711</u>	—	—	—	<u>9,711</u>
<u>697</u>	<u>145,221</u>	<u>48,244</u>	<u>130</u>	<u>4,853</u>	<u>207,080</u>
3,987	2,093,066	135,945	618	41,925	2,883,600
—	25,396	—	—	—	25,396
—	14,307	9,581	74,278	—	625,576
—	303,122	—	—	304	303,426
21,925	—	—	—	—	105,588
—	222,727	—	—	36,900	259,627
<u>50,099</u>	<u>(131,877)</u>	<u>(73,194)</u>	<u>(243,106)</u>	<u>34,150</u>	<u>(308,397)</u>
<u>\$ 76,011</u>	<u>\$ 2,526,741</u>	<u>\$ 72,332</u>	<u>\$ (168,210)</u>	<u>\$ 113,279</u>	<u>\$ 3,894,816</u>

# West Virginia

**Combining Statement of Activities  
Discretely Presented Component Units  
For the Fiscal Year Ended June 30, 2020  
(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>
<b>Component Units:</b>					
West Virginia Lottery	\$ 972,280	\$ 955,735	\$ —	\$ —	\$ (16,545)
Economic Development Authority	5,554	8,159	—	—	2,605
Housing Development Fund	103,643	40,892	74,479	—	11,728
Parkways Authority	102,772	159,596	—	—	56,824
Water Development Authority	7,702	11,126	—	—	3,424
Higher Education	2,033,966	892,756	520,428	25,738	(595,044)
Corrections and Rehabilitation	397,505	113,380	11,344	—	(272,781)
School Building Authority	87,288	—	745	—	(86,543)
Other Component Units	<u>60,179</u>	<u>9,885</u>	<u>2,371</u>	<u>—</u>	<u>(47,923)</u>
Total Component Units	<u>\$ 3,770,889</u>	<u>\$ 2,191,529</u>	<u>\$ 609,367</u>	<u>\$ 25,738</u>	<u>\$ (944,255)</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 Restated</u>	<u>Net Position (Deficit) End of Year</u>
\$ 3,549	\$ —	\$ 12,964	\$ —	\$ 16,513	\$ (32)	\$ 55,621	\$ 55,589
1,802	—	65	—	1,867	4,472	166,306	170,778
6,071	—	—	—	6,071	17,799	535,188	552,987
2,187	—	411	35,421	38,019	94,843	400,466	495,309
724	—	10	—	734	4,158	71,853	76,011
12,006	—	138,098	494,337	644,441	49,397	2,477,344	2,526,741
268	—	—	283,037	283,305	10,524	61,808	72,332
2,443	—	7	92,402	94,852	8,309	(176,519)	(168,210)
<u>1,535</u>	<u>4,211</u>	<u>2,211</u>	<u>42,292</u>	<u>50,249</u>	<u>2,326</u>	<u>110,953</u>	<u>113,279</u>
<u>\$ 30,585</u>	<u>\$ 4,211</u>	<u>\$ 153,766</u>	<u>\$ 947,489</u>	<u>\$ 1,136,051</u>	<u>\$ 191,796</u>	<u>\$ 3,703,020</u>	<u>\$ 3,894,816</u>



**STATE OF WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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 comprised 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 comprised of twelve persons appointed by the Governor with the advice and consent of the Senate.

The Fund is comprised 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 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 Homeland Security, 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 comprised 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 to 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  
5<sup>th</sup> Floor  
Charleston, WV 25301-2877

Solid Waste Management Board  
601 57<sup>th</sup> 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 restated. 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, 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 expenditure for principal and interest.

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 (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 debt service 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 is a 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, the West Virginia Infrastructure and Jobs Development Council, and Correctional Industries.

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 to 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 and inmate funds, 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) was established in State Code which requires that the first 50% of all surplus General Revenue funds accrued during the fiscal year just ended 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.

The Legislature is permitted 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. The Rainy Day Fund can also be invested and can 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, 2020, the fund contained \$373 million, which amounted to eight percent of FY 2020 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) was established 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, 2020, the balance in the Rainy Day Fund—Part B was \$482.9 million.

The Income Tax Refund Reserve Fund was established 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 sufficient to ensure the timely payment of income tax refunds.

### **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 a 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.

Receivables – Amounts reported as receivables in the governmental funds consist primarily of Federal revenues, taxes, and interest on investments. Receivables in all other funds represent amounts that have arisen in the ordinary course of business and are shown net of allowances for uncollectible amounts. Further disaggregation of receivable balances is disclosed in Note 5.

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 few 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, as permitted by GASB Statement No. 34. 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 and Compensation Benefits – 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 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, 2020, of approximately \$209.7 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, 2020, is approximately \$120 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 (\$118.5 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 post-employment 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 Post-Employment 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. In lieu of a cash payment, at retirement an employee can elect to use accumulated annual leave toward their postemployment health care insurance premium. 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 the 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 plus 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 a restricted net position.
- Unrestricted net position consists of a 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.

### **Effect of New Accounting Pronouncements**

The GASB issued Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance,” which provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018. The requirements of Statement No. 95 were effective immediately. Effective dates for the following statements reflect their postponements.

The GASB issued Statement No. 84, “Fiduciary Activities,” 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 2021, 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 2022, 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 simplifies accounting for interest cost incurred before the end of a construction period. This statement is effective for fiscal year 2022, 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 eliminates 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.

The GASB issued Statement No. 92, “Omnibus 2020”, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Requirements relating to Statement No. 73, No. 74, No. 84, and to the measurement of liabilities associated with AROs in a government acquisition are effective for fiscal year 2022. Management has not yet determined the financial statement impact of the pronouncement.

The GASB issued Statement No. 93, “Replacement of Interbank Offered Rates,” which prompts governments to amend or replace financial instruments for the purpose of replacing the London Interbank Offered Rate (LIBOR) with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The removal of LIBOR as an appropriate benchmark interest rate is effective for fiscal year 2023, while all other requirements are effective for fiscal year 2022. Management has not yet determined the financial statement impact of the pronouncement.

The GASB issued Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements,” which aims to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements and also provides guidance for accounting and financial reporting for availability payment arrangements. This statement is effective for fiscal year 2023, and management has not yet determined the financial statement impact of the pronouncement.

The GASB issued Statement No. 96, “Subscription-Based Information Technology Arrangements,” which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement defines SBITA, establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding SBITA. This statement is effective for fiscal year 2023, and management has not yet determined the financial statement impact of the pronouncement.

The GASB issued Statement No. 97, “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32,” which aims to increase consistency and comparability related to the reporting of fiduciary component units, to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans, as well as to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 plans that meet the definition of a pension plan. The requirements of the statement related to the accounting and financial reporting for Section 457 plans are effective for fiscal year 2022. Certain requirements related to the application of certain component unit criteria are effective for fiscal year 2022. Management has not yet determined the financial statement impact of the pronouncement.

**NOTE 2**

**RESTATEMENT/REVISION, AND RESTRICTED BALANCES**

**Restatement/Revision of Beginning Balances**

Workforce West Virginia has restated beginning net position for Unemployment Compensation and Other Governmental Funds for the correction of certain errors related to various year-end accruals at July 1, 2019.

The Educational Broadcasting Authority has revised beginning net position for the correction of certain errors related to various year-end accruals, recording of capital assets, and investments at July 1, 2019.

The effects of the adjustment on the State’s reporting units are as follows (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 Restated</u>
Governmental Funds:			
Other Governmental Funds	\$ 650,292	\$ 1,755	\$ 652,047
Total Governmental Funds	4,451,907	1,755	4,453,662
Enterprise Funds:			
Unemployment Compensation	194,233	38,870	233,103
Total Enterprise Funds	2,328,600	38,870	2,367,470
Component Units:			
Other Component Units	111,451	(498)	110,953
Total Component Units	3,703,518	(498)	3,703,020

Because of the restatement and revision included in the separately presented fund financial statements, the State has included immaterial error corrections in the respective entity-wide reporting unit’s beginning net position as follows:

<u>Entity /Reporting Unit</u>	<u>Net Position</u>		
	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Government-wide:			
Governmental Activities	6,919,792	1,755	6,921,547
Business-type Activities	<u>2,328,600</u>	<u>38,870</u>	<u>2,367,470</u>
Total Primary Government	<u>9,248,392</u>	<u>40,625</u>	<u>9,289,017</u>
Total Component Units	<u>3,703,518</u>	<u>(498)</u>	<u>3,703,020</u>

## West Virginia

### Restricted Net Position

The following table summarizes the restricted net position of funds included in “other” columns at June 30, 2020 (expressed in thousands):

Fund Type/Fund	Total Reporting Entity	Restricted for:					Other Specific Fund Purposes
		Capital Projects	Lending Activities	Insurance Activities	General Government Activities	Non-Expendable	
Enterprise Funds:							
Drinking Water Treatment Revolving	\$ 185,954	\$ —	\$ 185,954	\$ —	\$ —	\$ —	\$ —
Alcohol Beverage Control Administration	3,881	—	3,881	—	—	—	—
West Virginia Prepaid College Plan	2,702	—	—	—	2,702	—	—
State Entities Workers' Compensation	<u>14,733</u>	<u>—</u>	<u>—</u>	<u>14,733</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>207,270</u>	<u>—</u>	<u>189,835</u>	<u>14,733</u>	<u>2,702</u>	<u>—</u>	<u>—</u>
Internal Service Funds:							
State Building Fund	14,781	14,781	—	—	—	—	—
Travel Management	<u>7,548</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,548</u>
	<u>22,329</u>	<u>14,781</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,548</u>
Discretely Presented Component Units:							
Educational Broadcasting Authority	304	—	—	—	—	304	—
Solid Waste Management Board	4,565	—	—	—	—	—	4,565
Municipal Pensions Oversight Board	<u>32,335</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>32,335</u>
	<u>37,204</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>304</u>	<u>36,900</u>
Total	<u>\$ 266,803</u>	<u>\$ 14,781</u>	<u>\$ 189,835</u>	<u>\$ 14,733</u>	<u>\$ 2,702</u>	<u>\$ 304</u>	<u>\$ 44,448</u>

The government-wide statement of net position reports \$2,966,390 of restricted net position for the primary government, of which \$1,088,428 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, 2020 (expressed in thousands):

<b>Fund Type/Fund</b>	<b>Total Reporting Entity</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>Development, Tourism, and Recreation</b>	<b>Education</b>	<b>Public Protection</b>
Governmental Funds:						
Special Revenue Funds:						
Environmental Protection	\$ 92,025	\$ —	\$ —	\$ —	\$ —	\$ 92,025
Public Service Commission	10,343	—	—	—	—	10,343
Wildlife Resources	<u>62,703</u>	<u>—</u>	<u>—</u>	<u>62,703</u>	<u>—</u>	<u>—</u>
	<u>165,071</u>	<u>—</u>	<u>—</u>	<u>62,703</u>	<u>—</u>	<u>102,368</u>
Capital Projects Funds:						
State Road	—	—	—	—	—	—
Education, Arts, Sciences, and Tourism Fund	4,243	4,243	—	—	—	—
Cacapon Project Fund	8,012	8,012	—	—	—	—
State Parks Projects	41,805	41,805	—	—	—	—
Lease Purchase Accounts	<u>10,739</u>	<u>10,739</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>64,799</u>	<u>64,799</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Debt Service:						
Lease Purchase Accounts	5,491	—	5,491	—	—	—
Education, Arts, Sciences, and Tourism Fund	1,013	—	1,013	—	—	—
Economic Development Project Fund	48,768	—	48,768	—	—	—
Cacapon Project Fund	1,477	—	1,477	—	—	—
State Parks Projects	<u>3,080</u>	<u>—</u>	<u>3,080</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>59,829</u>	<u>—</u>	<u>59,829</u>	<u>—</u>	<u>—</u>	<u>—</u>
Permanent Funds:						
Irreducible School	<u>535</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>535</u>	<u>—</u>
<b>Total</b>	<u>\$ 290,234</u>	<u>\$ 64,799</u>	<u>\$ 59,829</u>	<u>\$ 62,703</u>	<u>\$ 535</u>	<u>\$ 102,368</u>

**NOTE 3**

**NET POSITION/FUND DEFICITS**

Individual funds with net position/fund balance deficits at June 30, 2020, were as follows (expressed in thousands):

	<b>Net Position/ Fund Balance Deficit</b>
<b>Enterprise Funds:</b>	
West Virginia Prepaid College Plan	\$ 2,972
Unemployment Compensation	44,993
<b>Discretely Presented Component Units:</b>	
School Building Authority	168,210
Racing Commission	<u>214</u>
Total Deficits	<u>\$ 216,389</u>

**Enterprise Funds**

West Virginia Prepaid College Plan (the Plan) has a net position deficiency of \$2,972 thousand as of June 30, 2020. 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 Plan is dependent on long-term investment programs and adequate levels of future cash flows. In March 2003, the West Virginia Legislature closed the Plan to new enrollment until the Legislature authorizes it to reopen. Contract holders are supposed to continue to pay any amounts due, and the Plan will continue to pay all benefits due.

The Plan 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 Plan. All earnings on the transferred funds will remain in the Escrow Account.

In the event the Plan 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 \$4.1 million for the seventeen years ended June 30, 2020, leaving the account with a balance of \$26.4 million at June 30, 2020. Because there was an actuarially determined unfunded liability of approximately \$5.6 million in the Plan as of June 30, 2020, an additional \$1 million was transferred from the Fund to the Escrow Account on December 15, 2020, in accordance with the provisions enacted by the Legislature.

Due to the consequences of the COVID-19 Pandemic, the total net position of the Unemployment Compensation decreased 119% to a net deficit of \$45 million. The assets decreased \$189.4 million primarily due to the increased volume of claimant benefit payments related to the COVID-19 Pandemic, which nearly deleted the Trust Fund reserves by June 30, 2020.

### **Discretely Presented Component Units**

The School Building Authority of West Virginia's (the SBA) combined net position deficiency at June 30, 2020, is approximately \$168.2 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 \$374.2 million in bonds outstanding, compared to \$413.4 million at June 30, 2019, a decrease of 9.50%. This decrease of \$39.3 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 West Virginia Racing Commission net position deficiency at June 30, 2020, is \$214 thousand. The deficiency is due to the increase of the net pension liability and a change in the net effect of the related deferred inflows and deferred outflows.





## **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, 2020, the reported amount of the primary government's deposits was (\$7,557,000) and the bank balance was \$293,464,000. Of that bank balance, \$7,627,000 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, 2020, the reported amount of the component units' deposits was \$523,585,000 and the bank balance was \$278,393,000. Of that bank balance, \$15,085,000 was uninsured and collateralized with securities held by the pledging financial institution but not in the name of the State, and \$1,262,000 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 provides 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 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 are 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 are valued at cost, provided such amount approximates fair value.
- Credit default, interest rate, and total return swaps are valued at the last settlement price established each day by the exchange on which they are traded, 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 respective dates of transactions.
- Investments in private equity partnerships, real estate limited partnerships and funds, opportunistic income 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 interests 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, 2020.

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

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## West Virginia

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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 70<sup>th</sup> 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: Regional Jail Authority; 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, 2020, the IMB held derivative financial investments that included Futures Contracts, Foreign Exchange Forward Contracts, Currency Swaps, and Interest Rate Swaps. Additionally, the IMB also held derivative instruments in 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. BNYM served as IMB's custodial agent through August 2019. In January 2020, Northern Trust became the authorized lending agent loaning 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, 2020, 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, \$37.2 million was received as cash. The collateral received as cash is invested in the Mellon GSL DBT II Funds.

	<b><u>Fair Value of Securities on Loan</u></b>	<b><u>Collateral Held</u></b>
Domestic Equity Pool	\$ 191,022	\$ 199,425
International Equity	91,320	97,187
Total Return Fixed Income Pool	123,591	126,267
Core Fixed Income Pool	64,023	65,656
Private Markets Pool	<u>16,555</u>	<u>17,152</u>
Total	<u>\$ 486,511</u>	<u>\$ 505,687</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, 2020 (expressed in thousands):

	Domestic	International		Short-Term Fixed Income	
	Equity	Qualified	Nonqualified		Equity
<b>Primary Government:</b>					
Revenue Shortfall Reserve Fund	\$ —	\$ —	\$ —	\$ —	\$ 272,021
Revenue Shortfall Reserve Fund B	57,971	—	15,135	41,835	—
Workers' Compensation Old Fund	161,541	—	34,504	124,043	29,276
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	5,337	—	1,238	4,040	1,486
Workers' Compensation Self-Insured Employer Security Risk Pool	7,917	—	1,827	5,981	2,188
Workers' Compensation Uninsured Pneumoconiosis	2,178	—	503	1,647	1,408
Wildlife Endowment Fund	34,769	—	8,262	25,935	12,860
Board of Risk & Insurance Management	15,754	—	3,915	11,608	84
Public Employees' Insurance Agency	25,684	—	5,933	19,416	7,863
WV Department of Environmental Protection Trust	27,301	—	7,161	19,678	51,000
WV Department of Environmental Protection Agency	3,055	—	758	2,252	—
	<u>41,484</u>	<u>—</u>	<u>9,647</u>	<u>31,346</u>	<u>—</u>
Total Primary Government	<u>382,991</u>	<u>—</u>	<u>88,883</u>	<u>287,781</u>	<u>378,186</u>
Percentage of Ownership	8.13%	0.00%	54.49%	8.34%	61.34%
<b>Fiduciary Funds:</b>					
Judges' Retirement System	54,393	13,901	—	39,701	445
Emergency Medical Services Retirement System	22,271	5,808	—	16,164	753
Public Employees' Retirement System	1,736,978	441,466	—	1,269,763	22,498
Teachers' Retirement System	1,946,889	494,158	—	1,425,786	118,108
Municipal Police Officers and Firefighters' Retirement System	3,664	891	—	2,704	499
Municipal Policemen's or Firefighter's Pension and Relief Fund	2,056	517	—	1,511	63
State Police Retirement System	55,819	14,522	—	40,508	1,296
State Police Death, Disability and Retirement Fund	167,274	42,449	—	121,674	13,880
Retiree Health Benefit Trust	275,410	—	73,848	198,284	80,000
Deputy Sheriff's Retirement System	<u>60,222</u>	<u>15,612</u>	<u>—</u>	<u>43,790</u>	<u>813</u>
Total Fiduciary Funds	<u>4,324,976</u>	<u>1,029,324</u>	<u>73,848</u>	<u>3,159,885</u>	<u>238,355</u>
Percentage of Ownership	91.83%	100%	45.27%	91.62%	38.66%
<b>Other Participants:</b>					
Berkeley County Development Authority	<u>1,613</u>	<u>—</u>	<u>398</u>	<u>1,190</u>	<u>—</u>
Total Amount	<u>\$ 4,709,580</u>	<u>\$ 1,029,324</u>	<u>\$ 163,129</u>	<u>\$ 3,448,856</u>	<u>\$ 616,541</u>
State Percentage of Ownership	99.97%	100%	99.76%	99.97%	100%



<b>Total Return Fixed Income</b>	<b>Core Fixed Income</b>	<b>TIPS</b>	<b>Private Equity</b>	<b>Hedge Funds</b>	<b>Total (Memorandum Only)</b>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 272,021
189,529	79,490	108,995	—	—	492,955
284,974	122,947	102,620	—	153,284	1,013,189
8,296	3,540	3,378	—	6,800	34,115
12,264	5,238	5,018	—	10,072	50,505
2,883	1,245	1,371	—	2,770	14,005
53,316	22,466	22,242	—	43,867	223,717
5,269	2,269	—	17,612	6,188	62,699
40,013	16,907	16,161	—	32,685	164,662
58,208	24,557	30,849	—	41,632	260,386
866	366	—	—	1,756	9,053
<u>55,505</u>	<u>23,326</u>	<u>—</u>	<u>—</u>	<u>39,601</u>	<u>200,909</u>
<u>711,123</u>	<u>302,351</u>	<u>290,634</u>	<u>17,612</u>	<u>338,655</u>	<u>2,798,216</u>
33.70%	32.64%	100%	0.37%	16.65%	13.90%
17,942	8,010	—	59,992	21,314	215,698
7,514	3,273	—	24,151	8,693	88,627
561,216	252,421	—	1,932,867	681,920	6,899,129
616,988	275,831	—	2,177,942	764,373	7,820,075
1,330	593	—	3,584	1,404	14,669
1,317	562	—	981	414	7,421
19,113	8,425	—	59,552	21,686	220,921
51,961	22,543	—	189,943	65,884	675,608
100,930	43,026	—	273,197	105,533	1,150,228
<u>20,157</u>	<u>8,976</u>	<u>—</u>	<u>65,968</u>	<u>23,583</u>	<u>239,121</u>
<u>1,398,468</u>	<u>623,660</u>	<u>—</u>	<u>4,788,177</u>	<u>1,694,804</u>	<u>17,331,497</u>
66.27%	67.33%	0.00%	99.60%	83.32%	86.07%
<u>554</u>	<u>238</u>	<u>—</u>	<u>1,756</u>	<u>629</u>	<u>6,378</u>
<u>\$ 2,110,145</u>	<u>\$ 926,249</u>	<u>\$ 290,634</u>	<u>\$ 4,807,545</u>	<u>\$ 2,034,088</u>	<u>\$ 20,136,091</u>
99.97%	99.97%	100%	99.96%	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 the money market mutual fund investment and investments made with cash collateral for securities loaned. The money market mutual fund has the highest credit rating. The pool is exposed to interest rate risk from its money market mutual fund investments and certain investments made with cash collateral for securities loaned. As of June 30, 2020, the money market mutual fund has a weighted-average maturity (WAM) of 53 days. The weighted-average maturity for investments made with cash collateral for securities loaned is not to exceed 95 days.

#### *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, 2020 (expressed in thousands):

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Commingled Equity Fund	\$ 2,014,708	\$ —	\$ —	\$ 2,014,708
Common Stock	2,588,810	—	—	2,588,810
Money Market Mutual Fund	82,999	—	—	82,999
Rights	6	—	—	6
Securities Lending Mutual Fund	<u>4,617</u>	<u>—</u>	<u>—</u>	<u>4,617</u>
Total	<u>\$ 4,691,140</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,691,140</u>

The fair value measurement valuation techniques used for the investments in the Domestic Equity Pool can be found on page 91.

#### 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, 2020, was \$1,029,324. 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, 2020, was \$163,136. 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; Allianz Global Investors; Axiom International Investors, LLC; Brandes Investment Partners, L.P.; LSV Asset Management; and Oberweis Asset Management, Inc., inception date 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 the money market mutual fund investments and investments made with cash collateral for securities loaned. The money market mutual fund has the highest credit rating. The pool is exposed to interest rate risk from its money market mutual fund investments and certain investments made with cash collateral for securities loaned. As of June 30, 2020, the money market mutual fund has a weighted-average maturity (WAM) of 53 days. The weighted-average maturity for investments made with cash collateral for securities loaned is not to exceed 95 days.

## West Virginia

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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, 2020, 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	\$ 82,579	\$ 373	\$ —	\$ 82,952
Brazil Real	61,732	397	—	62,129
British Pound	189,226	409	—	189,635
Canadian Dollar	93,508	70	—	93,578
Chilean Peso	5,906	—	—	5,906
Chinese Yuan	12,809	3,460	—	16,269
Czech Koruna	40	—	—	40
Danish Krone	10,965	3	—	10,968
Emirati Dirham	8,021	10	—	8,031
Euro Currency Unit	354,338	4,828	—	359,166
Hong Kong Dollar	404,086	2,525	—	406,611
Hungarian Forint	14,000	32	—	14,032
Indian Rupee	104,809	1,694	—	106,503
Indonesian Rupiah	30,263	36	—	30,299
Israeli Shekel	7,399	2	—	7,401
Japanese Yen	365,408	2,270	—	367,678
Malaysian Ringgit	10,968	4	—	10,972
Mexican Peso	39,362	42	—	39,404
New Taiwan Dollar	119,629	404	—	120,033
New Zealand Dollar	289	26	—	315
Norwegian Krone	16,412	196	—	16,608
Philippine Peso	7,480	8	—	7,488
Polish Zloty	1,337	—	—	1,337
Qatar Riyal	125	6	—	131
Singapore Dollar	12,316	211	—	12,527
South African Rand	29,989	56	—	30,045
South Korean Won	183,138	1,747	—	184,885
Swedish Krona	79,152	29	—	79,181
Swiss Franc	100,002	46	1	100,049
Thailand Baht	36,076	6	—	36,082
Turkish Lira	<u>11,034</u>	<u>1,711</u>	<u>—</u>	<u>12,745</u>
Subtotal	<u>2,392,398</u>	<u>20,601</u>	<u>1</u>	<u>2,413,000</u>
United States Currency	<u>981,212</u>	<u>—</u>	<u>—</u>	<u>981,212</u>
Total Assets	<u>\$ 3,373,610</u>	<u>\$ 20,601</u>	<u>\$ 1</u>	<u>\$ 3,394,212</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, 2020 (expressed in thousands):

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stock	\$ 2,741,429	\$ —	\$ —	\$ 2,741,429
Money Market Mutual Funds	37,694	—	—	37,694
Preferred Stock	42,854	—	—	42,854
Rights	41	—	—	41
Securities Lending Collateral	<u>19,475</u>	<u>—</u>	<u>—</u>	<u>19,475</u>
Total	<u>\$ 2,841,493</u>	<u>\$ —</u>	<u>\$ —</u>	2,841,493
Commingled Equity Fund				<u>589,286</u>
Total				<u>\$ 3,430,779</u>

The Pool's commingled equity fund investment was measured at the NAV as of June 30, 2020. The fund invests primarily in Chinese A-Share publicly listed equity securities. The IMB defines the investment style as growth at a reasonable price with limited concentration to any single issuer or sector. Redemptions can be made daily with five international business days advance written notice of the withdrawal date, subject to maximum withdrawal restrictions. The fund will pay withdrawal proceeds within thirty days following the withdrawal date.

The fair value measurement valuation techniques used for the investments in the International Equity Pool can be found on page 91.

*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, 2020, of the Short-Term Fixed Income pool's investments (expressed in thousands):

<u>Investment Type</u>	<u>Carrying Value</u>	<u>WAM Days</u>
Money Market Mutual Fund	\$ 25,896	1
U.S. Government Agency Bonds	265,950	48
U.S. Treasury Bills	274,978	27
Repurchase Agreements (Underlying Securities):		
U.S. Treasury Issues*	<u>75,658</u>	1
Total Investments	<u>\$ 642,482</u>	32

\* 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, 2020 (expressed in thousands):

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Mutual Fund	\$ 25,896	\$ —	\$ —	\$ 25,896
Repurchase Agreement*	—	75,658	—	75,658
U.S. Government Agency Bonds	—	265,950	—	265,950
U.S. Treasury Bonds	—	<u>274,978</u>	—	<u>274,978</u>
Total	<u>\$ 25,896</u>	<u>\$ 616,586</u>	<u>\$ —</u>	<u>\$ 642,482</u>

\*Underlying Securities:  
U.S. Treasury Issues \$75,658

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 as 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 and 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 risks 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.

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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, 2020 (expressed in thousands):

	<u>Rating</u>	<u>Fair Value</u>
AAA/A-1		\$ 21,874
AA		738,758
A		164,334
BBB		526,344
BB		294,094
B		171,134
CCC		16,181
CC		3,822
D		4,354
Withdrawn		6,148
Not Rated		<u>73,473</u>
Total fixed income investments		<u>\$ 2,020,516</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, 2020, the Total Return Fixed Income Pool held \$451,957,000 of these securities. This represents approximately 22% 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, 2020 (expressed in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration (years)</u>
Commingled Debt Funds	\$ 206,712	3.1
Corporate Asset Backed Issues	54,349	1.2
Corporate CMO	59,639	0.9
Corporate CMO Interest-Only	138	0.5
Foreign Asset Backed Issues	28,152	0.5
Foreign Corporate Bonds	264,553	5.3
Foreign Government Bonds	251,488	5.1
Municipal Bonds	33,423	9.9
U.S. Corporate Bonds	495,554	9.4
U.S. Government Agency Bonds	1,530	0.0
U.S. Government Agency CMO	77,429	1.7
U.S. Government Agency CMO Interest-Only	6,955	6.8
U.S. Government Agency MBS	222,696	2.0
U.S. Government Agency TBA	2,599	0.7
U.S. Treasury Bonds	209,690	14.4
U.S. Treasury Inflation Protected Security	<u>105,609</u>	18.8
Total	<u>\$ 2,020,516</u>	

### Foreign Currency Risk

The pool has foreign fixed income, foreign equity investments, and cash that is denominated in foreign currencies and 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, 2020, are as follows:

<u>Currency</u>	<u>Foreign Fixed Income</u>	<u>FX Spot</u>	<u>Cash</u>	<u>Total</u>
Argentine Peso	\$ 5,597	\$ —	\$ 1,770	\$ 7,367
Australian Dollar	—	—	2,350	2,350
Belarusian Ruble	1,819	—	—	1,819
Brazil Real	30,899	—	52	30,951
British Pound	15,154	—	2,690	17,844
Canadian Dollar	—	—	(858)	(858)
Colombian Peso	4,620	—	—	4,620
Deutsche Mark	640	—	—	640
Dominican Peso	2,923	—	—	2,923
Egyptian Pound	2,647	—	3	2,650
Euro Currency Unit	5,948	—	3,823	9,771
Ghana Cedi	2,357	—	—	2,357
Indonesian Rupiah	2,713	—	—	2,713
Japanese Yen	49,050	—	6,419	55,469
Kazakhstani Tenge	681	—	—	681
Kenyan Shilling	3,001	—	—	3,001
Mexican Peso	21,785	6	(2,107)	19,684
New Zealand Dollar	—	—	758	758
Peruvian Nuevo Sol	1,812	—	—	1,812
Russian Ruble	31,249	—	856	32,105
South African Rand	5,707	—	1	5,708
Swedish Krona	—	—	477	477
Turkish Lira	—	—	1	1
Uruguayan Peso	<u>5,050</u>	—	—	<u>5,050</u>
Total foreign denominated investments	\$ 193,652	\$ 6	\$ 16,235	\$ 209,893
U.S. Dollar	<u>350,541</u>	—	<u>34,398</u>	<u>384,939</u>
Total	<u>\$ 544,193</u>	<u>\$ 6</u>	<u>\$ 50,633</u>	<u>\$ 594,832</u>



*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 91, 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, 2020 (expressed in thousands):

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate ABS Residual	\$ —	\$ 1,943	\$ —	\$ 1,943
Corporate Asset-Backed Issues	—	54,349	—	54,349
Corporate Collateralized Mortgage Obligations	—	59,639	—	59,639
Corporate CMO Interest-Only	—	138	—	138
Corporate Preferred Security	10,307	—	—	10,307
Foreign Asset-Backed Issues	—	28,152	—	28,152
Foreign Corporate Bonds	—	264,553	—	264,553
Foreign Currency Forward Contracts	—	1,054	—	1,054
Foreign Government Bonds	—	251,488	—	251,488
Futures Contracts	1,457	—	—	1,457
Money Market Mutual Fund	80,424	—	—	80,424
Municipal Bonds	—	33,423	—	33,423
Options Contracts Purchased	94	347	—	441
Securities Lending Collateral	4,029	—	—	4,029
Swaps	—	24,789	—	24,789
U.S. Corporate Bonds	—	495,554	—	495,554
U.S. Government Agency Bond	—	1,530	—	1,530
U.S. Government Agency CMO	—	77,429	—	77,429
U.S. Government Agency CMO Interest-Only	—	6,955	—	6,955
U.S. Government Agency MBS	—	222,696	—	222,696
U.S. Government Agency TBAs	—	2,599	—	2,599
U.S. Treasury Bonds	—	209,690	—	209,690
U.S. Treasury Inflation-Protected Securities	—	105,609	—	105,609
Total	<u>\$ 96,311</u>	<u>\$ 1,841,937</u>	<u>\$ —</u>	1,938,248
Investments in Other Funds				206,712
Total				<u>\$2,144,960</u>
<u>Liabilities</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Foreign Currency Forward Contracts	\$ —	\$ (2,323)	\$ —	\$ (2,323)
Futures Contracts	(12,609)	—	—	(12,609)
Options Contracts Written	(525)	(354)	—	(879)
Securities Sold Short	—	(526)	—	(526)
Swaps	—	(40,804)	—	(40,804)
Total	<u>\$ (13,134)</u>	<u>\$ (44,007)</u>	<u>\$ —</u>	<u>\$ (57,141)</u>

The pool's investments in commingled debt funds were measured at the net asset value (NAV) as of June 30, 2020. 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 be otherwise 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 and 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 risks 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, 2020 (expressed in thousands):

	<u>Rating</u>	<u>Fair Value</u>
AAA		\$ 47,882
AA		535,867
A		83,021
BBB		171,799
BB		5,281
B		768
CCC		241
D		94
Withdrawn		11,132
Not rated		<u>63,019</u>
Total Investments		<u>\$ 919,104</u>

The Core Fixed Income Pool does not invest more than 5 percent of the value of the Pool in any one corporate name. At June 30, 2020, 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, 2020 (expressed in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration (years)</u>
Corporate Asset Backed Issues	\$ 104,830	1.6
Corporate CMO	46,117	3.4
Corporate CMO Interest-Only	212	(13.6)
Corporate CMO Principal-Only	64	4.6
Foreign Asset Backed Issues	2,168	2.8
Foreign Corporate Bonds	61,479	6.5
Foreign Government Bonds	5,870	9.3
Municipal Bonds	12,331	14.5
U.S. Corporate Bonds	189,911	9.3
U.S. Government Agency Bonds	3,100	0.5
U.S. Government Agency CMO	98,050	4.4
U.S. Government Agency CMO Interest-Only	2,144	8.8
U.S. Government Agency CMO Principal-Only	4,409	5.2
U.S. Government Agency MBS	180,583	4.6
U.S. Government Agency TBAs	5,924	3.1
U.S. Treasury Bonds	201,453	7.8
U.S. Treasury Inflation Protected Security	459	0.9
Total	<u>\$ 919,104</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, 2020 (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	\$ —	\$ 104,830	\$ —	\$ 104,830
Corporate CMO	—	46,117	—	46,117
Corporate CMO Interest-Only	—	212	—	212
Corporate CMO Principal-Only	—	64	—	64
Foreign Asset-Backed Issues	—	2,168	—	2,168
Foreign Corporate Bonds	—	61,479	—	61,479
Foreign Government Bonds	—	5,870	—	5,870
Money Market Mutual Fund	10,949	—	—	10,949
Municipal Bonds	—	12,331	—	12,331
Securities Lending Collateral	4,868	—	—	4,868
U.S. Corporate Bonds	—	189,911	—	189,911
U.S. Government Agency Bonds	—	3,100	—	3,100
U.S. Government Agency CMO	—	98,050	—	98,050
U.S. Government Agency CMO Interest-Only	—	2,144	—	2,144
U.S. Government Agency CMO Principal-Only	—	4,409	—	4,409
U.S. Government Agency MBS	—	180,583	—	180,583
U.S. Government Agency TBAs	—	5,924	—	5,924
U.S. Treasury Bonds	—	201,453	—	201,453
U.S. Treasury Inflation-Protected Security	—	459	—	459
Total	<u>\$ 15,817</u>	<u>\$ 919,104</u>	<u>\$ —</u>	<u>\$ 934,921</u>

The fair value measurement valuation techniques used for the Core Fixed Income pool can be found on page 91.

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 and a money market mutual fund. These investments are exposed to credit and interest rate risk. The commingled bond fund is not rated by a nationally recognized statistical rating organization and the money market mutual fund has the highest credit rating. 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 percent change in interest rates. As of June 30, 2020, the commingled bond fund had an effective duration of 7.68 years. Interest rate risk of the money market mutual fund is measured by weighted average maturity (WAM). As of June 30, 2020, the fund's WAM was 53 days. The Pool is not exposed to concentration of credit risk, custodial credit risk, or foreign currency risk.

*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, 2020 (expressed in thousands):

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Commingled Bond Funds	\$ 290,665	\$ —	\$ —	\$ 290,665
Money Market Mutual Fund	<u>2</u>	\$ —	\$ —	<u>2</u>
Total	<u>\$ 290,667</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 290,667</u>

The fair value measurement valuation techniques used for the TIPS Pool can be found on page 91.

Private Markets Pool

The Pool primarily 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 investment, 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 be 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, 2020 (expressed in thousands):

<u>Rating</u>	<u>Fair Value</u>
BBB	\$ 9,310
BB	500
B	300
Total Investments	<u>\$ 10,110</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 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 percent 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, 2020, 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 percent 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, 2020, the money market mutual fund has a weighted-average maturity (WAM) of 53 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2020, the WAM for securities lending collateral was 1 day.

*Foreign Currency Risk*

The Pool holds foreign common stock, real estate limited partnerships and funds, and cash that is denominated in foreign currencies that are exposed to foreign currency risks. The investments in private equity partnerships and opportunistic income funds might be indirectly exposed to foreign currency risk.

## West Virginia

The amounts at fair value (in U.S. dollars) of investments and cash denominated in foreign currencies as of June 30, 2020, are as follows:

<u>Currency</u>	<u>Foreign Common Stock</u>	<u>Real Estate Limited Partnerships and Funds</u>	<u>Cash</u>	<u>Total</u>
Australian Dollar	\$ 2,959	\$ —	\$ —	\$ 2,959
British Pound	2,866	—	—	2,866
Canadian Dollar	1,377	28,173	—	29,550
Euro Currency Unit	8,667	112,190	—	120,857
Hong Kong Dollar	5,021	—	—	5,021
Japanese Yen	8,961	—	27	8,988
Norwegian Krone	317	—	—	317
Singapore Dollar	2,352	—	—	2,352
Swedish Krona	875	—	—	875
Total foreign denominated investments	\$ 33,395	\$ 140,363	\$ 27	\$ 173,785
U.S. Dollar	857	1,649,901	—	1,650,758
Total	<u>\$ 34,252</u>	<u>\$ 1,790,264</u>	<u>\$ 27</u>	<u>\$ 1,824,543</u>

### *Fair Value Measurements*

The fair value measurement valuation techniques for the Private Markets Pool's asset categories can be found on page 91, 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, 2020. 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, 2020 (expressed in thousands):

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Foreign Common Stock	\$ 34,252	\$ —	\$ —	\$ 34,252
Money Market Mutual Fund	139,391	—	—	139,391
Securities Lending Collateral	4,257	—	—	4,257
U.S. Common Stock	78,239	—	—	78,239
U.S. Corporate Bonds	—	10,110	—	10,110
U.S. Preferred Stock	14,005	—	—	14,005
Total	<u>\$ 270,144</u>	<u>\$ 10,110</u>	<u>\$ —</u>	280,254
Opportunistic Income Funds				632,804
Private Equity Partnerships				2,098,272
Real Estate Limited Partnership and Funds				<u>1,790,264</u>
Total				<u>\$ 4,801,594</u>

The following table presents information on investments measured at the NAV as of June 30, 2020 (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)	\$ 307,212	\$ 55,900	N/A	N/A	N/A
Real Estate Income Funds (c)	325,592	160,571	2021 to 2029	Quarterly	45 days
Private Equity Partnerships:					
Corporate Finance - Buyout (d)	1,332,980	695,381	2020 to 2034	N/A	N/A
Corporate Finance-Distressed Debt (e)	55,928	14,724	2020 to 2021	N/A	N/A
Corporate Finance - Growth Equity (f)	93,972	52,354	2021 to 2029	N/A	N/A
Corporate Finance – Hard Assets (g)	76,986	48,861	2020 to 2028	N/A	N/A
Corporate Finance – Mezzanine (h)	70,029	50,039	2020 to 2028	N/A	N/A
Corporate Finance – Turnaround (i)	77,999	97,072	2020 to 2031	N/A	N/A
Venture Capital (j)	390,378	96,443	2023 to 2034	N/A	N/A
Real Estate Limited Partnerships and Funds:					
Core Funds (k)	991,050	79,961	2020 to 2022	Quarterly	30-60 days
Opportunistic Funds (l)	297,629	189,854	2020 to 2029	N/A	N/A
Value Funds (m)	<u>501,585</u>	<u>450,519</u>	2020 to 2031	N/A	N/A
<b>Total</b>	<b><u>\$ 4,521,340</u></b>	<b><u>\$ 1,991,679</u></b>			

- (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, 2020, the money market mutual fund is rated AAA by Standard & Poor's and Aaa by Moody's and has a weighted-average maturity of 53 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>\$ 12</u>	<u>\$ —</u>	<u>\$ —</u>	\$ 12
Hedge Funds				<u>1,893,312</u>
Total				<u>\$ 1,893,324</u>

The following table presents information on investments measured at the NAV as of June 30, 2020 (expressed in thousands):

<u>Hedge Fund Strategies</u>	<u>Fair Value</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Directional (a)	\$ 200,974	Monthly, Quarterly	5 to 30 days
Equity Long/Short (b)	205,201	Monthly, Quarterly	30 to 60 days
Event-Driven (c)	70,232	Quarterly, Every 2 years	45 to 180 days
Long-Biased (d)	77,581	Monthly	90 days
Multi-Strategy (e)	1,049,030	Monthly, Quarterly, Semiannually, Annually	30 to 95 days
Relative-Value (f)	<u>290,294</u>	Weekly, Quarterly	5 to 60 days
Total Investment Measured at NAV	<u>\$ 1,893,312</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.
- 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 35% 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 represent an attractive opportunity. Investments representing approximately 40% of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.

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, 2020.

### Consolidated Fund

The Consolidated Fund is a statutory term for the collective investment of those monies not currently needed to fund state governmental operations or 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, 2020, 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&amp;P</u>		
U.S. Treasury Bills *	P-1	A-1+	\$ 1,017,343	19.76%
Commercial Paper	P-1	A-1+	861,472	16.73%
	P-1	A-1	1,834,384	35.62%
Negotiable Certificates of Deposit	P-1	A-1+	302,738	5.88%
	P-1	A-1	469,111	9.11%
Money Market Funds	Aaa	AAAm	1,581	0.03%
	NR	AAAAm	217,022	4.21%
Repurchase Agreements (Underlying Securities):				
U.S. Treasury bonds and notes*	Aaa	AA+	<u>445,700</u>	<u>8.66%</u>
Total			<u>\$ 5,149,351</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, 2020 (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 Bills	\$ 1,017,343	\$ 853,550	\$ 48,731	\$ 10,886	\$ 104,176	37
Commercial Paper	2,695,857	2,261,823	129,132	28,846	276,056	52
Negotiable Certificates of Deposit	771,849	647,581	36,972	8,259	79,037	58
Repurchase Agreements (Underlying Securities):						1
U.S. Treasury Bonds and Notes	445,700	373,942	21,349	4,769	45,640	
Money Market Funds	<u>218,603</u>	<u>183,408</u>	<u>10,471</u>	<u>2,339</u>	<u>22,385</u>	1
Total	<u>\$ 5,149,352</u>	<u>\$ 4,320,304</u>	<u>\$ 246,655</u>	<u>\$ 55,099</u>	<u>\$ 527,294</u>	44
Percentage of Ownership	100%	83.90%	4.79%	1.07%	10.24%	

**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.

The following table provides information on the credit ratings of the WV Government Money Market Pool's investments as of June 30, 2020 (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&amp;P</u>		
U.S. Treasury Notes *	Aaa	AA+	\$ 27,041	10.23%
U.S. Treasury Bills *	P-1	A-1+	30,986	11.71%
U.S. Agency Bonds and Notes	Aaa	AA+	33,850	12.79%
U.S. Agency Discount Notes	P-1	A-1+	125,304	47.36%
Money Market Funds	Aaa	AAAm	177	0.07%
Repurchase Agreements (Underlying Securities):				
U.S. Treasury bonds and notes *	Aaa	AA+	<u>47,200</u>	<u>17.84%</u>
Total			<u>\$ 264,558</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, 2020 (expressed in thousands):

<u>Security Type</u>	<u>Carrying Value</u>	<u>Primary Government</u>	<u>Investment Trust Fund</u>	<u>Component Units</u>	<u>WAM (Days)</u>
U.S. Treasury Notes	\$ 27,041	\$ 398	\$ 22,779	\$ 3,864	80
U.S. Treasury Bills	30,986	455	26,103	4,428	79
U.S. Agency Bonds and Notes	33,850	498	28,515	4,837	10
U.S. Agency Discount Notes	125,304	1,842	105,556	17,906	65
Repurchase Agreements (Underlying Securities):					1
U.S. Treasury Notes	47,200	694	39,761	6,745	
Money Market Funds	<u>177</u>	<u>3</u>	<u>149</u>	<u>25</u>	1
Total	<u>\$ 264,558</u>	<u>\$ 3,890</u>	<u>\$ 222,863</u>	<u>\$ 37,805</u>	50
Percentage of Ownership	100%	1.47%	84.24%	14.29%	

**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.

## West Virginia

The following table provides information on the credit ratings of the WV Short Term Bond Pool's investments as of June 30, 2020 (expressed in thousands):

Security Type	Credit Rating		Carrying Value	Percent of Pool Assets
	Moody's	S&P		
U.S. Treasury Notes *	Aaa	AA+	\$ 121,838	15.04%
U.S. Agency Collateralized Mortgage Obligations				
U.S. Government Guaranteed *	Aaa	AA+	20,539	2.54%
Non-U.S. Government Guaranteed	Aaa	AAA	15,762	1.95%
Corporate Bonds and Notes	Aaa	AAA	3,694	0.46%
	Aaa	AA+	6,719	0.83%
	Aa1	AA	2,565	0.32%
	Aa2	AA+	5,181	0.64%
	Aa2	AA	5,753	0.71%
	Aa2	AA-	6,432	0.79%
	Aa2	NR	5,954	0.73%
	Aa3	AA+	2,076	0.26%
	Aa3	AA-	18,385	2.27%
	Aa3	A+	5,759	0.71%
	Aa3	A	12,477	1.54%
	A1	AA-	7,480	0.92%
	A1	A+	30,064	3.71%
	A1	A	5,150	0.64%
	A1	A-	10,553	1.30%
	A1	NR	5,283	0.65%
	A2	A+	17,992	2.22%
	A2	A	33,012	4.08%
	A2	A-	28,326	3.50%
	A2	NR	3,100	0.38%
	A3	A+	9,595	1.18%
	A3	A	9,366	1.16%
	A3	A-	28,248	3.49%
	A3	BBB+	44,538	5.50%
	Baa1	A-	11,726	1.45%
	Baa1	BBB+	17,585	2.17%
	Baa1	BBB	8,656	1.07%
	Baa1	NR	2,132	0.26%
	Baa2	A-	10,242	1.26%
	Baa2	BBB+	10,361	1.28%
	Baa2	BBB	38,950	4.81%
	Baa2	BBB-	4,404	0.54%
	Baa3	BBB	10,276	1.27%
	Baa3	BBB-	25,583	3.16%
	Ba1	BBB	2,005	0.25%
	Ba1	BBB-	8,289	1.02%
	NR	A	6,478	0.80%
	NR	AA-	1,817	0.22%
	NR	BBB+	4,575	0.56%
Collateralized mortgage obligations	NR	AAA	2,668	0.33%
Municipal Securities	Aaa	AAA	4,060	0.50%
	Aa1	AA+	6,475	0.80%
	Aa1	AA	8,928	1.10%
	Aa1	NR	7,054	0.87%
	Aa2	AA	9,872	1.22%
	Aa2	AA-	8,337	1.03%
	Aa2	NR	3,528	0.44%
	NR	AAA	2,618	0.32%
	NR	AA+	3,187	0.39%
Asset-Backed Securities	Aaa	AAA	29,701	3.66%
	Aaa	NR	40,232	4.97%
	Aa1	NR	7,961	0.98%
	NR	AAA	38,951	4.81%
Money Market Funds	Aaa	AAAm	7,585	0.94%
Total			<u>\$ 810,077</u>	<u>100%</u>

NR = Not Rated

\* U.S. Treasury notes and 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 percent band around the effective duration of the portfolio's benchmark (the ICE BofAML 1-3 US Corporate & Government Index.) As of June 30, 2020, the effective duration of the benchmark was 662 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, 2020 (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	\$ 121,838	\$ 112,189	\$ 158	\$ 9,491	773
U.S. Agency Collateralized Mortgage Obligations	36,301	33,426	47	2,828	366
Corporate Fixed-Rate Bonds and Notes	454,306	418,325	591	35,390	641
Corporate Floating-Rate Bonds and Notes	16,475	15,171	21	1,283	377
Collateralized Mortgage Obligations	2,668	2,457	3	208	752
Municipal Securities	54,059	49,778	70	4,211	800
Asset-Backed Securities	116,845	107,591	152	9,102	442
Money Market Funds	<u>7,585</u>	<u>6,984</u>	<u>10</u>	<u>591</u>	—
Total	<u>\$ 810,077</u>	<u>\$ 745,921</u>	<u>\$ 1,052</u>	<u>\$ 63,104</u>	620
Percentage of Ownership	100%	92.08%	0.13%	7.79%	

*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, 2020 (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	\$ 121,838	\$ —	\$ —	\$ 121,838
U.S. Agency Collateralized Mortgage Obligations	—	36,301	—	36,301
Corporate Fixed-Rate Bonds and Notes	—	454,306	—	454,306
Corporate Floating-Rate Bonds and Notes	—	16,475	—	16,475
Collateralized Mortgage-Backed Obligations	—	2,668	—	2,668
Municipal Securities	—	54,059	—	54,059
Asset-Backed Securities	—	116,845	—	116,845
Money Market Funds	<u>7,585</u>	<u>—</u>	<u>—</u>	<u>7,585</u>
Total	<u>\$ 129,423</u>	<u>\$ 680,654</u>	<u>\$ —</u>	<u>\$ 810,077</u>

The fair value measurement valuation techniques used for the WV Short Term Bond Pool can be found on page 91.

**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 nonnegotiable certificates of deposit in this pool total approximately \$67.5 million, with maturities ranging from July 2020 to December 2020, and an interest in a money market mutual fund valued at approximately \$171,000.

**Loan Pool**

This pool is comprised 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 \$56,000 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 \$19,900,000 in a bank depository and an interest in a money market mutual fund valued at approximately \$2,000. 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. The MBC Account, which had closed May 31, 2019, was re-opened on December 5, 2019.

**Municipal Bond Commission**

This account only holds three securities issued by the State and Local Government Series (SLGS) with a weighted-average maturity of 433 days. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to fair value losses in the MBC account arising from increasing interest rates. The MBC is not subject to credit risk.

*Fair Value Measurements*

The MBC account's SLGS are reported at historical cost (face value) of \$80,183,000. SLGS are special purpose securities the U.S. Department of the Treasury issues to state and local government entities, upon request by those entities, to assist them in complying with federal tax laws and Internal Revenue Service arbitrage regulations when they have cash proceeds to invest from their issuance of tax exempt bonds. There is no market for these securities as they may only be redeemed at the U.S. Department of Treasury on or before their stated maturity date at face value plus accrued interest.

**School Fund**

The School Fund account holds an interest in a money market mutual fund valued at \$1,264,000 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, 2020 (expressed in thousands):

<u>Security Type</u>	<u>Carrying Value</u>	<u>Investment Maturities</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
<b>Governmental Activities:</b>					
Money Market	\$ 1,264	\$ 1,264	\$ —	\$ —	\$ —

**EDA-AW**

This account holds a U.S. Treasury bond valued at \$1,718,000 using Level 1 inputs that matures 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, 2020 (expressed in thousands):

<u>Security Type</u>	<u>Carrying Value</u>	<u>Investment Maturities</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
<b>Component Unit Activities:</b>					
U.S. Treasury Bond	\$ 1,718	\$ —	\$ 1,718	\$ —	\$ —

## West Virginia

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, 2020 (expressed in thousands):

	<b>Disclosed Value</b>	<b>Pool Receivables/ (Payables)</b>	<b>Net Asset Values</b>
<b>IMB Pools</b>			
Domestic Equity	\$ 4,603,524	\$ 106,056	\$ 4,709,580
International Qualified	1,029,369	(45)	1,029,324
International Nonqualified	163,136	(7)	163,129
International Equity**	3,373,610	75,246	3,448,856
Short-Term Fixed Income	540,928	75,613	616,541
Total Return Fixed Income**	2,020,516	89,629	2,110,145
Core Fixed Income	919,104	7,145	926,249
TIPS Pool	290,665	(31)	290,634
Private Markets Pool	4,521,340	286,205	4,807,545
Hedge Fund	1,893,312	140,776	2,034,088
<b>BTI Pools</b>			
WV Money Market Pool	5,149,351	(49,377)	5,099,974
WV Government Money Market Pool	264,558	(1,880)	262,678
WV Short-Term Bond Pool	810,077	3,042	813,119
WV Bank Pool	67,671	238	67,909
Loan Pool	120,328	241	120,569
Reserve Pool	19,902	4	19,906
Municipal Bond Commission Account	80,183	172	80,355
School Fund Account	1,264	—	1,264
EDA-AW	<u>1,719</u>	<u>34</u>	<u>1,753</u>
Total Pooled Investments	<u>25,870,557</u>	<u>733,061</u>	<u>26,603,618</u>
Less EDA	118,792	—	118,792
Less MBC	80,183	172	80,355
Less Nonnegotiable Certificates of Deposit	67,500	238	67,738
Less Reserve Pool in Depository	<u>19,902</u>	<u>4</u>	<u>19,906</u>
Total for Disclosure	<u>\$ 25,584,180</u>	<u>\$ 732,647</u>	<u>\$ 26,316,827</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, 2020 (expressed in thousands):

Security Type	Carrying Value	Credit Rating	
		S&P	Moody's
<b>Primary Government:</b>			
Money Market/Mutual Funds	\$ 428,775	AAAm	Aaa-mf
Money Market/Mutual Funds	4,893	AAA	Aaa
Corporate Bonds	4,287	A-1+	P-1
U.S. Government and Agency Obligations	<u>86,016</u>	AA+	Aaa
<b>Total Primary Government</b>	<b><u>\$ 523,971</u></b>		
<b>Pension &amp; Private Purpose Trust Funds:</b>			
Money Market/Mutual Funds	\$ 2,711,447	Unrated	Unrated
Guaranteed Investment Contract	<u>515,705</u>	Unrated	Unrated
<b>Total Pension &amp; Private Purpose Trust Funds</b>	<b><u>\$ 3,227,152</u></b>		
<b>Component Units:</b>			
Common and Preferred Stocks	\$ 105,069	Unrated	Unrated
Corporate Bonds	3,993	AA+-BBB	AAA-Baa2
Corporate Bonds	33,788	Unrated	Unrated
Corporate Stock	2,367	Unrated	Unrated
Fixed Income Fund	2,413	Unrated	Unrated
Fixed Income Fund	119	AAA	Unrated
Fixed Income Fund	11,964	A+	Aa3
Money Market/Mutual Funds	6,583	Unrated	BBB
Money Market/Mutual Funds	303,754	AAAm	Aaa-mf
Money Market/Mutual Funds	8,265	Unrated	A
Money Market/Mutual Funds	3,493	Unrated	A+
Money Market/Mutual Funds	16,985	Unrated	Aaa
Money Market/Mutual Funds	18,052	AA+	Aaa
Money Market/Mutual Funds	8	AAA	Aaa
Money Market/Mutual Funds	384,960	Unrated	Unrated
Mortgages Held for Investment	13,183	Unrated	Unrated
Other Investments	239	AAA	Unrated
Other Investments	165,933	Unrated	Unrated
Repurchase Agreements *	4,622	Unrated	Unrated
State and Local Government Securities	635	AA+	Aaa
U.S. Government and Agency Obligations	63,316	AA+	Aaa
U.S. Government and Agency Obligations	10,341	AAAm	AAA-mf
U.S. Government and Agency Obligations	139	AAA	Aaa
U.S. Government and Agency Obligations	<u>68,520</u>	Unrated	Unrated
<b>Total Component Units</b>	<b><u>\$ 1,228,741</u></b>		

#### Underlying Securities:

\* Component Units:

The \$4,622 is invested in U.S. Government National Mortgage Association Securities.

## West Virginia

### Concentration of Credit Risk

As of June 30, 2020, 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>
<b>Component Units:</b>			
Other Investments	165,643	The \$79,768 of the \$165,643 is invested by the Foundations at the Higher Education institutions which are reported under FASB and the information is not available.	13.5%
Common & Preferred Stock	102,867	Common Stock	8.4%

### 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, 2020 (expressed in thousands):

<u>Security Type</u>	<u>Carrying Value</u>	<u>Investment Maturities</u>				
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>	<u>N/A</u>
<b>Primary Government:</b>						
Money Market/Mutual Funds	\$ 433,668	\$ 433,668	\$ —	\$ —	\$ —	\$ —
Corporate Bonds	4,287	4,287	—	—	—	—
U.S. Government and Agency Obligations	<u>86,016</u>	<u>86,016</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total Primary Government</b>	<u>523,971</u>	<u>523,971</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Pension &amp; Private Purpose Trust Funds:</b>						
Money Market/Mutual Funds	2,711,447	2,711,447	—	—	—	—
Guaranteed Investment Contract	<u>515,705</u>	<u>515,705</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total Pension &amp; Private Purpose Trust Funds</b>	<u>3,227,152</u>	<u>3,227,152</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Component Units:</b>						
Common and Preferred Stocks	105,069	—	—	—	2,202	102,867
Corporate Bonds	37,781	1,226	10,040	—	—	26,515
Corporate Stock	2,367	2,367	—	—	—	—
Fixed Income Fund	14,496	119	2,413	—	—	11,964
Money Market/Mutual Funds	742,099	419,933	40,513	16,846	4,569	260,238
Mortgages Held for Investment	13,183	—	125	777	12,281	—
Other Investments	166,172	529	100	—	—	165,543
Repurchase Agreements*	4,622	4,622	—	—	—	—
State and Local Government Securities	635	—	—	165	470	—
U.S. Government and Agency Obligations	<u>142,317</u>	<u>49,064</u>	<u>33,990</u>	<u>31,139</u>	<u>6,467</u>	<u>21,657</u>
<b>Total Component Units</b>	<u>1,228,741</u>	<u>477,860</u>	<u>87,181</u>	<u>48,927</u>	<u>25,989</u>	<u>588,784</u>
<b>Total Outside Investments</b>	<u>\$ 4,979,864</u>	<u>\$ 4,228,983</u>	<u>\$ 87,181</u>	<u>\$ 48,927</u>	<u>\$ 25,989</u>	<u>\$ 588,784</u>

#### Underlying Securities:

\*Component Units:

The \$4,622 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, 2020 (expressed in thousands):

<u>Security Type</u>	<u>Investment Amount</u>	<u>Level Amounts</u>		
		<u>1</u>	<u>2</u>	<u>3</u>
<b>Primary Government:</b>				
Money Market/Mutual Funds	\$ 433,668	\$ 433,668	\$ —	\$ —
Corporate Bonds	4,287	—	4,287	—
U.S. Government & Agency Obligations	<u>86,016</u>	<u>—</u>	<u>86,016</u>	<u>—</u>
<b>Total Primary Government</b>	<u>523,971</u>	<u>433,668</u>	<u>90,303</u>	<u>—</u>
<b>Pension &amp; Private Purpose Trust Funds:</b>				
Money Market/Mutual Funds	2,711,447	2,711,447	—	—
Guaranteed Investment Contract	<u>515,705</u>	<u>—</u>	<u>515,705</u>	<u>—</u>
<b>Total Pension &amp; Private Purpose Trust Funds</b>	<u>3,227,152</u>	<u>2,711,447</u>	<u>515,705</u>	<u>—</u>
<b>Component Units:</b>				
Common and Preferred Stocks	105,069	56,965	173	2,202
Corporate Bonds	37,781	16,286	21,495	—
Corporate Stock	2,367	2,367	—	—
Fixed Income Fund	14,496	2,532	11,964	—
Money Market/Mutual Funds	742,099	667,259	53,268	122
Mortgages Held for Investment	13,183	—	—	13,183
Other Investments	166,172	12,331	82,071	3,255
Repurchase Agreements*	4,622	4,622	—	—
State & Local Government Securities	635	—	635	—
U.S. Government & Agency Obligations	<u>142,317</u>	<u>132,115</u>	<u>10,202</u>	<u>—</u>
<b>Total Component Units</b>	<u>1,228,741</u>	<u>894,477</u>	<u>179,808</u>	<u>18,762</u>
<b>Outside Investments @ Fair Value</b>	<u>\$ 4,844,170</u>	<u>\$ 4,039,592</u>	<u>\$ 785,816</u>	<u>\$ 18,762</u>
<b>FV Investments @ Net Asset Value</b>	<u>135,694</u>			
<b>Total Outside Investments</b>	<u>\$ 4,979,864</u>			

Underlying Securities:

\* Component Units

The \$4,622 is invested in U.S. Government National Mortgage Association Securities.

**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, 2020 (expressed in thousands):

**Deposits:**

Cash and Cash Equivalents as Reported on the Statement of Net Position	\$ 7,823,599
Cash and Cash Equivalents as Reported on the Statement of Fiduciary Net Position	600,389
Add:	
Restricted Cash and Cash Equivalents as Reported on the Statement of Net Position	500,418
Less:	
Cash Equivalents and Restricted Cash Disclosed as Investments	(8,394,017)
Cash with U.S. Treasury for Unemployment Programs	<u>(14,362)</u>
Reported Value of Deposits as Disclosed in this Footnote	<u>\$ 516,027</u>

**Investments:**

Investments as Reported on the Statement of Net Position	\$ 2,095,862
Investments as Reported on the Statement of Fiduciary Net Position	20,560,007
Add:	
Restricted Investments as Reported on the Statement of Net Position	195,411
Cash Equivalents and Restricted Cash Disclosed as Investments	8,394,017
Mortgages Held for Investment Disclosed as Investments	13,183
Accrued Interest Disclosed as Investments	36,738
Reported Value of Investments as Disclosed in this Footnote	<u>\$ 31,295,218</u>



**NOTE 5**

**RECEIVABLES**

(Expressed in Thousands)

Receivables at June 30, 2020, consisted of the following:

	<b>Governmental Funds</b>				
	<b>General</b>	<b>Transportation</b>	<b>Tobacco Settlement Finance Authority</b>	<b>Other Governmental</b>	<b>Total Governmental Receivables</b>
Taxes	\$ 570,832	\$ 81,860	\$ —	\$ —	\$ 652,692
Accounts	497,972	85,750	30,283	10,415	624,420
Loans	2,542	—	—	—	2,542
Accrued Interest	<u>14,871</u>	<u>—</u>	<u>5</u>	<u>8,029</u>	<u>22,905</u>
Total Receivables	1,086,217	167,610	30,288	18,444	1,302,559
Allowance for Doubtful Accounts	<u>(309,576)</u>	<u>—</u>	<u>—</u>	<u>(1,363)</u>	<u>(310,939)</u>
Receivables, Net	<u>\$ 776,641</u>	<u>\$ 167,610</u>	<u>\$ 30,288</u>	<u>\$ 17,081</u>	<u>\$ 991,620</u>
As Reported on the Fund Financial Statements:					
Current Receivables	\$ 776,641	\$ 167,610	\$ 30,288	\$ 17,081	\$ 991,620
Noncurrent Receivables	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Receivables, Net	<u>\$ 776,641</u>	<u>\$ 167,610</u>	<u>\$ 30,288</u>	<u>\$ 17,081</u>	<u>\$ 991,620</u>

	<b>Fiduciary Funds</b>		
	<b>Pension and Other Employee Benefit Trust Fund</b>	<b>SMART 529</b>	<b>Agency Funds</b>
Accounts	\$ 38,122	\$ —	\$ —
Loans	1,766	—	—
Leases	—	—	—
Contributions	27,977	3,523	—
Accrued Interest	<u>—</u>	<u>—</u>	<u>296</u>
Total Receivables	67,865	3,523	296
Allowance for Doubtful Accounts	<u>(143)</u>	<u>—</u>	<u>—</u>
Receivables, Net	<u>\$ 67,722</u>	<u>\$ 3,523</u>	<u>\$ 296</u>
As Reported on the Fund/Component Units' Financial Statements:			
Current Receivables, Net	\$ 67,722	\$ 3,523	\$ 296
Noncurrent Receivables, Net	<u>—</u>	<u>—</u>	<u>—</u>
Total Receivables, Net	<u>\$ 67,722</u>	<u>\$ 3,523</u>	<u>\$ 296</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
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
505	156	47,213	17	52,761	4,186	1,316	106,154	9,303
679,524	—	—	553,105	—	—	146,474	1,379,103	—
—	—	—	1,548	—	—	72	1,620	—
680,029	156	47,213	554,670	52,761	4,186	147,862	1,486,877	9,303
—	—	—	—	(1,902)	—	—	(1,902)	—
<u>\$ 680,029</u>	<u>\$ 156</u>	<u>\$ 47,213</u>	<u>\$ 554,670</u>	<u>\$ 50,859</u>	<u>\$ 4,186</u>	<u>\$ 147,862</u>	<u>\$ 1,484,975</u>	<u>\$ 9,303</u>
\$ 35,063	\$ 156	\$ 47,213	\$ 25,421	\$ 50,859	\$ 4,186	\$ 11,701	\$ 174,599	\$ 9,303
644,966	—	—	529,249	—	—	136,161	1,310,376	—
<u>\$ 680,029</u>	<u>\$ 156</u>	<u>\$ 47,213</u>	<u>\$ 554,670</u>	<u>\$ 50,859</u>	<u>\$ 4,186</u>	<u>\$ 147,862</u>	<u>\$ 1,484,975</u>	<u>\$ 9,303</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
\$ 152,435	\$ —	\$ 777,183	\$ 7,039	\$ —	\$ 175,741	\$ 2,500	\$ —	\$ 3,696	\$ 1,118,594
—	125,787	97,817	—	179,789	54,458	—	—	3,233	461,084
—	48,642	—	—	—	—	—	—	—	48,642
—	—	—	—	—	—	—	—	—	—
—	4,372	377	37	2,633	—	—	—	352	7,771
152,435	178,801	875,377	7,076	182,422	230,199	2,500	—	7,281	1,636,091
—	(7,600)	(118,910)	—	—	(44,453)	—	—	—	(170,963)
<u>\$ 152,435</u>	<u>\$ 171,201</u>	<u>\$ 756,467</u>	<u>\$ 7,076</u>	<u>\$ 182,422</u>	<u>\$ 185,746</u>	<u>\$ 2,500</u>	<u>\$ —</u>	<u>\$ 7,281</u>	<u>\$ 1,465,128</u>
\$ 152,435	\$ 11,117	\$ 7,208	\$ 7,076	\$ 16,678	\$ 147,621	\$ 2,500	\$ —	\$ 4,218	\$ 348,853
—	160,084	749,259	—	165,744	38,125	—	—	3,063	1,116,275
<u>\$ 152,435</u>	<u>\$ 171,201</u>	<u>\$ 756,467</u>	<u>\$ 7,076</u>	<u>\$ 182,422</u>	<u>\$ 185,746</u>	<u>\$ 2,500</u>	<u>\$ —</u>	<u>\$ 7,281</u>	<u>\$ 1,465,128</u>

**Taxes Receivable**

Taxes receivable at June 30, 2020, consisted of the following:

<b>Governmental Funds</b>			
	<b>General</b>	<b>Transportation</b>	<b>Total</b>
Taxes Receivable:			
Consumer Sales & Use Tax	\$ 132,667	\$ —	\$ 132,667
Personal Income	269,819	—	269,819
Severance	32,386	—	32,386
Business & Occupation	11,256	—	11,256
Automobile Privilege Taxes	—	28,030	28,030
Gasoline Excise	—	53,734	53,734
Registration Fees	—	96	96
Insurance	37,118	—	37,118
Corporate Net Income	47,927	—	47,927
Medicaid	28,741	—	28,741
Other	<u>10,918</u>	<u>—</u>	<u>10,918</u>
Subtotal for Taxes Receivable	<u>570,832</u>	<u>81,860</u>	<u>652,692</u>
Refunds Allowance	<u>34,861</u>	<u>—</u>	<u>34,861</u>
Total	<u>\$ 535,971</u>	<u>\$ 81,860</u>	<u>\$ 617,831</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:

<b>Year Ending June 30</b>	<b>Direct Financing Leases Amount Due</b>
2021	\$ 7,581
2022	7,581
2023	7,577
2024	5,194
2025	4,210
2026-2041	<u>25,905</u>
Total Minimum Amount Due	58,048
Less Amount Representing Interest	<u>(9,406)</u>
Present Value of Minimum Lease Amount Due	<u>\$ 48,642</u>





**NOTE 6**

**INTERFUND BALANCES AND DUE TO/DUE FROM COMPONENT UNITS**

The following table details the interfund balances and due to/due from component units activity as of and for the year ended June 30, 2020 (expressed in thousands):

Due To	Due From				
	Governmental			Proprietary	
	General	Transportation	Other Nonmajor	Water Pollution Control Fund	West Virginia Infrastructure and Jobs Development Council
<b>Governmental Funds:</b>					
General	\$ —	\$ 1,088	\$ 165	\$ —	\$ —
Transportation	197	—	93	—	—
Other Nonmajor Governmental	<u>93</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Governmental Funds	<u>290</u>	<u>1,088</u>	<u>258</u>	<u>—</u>	<u>—</u>
<b>Proprietary Funds:</b>					
Unemployment Compensation	932	211	28	—	—
Public Employees Insurance Agency	5,046	2,331	—	—	—
Internal Service Funds	<u>9,657</u>	<u>3,237</u>	<u>957</u>	<u>—</u>	<u>—</u>
Total Proprietary Funds	<u>15,635</u>	<u>5,779</u>	<u>985</u>	<u>—</u>	<u>—</u>
<b>Fiduciary Funds:</b>					
Pension and Other Employee Benefit Trust Fund	5,157	2,012	1,271	—	—
Agency Funds	<u>—</u>	<u>113</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Fiduciary Funds	<u>5,157</u>	<u>2,125</u>	<u>1,271</u>	<u>—</u>	<u>—</u>
<b>Discretely Presented Component Units</b>					
<b>Major:</b>					
West Virginia Lottery	—	—	—	—	—
Water Development Authority	21	—	—	34	279
Higher Education	13,378	35	25	—	—
Corrections & Rehabilitation	15	—	—	—	—
School Building Authority	9,089	—	—	—	—
<b>Nonmajor:</b>					
Educational Broadcasting Authority	6,194	—	—	—	—
State Rail Authority	<u>180</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Discretely Presented Component Units	<u>28,877</u>	<u>35</u>	<u>25</u>	<u>34</u>	<u>279</u>
Total	<u>\$ 49,959</u>	<u>\$ 9,027</u>	<u>\$ 2,539</u>	<u>\$ 34</u>	<u>\$ 279</u>

Due From						
Proprietary						
Public Employees Insurance Agency	Board of Risk and Insurance Management	Other Nonmajor Enterprise	Internal Service Funds	Pension and Other Benefit Trust Funds	Total	Discretely Presented Component Units
\$ 612	\$ —	\$ —	\$ 16	\$ 79	\$ 1,960	\$ 104,006
60	—	—	—	—	350	45
<u>3</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>96</u>	<u>1,055</u>
<u>675</u>	<u>—</u>	<u>—</u>	<u>16</u>	<u>79</u>	<u>2,406</u>	<u>105,106 (a)</u>
—	—	1	4	—	1,176	1,049
—	—	—	384	6,457	14,218	4,568
<u>506</u>	<u>4</u>	<u>5</u>	<u>259</u>	<u>53</u>	<u>14,678</u>	<u>2,804</u>
<u>506</u>	<u>4</u>	<u>6</u>	<u>647</u>	<u>6,510</u>	<u>30,072</u>	<u>8,421</u>
401	—	1	8	414	9,264	2,366
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>113</u>	<u>—</u>
<u>401</u>	<u>—</u>	<u>1</u>	<u>8</u>	<u>414</u>	<u>9,377</u>	<u>2,366</u>
1	—	—	—	—	1	13
—	—	29	—	—	363	—
162	—	—	101	—	13,701	4,815
20	—	—	—	—	35	—
—	—	—	—	—	9,089	—
13	—	—	—	—	6,207	—
<u>6</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>186</u>	<u>—</u>
<u>202</u>	<u>—</u>	<u>29</u>	<u>101</u>	<u>—</u>	<u>29,582</u>	<u>4,828</u>
<u>\$ 1,784</u>	<u>\$ 4</u>	<u>\$ 36</u>	<u>\$ 772</u>	<u>\$ 7,003</u>	<u>\$ 71,437</u>	<u>\$ 120,721</u>

(a) Due from discretely presented component units includes \$102.6 million from the Lottery. The General Fund received \$68.7 million to be appropriated at a later date. The Legislature also approved the following distributions from the Lottery to the Senior Services (\$16.6 million), Library Commission (\$4.5 million), Department of Education – Public Education (\$7.3 million), and various other general purposes.

**NOTE 7**

**INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2020, consisted of the following (expressed in thousands):

<b>Transfers To</b>	<b>Transfers From</b>		
	<b>Governmental</b>		
	<b>General</b>	<b>Tobacco Settlement Finance Authority</b>	<b>Other Nonmajor</b>
<b>Governmental Funds:</b>			
General	\$ —	\$ 19,272 (a)	\$ 23,912 (d)
Transportation	3,261 (e)	—	—
Other Nonmajor Governmental	<u>68,377 (b)</u>	<u>—</u>	<u>—</u>
<b>Total Governmental Funds</b>	<u>71,638</u>	<u>19,272</u>	<u>23,912</u>
<b>Proprietary Funds:</b>			
Water Pollution Control Revolving Fund	4,954	—	24,769 (e)
West Virginia Infrastructure and Jobs Development Council	—	—	140
Public Employees' Insurance Agency	31,000 (f)	—	—
Other Nonmajor Proprietary	4,660	—	—
Internal Service Funds	<u>17,181</u>	<u>—</u>	<u>—</u>
<b>Total Proprietary Funds</b>	<u>57,795</u>	<u>—</u>	<u>24,909</u>
<b>Total</b>	<u>\$ 129,433</u>	<u>\$ 19,272</u>	<u>\$ 48,821</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 \$19.3 million to the General Fund.

(b) The General Fund transferred \$22 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 \$3 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 Environment Protection. All other transfers are made to finance various programs to the Legislation.

(f) PEIA received a \$31 million State Appropriation from the General Fund.

(g) Alcohol Beverage Control Administration transferred \$70.4 million that are statutory transfers based on operations and liquor license renewals.

Transfers From Proprietary				
Workers' Compensation Fund	West Virginia Infrastructure and Jobs Development Council	Other Nonmajor Enterprise	Internal Service Funds	Total
\$ 2,255	\$ —	\$ 70,415 <sup>(g)</sup>	\$ —	\$ 115,854
—	—	—	—	3,261
—	—	—	<u>5,417</u>	<u>73,794</u>
<u>2,255</u>	—	<u>70,415</u>	<u>5,417</u>	<u>192,909</u>
—	—	—	—	29,723
—	—	—	—	140
—	—	—	—	31,000
—	2,201	—	—	6,861
—	—	—	—	<u>17,181</u>
—	<u>2,201</u>	—	—	<u>84,905</u>
<u>\$ 2,255</u>	<u>\$ 2,201</u>	<u>\$ 70,415</u>	<u>\$ 5,417</u>	<u>\$ 277,814</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, 2020, are as follows (expressed in thousands):

	<u>Cash</u>	<u>Investments</u>	<u>Other</u>	<u>Totals</u>
Special Revenue:				
Environmental Protection	\$ 305	\$ —	\$ —	\$ 305
Public Service Commission	<u>1,427</u>	<u>—</u>	<u>—</u>	<u>1,427</u>
Total Special Revenue	<u>1,732</u>	<u>—</u>	<u>—</u>	<u>1,732</u>
Enterprise:				
Public Employees' Insurance Agency	13,817	—	—	13,817
Board of Risk and Insurance Management	20,808	60,280	265,148	346,236
Alcohol Beverage Commission	<u>—</u>	<u>—</u>	<u>3,881</u>	<u>3,881</u>
Total Enterprise	34,625	60,280	269,029	363,934
Internal Service:				
State Building Fund	14,781	—	—	14,781
Travel Management	<u>7,548</u>	<u>—</u>	<u>—</u>	<u>7,548</u>
Total Internal Service	<u>22,329</u>	<u>—</u>	<u>—</u>	<u>22,329</u>
Discretely Presented Component Units:				
Economic Development Authority	8,089	—	—	8,089
Housing Development Authority	147,123	51,603	676,794	875,520
Parkways Authority	69,708	83,528	—	153,236
Water Development Authority	14,902	—	158,182	173,084
Corrections and Rehabilitation	25,526	—	—	25,526
Solid Waste Management Board	4,523	—	241	4,764
Educational Broadcasting Authority	1,129	—	304	1,433
Racing Commission	<u>11,411</u>	<u>—</u>	<u>360</u>	<u>11,771</u>
Total Discretely Presented Component Units	<u>282,411</u>	<u>135,131</u>	<u>835,881</u>	<u>1,253,423</u>
Total Restricted Assets	<u>\$ 341,097</u>	<u>\$ 195,411</u>	<u>\$ 1,104,910</u>	<u>\$ 1,641,418</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 \$265 million and \$1.1 million in receivables. The Alcohol Beverage Control Administration's assets are restricted through enabling legislation that consists of notes and interest receivable from the Retail Liquor License Board re-bid which are required by state code to be distributed to the State of West Virginia.

## **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. 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 \$677 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 Tri-Party Agreement dated December 1988, can only be used for 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 \$158 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 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 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 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)

	<b>Beginning Balance <u>July 1, 2019</u></b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance <u>June 30, 2020</u></b>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,406,711	\$ 28,945	\$ (18)	\$ 1,435,638
Construction in Progress	1,196,230	686,704	(130,787)	1,752,147
Intangibles	<u>2,752</u>	<u>—</u>	<u>—</u>	<u>2,752</u>
Total Capital Assets, Not Being Depreciated	<u>2,605,693</u>	<u>715,649</u>	<u>(130,805)</u>	<u>3,190,537</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	1,645,589	27,568	(8,357)	1,664,800
Equipment	513,158	61,429	(20,071)	554,516
Infrastructure	13,100,704	103,331	—	13,204,035
Library Holdings	17,105	336	(22)	17,419
Land Improvements	48,498	1,077	(1)	49,574
Intangibles	<u>172,727</u>	<u>3,746</u>	<u>—</u>	<u>176,473</u>
Total Capital Assets, Being Depreciated	<u>15,497,781</u>	<u>197,487</u>	<u>(28,451)</u>	<u>15,666,817</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(659,023)	(40,393)	4,363	(695,053)
Equipment	(412,935)	(25,275)	19,606	(418,604)
Infrastructure	(7,180,186)	(307,398)	—	(7,487,584)
Library Holdings	(16,545)	(296)	22	(16,819)
Land Improvements	(23,184)	(2,282)	1	(25,465)
Intangibles	<u>(69,211)</u>	<u>(9,167)</u>	<u>—</u>	<u>(78,378)</u>
Total Accumulated Depreciation	<u>(8,361,084)</u>	<u>(384,811)</u>	<u>23,992</u>	<u>(8,721,903)</u>
Total Capital Assets, Being Depreciated, Net	<u>7,136,697</u>	<u>(187,324)</u>	<u>(4,459)</u>	<u>6,944,914</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,742,390</u>	<u>\$ 528,325</u>	<u>\$ (135,264)</u>	<u>\$ 10,135,451</u>

Depreciation expense was charged to function as follows:

Legislative	\$ 328
Judicial	351
Executive	2,014
Administration	26,520
Commerce	7,251
Environmental Protection	112
Employment Programs	42
Education	2,090
Health and Human Resources	4,880
Military Affairs and Public Safety	14,073
Revenue	381
Transportation	321,186
Veterans Assistance	55
Regulatory Boards and Commissions	<u>5,528</u>
Total Governmental Activities Depreciation Expense	<u>\$ 384,811</u>

**Business-type Activities**

(Expressed in Thousands)

	<b>Beginning Balance July 1, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance June 30, 2020</b>
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	356	—	2,400
Equipment	3,131	66	(23)	3,174
Intangibles	<u>9,025</u>	<u>1</u>	<u>—</u>	<u>9,026</u>
Total Capital Assets, Being Depreciated	<u>14,200</u>	<u>423</u>	<u>(23)</u>	<u>14,600</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(1,383)	(81)	—	(1,464)
Equipment	(2,792)	(163)	24	(2,931)
Intangibles	<u>(8,815)</u>	<u>—</u>	<u>—</u>	<u>(8,815)</u>
Total Accumulated Depreciation	<u>(12,990)</u>	<u>(244)</u>	<u>24</u>	<u>(13,210)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,210</u>	<u>179</u>	<u>1</u>	<u>1,390</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,821</u>	<u>\$ 179</u>	<u>\$ 1</u>	<u>\$ 2,001</u>
Depreciation expense was charged to function as follows:				
Public Employees Insurance Agency	\$ 62			
Alcohol Beverage Control Administration	<u>182</u>			
Total Business-type Activities Depreciation Expense	<u>\$ 244</u>			

**Discretely Presented Component Units**  
(Expressed in Thousands)

	<b>Beginning Balance July 1, 2019 (as Restated)</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance June 30, 2020</b>
Discretely Presented Component Units:				
Capital Assets, Not Being Depreciated:				
Land	\$ 254,339	\$ 14,523	\$ (673)	\$ 268,189
Construction in Progress	<u>101,264</u>	<u>142,276</u>	<u>(85,595)</u>	<u>157,945</u>
Total Capital Assets, Not Being Depreciated	<u>355,603</u>	<u>156,799</u>	<u>(86,268)</u>	<u>426,134</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	4,242,567	121,642	(998)	4,363,211
Equipment	546,460	37,615	(15,426)	568,649
Infrastructure	1,630,730	76,572	(714)	1,706,588
Library Holdings	205,008	4,729	(488)	209,249
Land Improvements	107,512	3,433	—	110,945
Intangibles	<u>205,124</u>	<u>3,256</u>	<u>(32)</u>	<u>208,348</u>
Total Capital Assets, Being Depreciated	<u>6,937,401</u>	<u>247,247</u>	<u>(17,658)</u>	<u>7,166,990</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(1,371,552)	(92,980)	5,413	(1,459,119)
Equipment	(397,491)	(32,215)	14,115	(415,591)
Infrastructure	(1,092,561)	(53,555)	489	(1,145,627)
Library Holdings	(182,016)	(6,157)	288	(187,885)
Land Improvements	(66,446)	(5,903)	—	(72,349)
Intangibles	<u>(196,616)</u>	<u>(5,339)</u>	<u>32</u>	<u>(201,923)</u>
Total Accumulated Depreciation	<u>(3,306,682)</u>	<u>(196,149)</u>	<u>20,337</u>	<u>(3,482,494)</u>
Total Capital Assets, Being Depreciated, Net	<u>3,630,719</u>	<u>51,098</u>	<u>2,679</u>	<u>3,684,496</u>
Discrete Component Unit Activities Capital Assets, Net	<u>\$ 3,986,322</u>	<u>\$ 207,897</u>	<u>\$ (83,589)</u>	<u>\$ 4,110,630</u>
Depreciation expense charged to functions as follows:				
Economic Development Authority	\$ 1,040			
Housing Development Fund	339			
Parkways Authority	46,472			
Water Development Authority	131			
Higher Education	134,622			
Corrections and Rehabilitation	8,990			
Lottery	1,665			
School Building Authority	23			
Other Nonmajor Component Units	<u>2,867</u>			
Total Discrete Component Unit Depreciation Expense	<u>\$ 196,149</u>			



## NOTE 10

## LONG-TERM OBLIGATIONS

## Primary Government:

Long-term obligations at June 30, 2020, and changes for the fiscal year then ended, are as follows (expressed in thousands):

Governmental Activities:	Balance June 30, 2019	Additions	Accretions	Reductions	Balance June 30, 2020	Amount Due Within One Year
General Obligation Bonds:						
Transportation	\$ 900,695	\$ 600,000	\$ —	\$ (35,410)	\$ 1,465,285	\$ 37,031
Premium/(Discount)	<u>123,933</u>	<u>146,576</u>	<u>—</u>	<u>(11,852)</u>	<u>258,657</u>	<u>15,562</u>
Total Transportation	<u>1,024,628</u>	<u>746,576</u>	<u>—</u>	<u>(47,262)</u>	<u>1,723,942</u>	<u>52,593</u>
WV Infrastructure and Jobs						
Development Council	147,020	—	2,960	(18,260)	131,720	18,490
Premium/(Discount)	<u>11,233</u>	<u>—</u>	<u>—</u>	<u>(1,581)</u>	<u>9,652</u>	<u>1,582</u>
Total WV Infrastructure and Jobs Development Council	<u>158,253</u>	<u>—</u>	<u>2,960</u>	<u>(19,841)</u>	<u>141,372</u>	<u>20,072</u>
Total General Obligation Bonds	<u>1,182,881</u>	<u>746,576</u>	<u>2,960</u>	<u>(67,103)</u>	<u>1,865,314</u>	<u>72,665</u>
Revenue Bonds:						
Transportation	283,485	—	—	(17,765)	265,720	18,975
Premium/(Discount)	<u>45,593</u>	<u>—</u>	<u>—</u>	<u>(4,170)</u>	<u>41,423</u>	<u>4,171</u>
Total Transportation	<u>329,078</u>	<u>—</u>	<u>—</u>	<u>(21,935)</u>	<u>307,143</u>	<u>23,146</u>
Economic Development Project Fund						
Premium/(Discount)	110,370	—	—	(12,460)	97,910	13,130
Total Economic Development Project Fund	<u>(350)</u>	<u>—</u>	<u>—</u>	<u>70</u>	<u>(280)</u>	<u>(70)</u>
Total Economic Development Project Fund	<u>110,020</u>	<u>—</u>	<u>—</u>	<u>(12,390)</u>	<u>97,630</u>	<u>13,060</u>
Economic Development Project Fund DNR						
Premium/(Discount)	79,795	—	—	(900)	78,895	2,953
Total Economic Development Project DNR	<u>11,001</u>	<u>—</u>	<u>—</u>	<u>(575)</u>	<u>10,426</u>	<u>575</u>
Total Economic Development Project DNR	<u>90,796</u>	<u>—</u>	<u>—</u>	<u>(1,475)</u>	<u>89,321</u>	<u>3,528</u>
Education, Arts, Sciences, & Tourism Fund						
Premium/(Discount)	137,765	—	—	(3,985)	133,780	4,185
Tourism Fund	<u>13,343</u>	<u>—</u>	<u>—</u>	<u>(635)</u>	<u>12,708</u>	<u>635</u>
Total Revenue Bonds	<u>151,108</u>	<u>—</u>	<u>—</u>	<u>(4,620)</u>	<u>146,488</u>	<u>4,820</u>
Total Revenue Bonds	<u>681,002</u>	<u>—</u>	<u>—</u>	<u>(40,420)</u>	<u>640,582</u>	<u>44,554</u>
Revenue Bonds:						
Direct Borrowing/Direct Placement						
Tobacco Settlement Authority	851,495	—	15,397	(61,825)	805,067	—
Notes Payable	<u>16,212</u>	<u>13,644</u>	<u>—</u>	<u>(8,384)</u>	<u>21,472</u>	<u>8,474</u>
Total Direct Borrowing/Direct Placement	<u>867,707</u>	<u>13,644</u>	<u>15,397</u>	<u>(70,209)</u>	<u>826,539</u>	<u>8,474</u>
Capital Leases - Governmental						
Capital Leases - Internal Service Funds	14,308	—	—	(5,719)	8,589	645
Capital Leases Payable to Component Units	2,452	—	—	(145)	2,307	155
Capital Leases Payable to Component Units	<u>227,660</u>	<u>—</u>	<u>—</u>	<u>(17,930)</u>	<u>209,730</u>	<u>18,723</u>
Total Capital Leases (see Note 11)	<u>244,420</u>	<u>—</u>	<u>—</u>	<u>(23,794)</u>	<u>220,626</u>	<u>19,523</u>
Other Obligations:						
Medicaid	435,524	33,060	—	(52,765)	415,819	415,819
Tax Refunds	314,559	328,074	—	(314,559)	328,074	278,123
Claims and Judgments (see Note 15)	363,667	17,714	—	(24,092)	357,289	30,147
Other	<u>143,566</u>	<u>332,045</u>	<u>—</u>	<u>(315,224)</u>	<u>160,387</u>	<u>97,660</u>
Total Accrued and Other Liabilities	<u>1,257,316</u>	<u>710,893</u>	<u>—</u>	<u>(706,640)</u>	<u>1,261,569</u>	<u>821,749</u>
Compensated Absences	83,467	23,433	—	(13,789)	93,111	58,219
Net Pension Liability including ISF	3,155,226	—	—	(158,339)	2,996,887	—
Net OPEB Liability including ISF	<u>1,296,539</u>	<u>—</u>	<u>—</u>	<u>(231,836)</u>	<u>1,064,703</u>	<u>—</u>
Total Other Obligations	<u>5,792,548</u>	<u>734,326</u>	<u>—</u>	<u>(1,110,604)</u>	<u>5,416,270</u>	<u>879,968</u>
Total Governmental Activities	<u>\$ 8,768,558</u>	<u>\$ 1,494,546</u>	<u>\$ 18,357</u>	<u>\$ (1,312,130)</u>	<u>\$ 8,969,331</u>	<u>\$ 1,025,184</u>
Long-Term Obligations						

Business-type Activities:	Balance			Amount Due	
	June 30, 2019	Additions	Reductions	Balance June 30, 2020	Within One Year
Revenue Bonds					
WV Infrastructure and Jobs					
Development Council Revenue Bonds	\$ 157,280	\$ —	\$ (5,735)	\$ 151,545	\$ 5,985
Premium/(Discount)	<u>14,765</u>	<u>—</u>	<u>(835)</u>	<u>13,930</u>	<u>835</u>
Total WV Infrastructure and Jobs					
Development Council Revenue Bonds	172,045	—	(6,570)	165,475	6,820
Accrued Tuition Contract Benefits	38,269	3,670	(27,765)	14,174	6,137
Insurance and Compensation Benefits	1,731,449	698,610	(690,990)	1,739,069	383,992
Compensated Absences	521	143	(31)	633	116
Net Pension Liability (see Note 12)	1,220	—	(145)	1,075	—
Net OPEB Liability (See Note 13)	3,719	—	(659)	3,060	—
Accrued and Other	<u>9,422</u>	<u>9,443</u>	<u>(1,000)</u>	<u>17,865</u>	<u>17,865</u>
Total Business-type Activities Long Term	<u>\$ 1,956,645</u>	<u>\$ 711,866</u>	<u>\$ (727,160)</u>	<u>\$ 1,941,351</u>	<u>\$ 414,930</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, \$2 million of internal service funds’ compensated absences are included in the governmental amounts.

Senate Bill 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, 2020, the debt service reserve funds approximated \$71.4 million, and the maintenance reserve funds approximated \$10.7 million.

**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 (including premium or discount) at June 30, 2020, were as follows (expressed in thousands):

	<b>Final Maturity Date</b>	<b>Interest Rate(s)%</b>	<b>Balance</b>
Transportation Bonds:			
Payable from State Road Fund to build roads, issued under:			
1996 SAFE Roads Amendment	2025	4.00%-5.00%	\$ 114,267
2019 Roads to Prosperity Bonds	2043	2.00%-5.00%	866,807
2020 Roads to Prosperity Bonds	2044	2.00%-5.00%	742,868
Infrastructure Bonds:			
Payable from dedicated severance tax revenues to fund			
water, wastewater, and economic development projects	2027	2.00%-7.625%	<u>141,372</u>
Total			<u><u>\$1,865,314</u></u>

Future amounts required to pay principal and interest on general obligation bonds at June 30, 2020, were as follows (expressed in thousands):

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 47,051	\$ 74,876	\$ 121,927
2022	48,957	72,889	121,846
2023	66,806	70,331	137,137
2024	69,633	67,064	136,697
2025	73,058	63,635	136,693
2026-2030	253,639	275,565	529,204
2031-2035	292,970	210,513	503,483
2036-2040	374,921	128,568	503,489
2041-2045	<u>316,821</u>	<u>30,545</u>	<u>347,366</u>
	1,543,856	993,986	2,537,842
<b>Premium</b>	<u>268,309</u>	—	<u>268,309</u>
<b>Total</b>	<u><u>\$ 1,812,165</u></u>	<u><u>\$ 993,986</u></u>	<u><u>\$ 2,806,151</u></u>
<b>Capital Appreciation Bonds</b>			
	<b>Principal, Net of Accreted Amounts</b>	<b>Future Accreted Amounts</b>	<b>Total</b>
<b>Year Ending June 30</b>			
2021	\$ 8,470	\$ 155	\$ 8,625
2022	8,116	609	8,725
2023	7,665	1,035	8,700
2024	7,844	1,556	9,400
2025	7,430	1,970	9,400
2026-2030	<u>13,624</u>	<u>5,073</u>	<u>18,697</u>
<b>Total</b>	<u><u>\$ 53,149</u></u>	<u><u>\$ 10,398</u></u>	<u><u>\$ 63,547</u></u>
<b>Total General Obligation Bonds</b>			
	<u><u>\$ 1,865,314</u></u>		

## West Virginia

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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) on June 30, 2020, were as follows (expressed in thousands):

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate(s)%</u>	<u>Balance</u>
Transportation	2019	2043	5.00	\$ 307,143
Economic Development Project Fund	2004	2027	1.20-6.07	97,630
Economic Development Project Fund DNR	2018	2038	1.20-6.07	27,450
Economic Development DNR parks projects 2019	2019	2039	1.20-6.07	61,871
Education, Arts, Sciences, and Tourism Fund	2010/2018	2040	2.00-5.00	<u>146,488</u>
Subtotal Governmental				640,582
WV Infrastructure and Jobs Development Council	2006-2016	2046	2.00-5.00	<u>165,475</u>
Total Governmental and Business-Type Activities				<u>\$ 806,057</u>

Future amounts required to pay principal and interest on revenue bonds on June 30, 2020, were as follows (expressed in thousands):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 45,228	\$ 35,213	\$ 80,441
2022	47,098	32,913	80,011
2023	49,592	30,380	79,972
2024	52,180	27,715	79,895
2025	54,940	24,927	79,867
2026-2030	245,270	83,350	328,620
2031-2035	134,285	38,004	172,289
2036-2040	90,323	13,047	103,370
2041-2045	8,160	1,121	9,281
2046-2050	<u>774</u>	<u>19</u>	<u>793</u>
	<u>727,850</u>	<u>286,689</u>	<u>1,014,539</u>
<b>Premium</b>	<u>78,207</u>	<u>—</u>	<u>78,207</u>
<b>Total</b>	<u>\$ 806,057</u>	<u>\$ 286,689</u>	<u>\$ 1,092,746</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 on June 30, 2020:

<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 \$86 million, leaving \$234 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 2029. 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 \$120.98 million with annual requirements ranging from \$19 million in FY 2021 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 and 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 new debt is \$133.78 million. For the current year, principal and interest paid were \$10 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, 2020:

<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 comprised 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 2020, \$112 million was paid for interest and principal. Actual tobacco receipts of \$56.7 million and interest earnings were used for the payments.

Direct placement revenue bonds outstanding at June 30, 2020, 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	\$ 805,067

Future amounts required to pay principal and interest on direct placement revenue bonds at June 30, 2020, were as follows (expressed in thousands):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 29,660	\$ 44,612	\$ 74,272
2022	32,800	42,280	75,080
2023	36,190	39,704	75,894
2024	39,855	36,865	76,720
2025	43,810	33,742	77,552
2026-2030	290,460	110,188	400,648
2031-2035	<u>139,510</u>	<u>8,464</u>	<u>147,974</u>
	<u>\$ 612,285</u>	<u>\$ 315,855</u>	<u>\$ 928,140</u>
<b>Premium</b>	—	—	—
<b>Total</b>	<u>\$ 612,285</u>	<u>\$ 315,855</u>	<u>\$ 928,140</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>
2021	\$ —	\$ 16,734	\$ 16,734
2022	—	18,186	18,186
2023	—	19,765	19,765
2024	—	21,480	21,480
2025	—	23,345	23,345
2026-2030	—	150,872	150,872
2031-2035	—	166,613	166,613
2036-2040	—	53,285	53,285
2041-2045	<u>192,782</u>	—	<u>192,782</u>
<b>Total</b>	<u>\$ 192,782</u>	<u>\$ 470,280</u>	<u>\$ 663,062</u>

**Total Revenue Bonds** \$ 805,067

## **West Virginia**

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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.

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.

	<b>Final Maturity Date</b>	<b>Interest Rate(s)%</b>	<b>Balance</b>
Information Services and Communications	2017-2020	1.00-2.73	\$ 162
Travel Management	2017-2020	0.99-2.65	<u>21,310</u>
Total Notes Payable			<u>\$ 21,472</u>

Future amounts required to pay principal and interest on direct borrowings notes payable at June 30, 2020, were as follows (expressed in thousands):

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 8,474	\$ 314	\$ 8,788
2022	6,417	168	6,585
2023	4,583	68	4,651
2024	<u>1,998</u>	<u>10</u>	<u>2,008</u>
<b>Total Notes Payable</b>	<b><u>\$ 21,472</u></b>	<b><u>\$ 560</u></b>	<b><u>\$ 22,032</u></b>

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

	Balance June 30, 2019	Additions/ Debt Issued	Reductions/ Debt Paid	Other Changes	Balance June 30, 2020	Amount Due Within One Year
Revenue Bonds:						
Housing Development Fund	\$ 306,430	\$ 60,000	\$ (33,390)	\$ —	\$ 333,040	\$ 26,745
Parkways Authority	179,536	—	(4,621)	—	174,915	2,785
Water Development Authority	163,483	—	(8,617)	—	154,866	8,912
Higher Education	1,286,344	632,700	(541,449)	—	1,377,595	113,254
Corrections and Rehabilitation	16,410	—	(7,990)	—	8,420	8,420
School Building Authority	<u>413,432</u>	<u>—</u>	<u>(39,282)</u>	<u>—</u>	<u>374,150</u>	<u>15,100</u>
Total Discretely Presented						
Component Unit Revenue Bonds	<u>\$ 2,365,635</u>	<u>\$ 692,700</u>	<u>\$ (635,349)</u>	<u>\$ —</u>	<u>\$ 2,422,986</u>	<u>\$ 175,216</u>
Capital Leases:						
Higher Education	<u>\$ 43,201</u>	<u>\$ 57,999</u>	<u>\$ (5,372)</u>	<u>\$ —</u>	<u>\$ 95,828</u>	<u>\$ 4,543</u>
Direct Borrowings & Direct Placements						
Revenue Bonds:						
Economic Development Authority	\$ 227,660	\$ —	\$ (17,930)	\$ —	\$ 209,730	\$ 18,723
Water Development Authority	<u>7,552</u>	<u>—</u>	<u>(333)</u>	<u>—</u>	<u>7,219</u>	<u>344</u>
Total Discretely Presented Component Units						
Direct Borrowings & Direct Placements						
Revenue Bonds	<u>\$ 235,212</u>	<u>\$ —</u>	<u>\$ (18,263)</u>	<u>\$ —</u>	<u>\$ 216,949</u>	<u>\$ 19,067</u>
Notes Payable:						
Housing Development Fund	\$ 688	\$ —	\$ (181)	\$ —	\$ 507	\$ —
Economic Development Authority	3,367	—	(422)	—	2,945	249
Correction and Rehabilitation	10,799	—	(1,014)	—	9,785	1,020
Water Development Authority	—	4,111	—	—	4,111	—
Higher Education	<u>97,073</u>	<u>6,314</u>	<u>(5,465)</u>	<u>—</u>	<u>97,922</u>	<u>6,942</u>
Total Discretely Presented Component						
Notes Payable	<u>\$ 111,927</u>	<u>\$ 10,425</u>	<u>\$ (7,082)</u>	<u>\$ —</u>	<u>\$ 115,270</u>	<u>\$ 8,211</u>
Other Debt Related Items:						
Accrued and Other	\$ 435,438	\$ 8,754	\$ (2,607)	\$ —	\$ 441,585	\$ 324,899
Compensated Absences	65,087	10,374	(2,032)	—	73,429	57,850
Net Pension Liability (see Note 12)	43,904	28,979	(34,816)	—	38,067	—
Other Post Employment Benefits	<u>343,761</u>	<u>9,265</u>	<u>(83,412)</u>	<u>—</u>	<u>269,614</u>	<u>—</u>
Total Discretely Presented						
Component Unit Other Items	<u>\$ 888,190</u>	<u>\$ 57,372</u>	<u>\$ (122,867)</u>	<u>\$ —</u>	<u>\$ 822,695</u>	<u>\$ 382,749</u>

## West Virginia

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**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, mortgage loan repayments, and certain non-toll revenues. Revenue bonds do not constitute general debt of the State (expressed in thousands):

	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate(s)%</u>	<u>Balance</u>
Housing Development Fund	2007-2019	2050	1.05-4.35	\$ 333,040
Parkways Authority	2002-2018	2048	3.75-5.25	174,915
Water Development Authority	2005-2016	2044	2.00-5.125	154,866
Higher Education	1998-2016	2045	0.58-7.65	1,377,595
Corrections and Rehabilitation	1998	2021	5.12-5.35	8,420
School Building Authority	2007-2016	2032	2.00-6.92	<u>374,150</u>
Total Revenue Bonds				<u>\$ 2,422,986</u>

Future amounts required to pay principal and interest on revenue bonds of the discretely presented component units at June 30, 2020, were as follows (expressed in thousands):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 175,996	\$ 33,483	\$ 209,479
2022	90,183	31,193	121,376
2023	99,624	28,587	128,211
2024	127,137	27,465	154,602
2025	101,877	25,546	127,423
2026-2030	661,114	98,018	759,132
2031-2035	404,774	55,488	460,262
2036-2040	312,477	32,239	344,716
2041-2045	267,805	15,531	283,336
2046-2050	91,571	3,172	94,743
2051-2055	<u>260</u>	<u>4</u>	<u>264</u>
	<u>2,332,818</u>	<u>350,726</u>	<u>2,683,544</u>
Discount	(832)	—	(832)
Premium	<u>91,000</u>	<u>—</u>	<u>91,000</u>
Total	<u>\$ 2,422,986</u>	<u>\$ 350,726</u>	<u>\$ 2,773,712</u>

### Parkways Authority

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):

	<b>Issue Date</b>	<b>Final Maturity Date</b>	<b>Interest Rate(s)%</b>	<b>Balance</b>
Economic Development Authority	1999-2016	2040	2.07-5.23	\$ 209,730
Water Development Authority	2005-2016	2044	2.00-5.125	<u>7,219</u>
Total Revenue Bonds				<u>\$ 216,949</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):

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 19,067	\$ 9,344	\$ 28,411
2022	19,652	8,646	28,298
2023	19,089	7,888	26,977
2024	17,165	7,238	24,403
2025	17,932	6,356	24,288
2026-2030	83,671	18,525	102,196
2031-2035	22,276	6,396	28,672
2036-2040	<u>18,097</u>	<u>2,167</u>	<u>20,264</u>
Total	<u>\$ 216,949</u>	<u>\$ 66,560</u>	<u>\$ 283,509</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, 2020 (expressed in thousands):

	<b>Issue Date</b>	<b>Final Maturity Date</b>	<b>Interest Rate(s)%</b>	<b>Balance</b>
Economic Development Authority	2007 & 2017	2029	3.00	\$ 2,945
Water Development Authority	2019	2022	2.24	4,111
Higher Education	2008-2014	2033	1.90-6.65	97,922
Housing Development Fund	2008-2014	N/A	0.00	507
Division of Corrections & Rehabilitation	2015	2020	1.23	<u>9,785</u>
Total Notes Payable				<u>\$ 115,270</u>

Future amounts required to pay principal and interest on direct borrowings notes payable of the discretely presented component units at June 30, 2020, were as follows (expressed in thousands):

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 9,730	\$ 3,131	\$ 12,861
2022	4,551	3,153	7,704
2023	8,360	2,973	11,333
2024	6,877	2,808	9,685
2025	4,153	2,677	6,830
2026-2030	35,575	11,316	46,891
2031-2035	10,216	9,012	19,228
2036-2040	7,892	6,932	14,824
2041-2045	5,890	5,600	11,490
2046-2050	7,355	4,135	11,490
2051-2055	9,183	2,306	11,489
2056-2060	<u>5,488</u>	<u>329</u>	<u>5,817</u>
Total	<u>\$ 115,270</u>	<u>\$ 54,372</u>	<u>\$ 169,642</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, 2020, 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, 2020, is approximately \$2.7 billion and \$2.6 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, 2020, the following outstanding bonds are considered defeased (expressed in thousands):

<b><u>Outstanding Amount</u></b>	
Primary Government	\$ 28,220
Discretely Presented Component Units	<u>28,645</u>
Total	<u>\$ 56,865</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 \$216 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, 2020 (expressed in thousands):

<u>Asset Type</u>	<b>Primary Government Governmental Activities</b>	
	<u>Assets Acquired by Capital Lease</u>	<u>Accumulated Depreciation</u>
Land	\$ 2,362	\$ 2,362
Building and Improvements	423,097	155,739
Construction in Process	—	—
Infrastructure	<u>1,175</u>	<u>1,175</u>
Total	<u>\$ 426,634</u>	<u>\$ 159,276</u>

Future minimum commitments under capital leases as of June 30, 2020, were as follows (expressed in thousands):

Year Ending June 30	Capital Leases		
	Governmental Activities, Including Payable to EDA	Discretely Presented Component Units	Total
2021	\$ 29,072	\$ 9,466	\$ 38,538
2022	28,927	8,782	37,709
2023	27,570	7,775	35,345
2024	23,479	7,810	31,289
2025	25,402	7,050	32,452
2026-2030	104,139	30,254	134,393
2031-2035	29,275	28,886	58,161
2036-2040	19,958	28,076	48,034
2041-2045	—	26,728	26,728
2046-2050	—	22,575	22,575
2051-2055	—	19,488	19,488
Total Minimum Lease Payments	<u>287,822</u>	<u>196,890</u>	<u>484,712</u>
Less: Interest	<u>(67,196)</u>	<u>(101,062)</u>	<u>(168,258)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 220,626</u>	<u>\$ 95,828</u>	<u>\$ 316,454</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, 2020, was \$41 million. Future minimum commitments under operating leases as of June 30, 2020, were as follows (expressed in thousands):

Year Ending June 30	Operating Leases			Total
	Governmental Activities	Business-type Activities	Discretely Presented Component Units	
2021	\$ 19,853	\$ —	\$ 15,711	\$ 35,564
2022	15,763	—	12,621	28,384
2023	12,587	—	9,901	22,488
2024	9,755	—	7,509	17,264
2025	7,806	—	4,487	12,293
2026-2030	17,752	—	14,328	32,080
2031-2035	5,567	—	3,013	8,580
2036-2040	2,519	—	5	2,524
2041-2045	—	—	5	5
2046-2050	—	—	5	5
2051-2055	—	—	5	5
2056-2060	—	—	3	3
Total Minimum Lease Payments	<u>\$ 91,602</u>	<u>\$ —</u>	<u>\$ 67,593</u>	<u>\$ 159,195</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 comprised 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, 2020, was 636, including 121 West Virginia state agencies, 100 cities and towns, 360 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 Sheriff 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 484 participating members as of June 30, 2020. 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 80 employers and one nonemployer contributing entity (the State) participating in the plan as of June 30, 2020.

### **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 member's 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.

## West Virginia

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Plan membership consisted of the following as of the plan valuation date, June 30, 2020:

	<u>SPDDRS</u>	<u>SPRS</u>	<u>JRS</u>
Retirees and beneficiaries currently receiving benefits	765	40	59
Terminated members entitled to benefits but not yet receiving them	4	19	2
Terminated nonvested members	1	137	—
Active members	<u>6</u>	<u>613</u>	<u>77</u>
Total	<u>776</u>	<u>809</u>	<u>138</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, 2020:

#### 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, 2020, were as follows (expressed in thousands):

<u>System</u>	<u>Actual Contribution</u>
PERS	\$105,517
TRS	441,578
SPDDRS	13,246
SPRS	4,850
JRS	791



### 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 \$306,319,000 for FY 2019, 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 activities, business-type activities, fiduciary activities, and discretely presented component units' activities for the State's cost sharing and single employer plans in the aggregate as of and for fiscal year ended June 30, 2020 (expressed in thousands):

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary</u>	<u>Discretely Presented Component Units</u>	<u>Total</u>
Net Pension Asset	\$ 96,703	\$ —	\$ —	\$ —	\$ 96,703
Net Pension Liability	(2,996,887)	(1,075)	(121)	(38,067)	(3,036,150)
Deferred Outflows of Resources	834,458	982	112	35,940	871,492
Deferred Inflows of Resources	(478,758)	(764)	(84)	(35,400)	(515,006)
Pension Expense	383,807	569	56	13,887	398,319

Refer to pages 164-165 for amounts reported for the PERS cost-sharing plan as it relates to governmental activities, business-type activities, fiduciary funds, and component units. Refer to page 167 for amounts reported for the TRS cost-sharing plan as it relates to governmental activities and component units. Refer to page 168 for amounts reported for the single employer plans as they relate to governmental activities.

At June 30, 2020, the State reported a net pension liability of \$2,951,941,000 for its proportionate share of the multiple-employer, cost-sharing plans which were measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to the measurement date of June 30, 2019. 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, 2019.

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, 2018, was \$171,404,000 (66.37%) and \$2,962,800,000, including a special funding situation (94.89%), respectively. At June 30, 2019, the State's proportionate share of the net pension liability for the PERS and TRS plans was \$145,121,000 (67.49%) and \$2,806,820,000, including a special funding situation (94.34%), respectively. The State's proportionate share for FY 2019 has increased by 1.12% for the PERS and decreased by 0.55% for the TRS plan, which results in a change in net pension liability of \$26,283,000 and \$155,980,000 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	80.98%	0.09%	0.03%
Net pension liability	\$ (117,515)	\$ (137)	\$ (47)
Pension expense	48,252	55	28
Deferred outflows of resources representing contributions subsequent to the measurement date	85,165	98	39
Deferred outflows of resources representing the changes in employer proportion	6,270	—	11
Deferred outflows of resources representing difference between expected and actual experience	4,548	5	2
Net deferred inflows of resources representing the difference between projected/actual earnings on investments	(42,475)	(50)	(17)
Deferred inflows of resources representing the changes in employer proportion	(7,871)	(15)	(5)
Deferred inflows of resources representing change in assumptions	(21,573)	(25)	(9)
Deferred inflows of resources representing the difference between expected and actual experience	(10,261)	(12)	(4)
Amortization of applicable deferred amounts in current period	(71,362)	(97)	(22)
Amortization of applicable deferred amounts in future periods:			
2021	(13,759)	(22)	(6)
2022	(63,091)	(78)	(21)
2023	(7,033)	(10)	(1)
2024	12,521	13	6
Sensitivity Analysis:			
Net pension liability at 6.5% discount rate	(547,394)	(638)	(219)
Net pension liability at 7.5% discount rate	(117,515)	(137)	(47)
Net pension asset (liability) at 8.5% discount rate	246,136	287	98

<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>
0.16%	0.15%	0.31%	0.74%	0.08%	18.20%	100%
\$(224)	\$(214)	\$(453)	\$(1,075)	\$ (121)	\$ (26,410)	\$ (145,121)
115	220	151	569	56	11,993	60,870
167	152	331	787	86	19,479	105,517
38	55	50	154	21	12,943	19,388
9	8	17	41	5	1,022	5,616
(81)	(77)	(164)	(389)	(44)	(9,546)	(52,454)
(15)	(10)	(39)	(84)	(8)	(10,691)	(18,654)
(41)	(39)	(83)	(197)	(22)	(4,849)	(26,641)
(20)	(19)	(39)	(94)	(10)	(2,307)	(12,672)
(110)	(82)	(258)	(569)	(58)	(13,428)	(85,417)
(19)	(12)	(42)	(101)	(11)	(2,589)	(16,460)
(112)	(101)	(238)	(550)	(51)	(11,872)	(75,564)
(8)	(2)	(25)	(46)	(6)	(1,323)	(8,408)
29	33	47	128	10	2,356	15,015
(1,043)	(997)	(2,110)	(5,007)	(564)	(123,020)	(675,985)
(224)	(214)	(453)	(1,075)	(121)	(26,410)	(145,121)
469	448	949	2,251	253	55,316	303,956

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	\$ —	\$ (52,454)
Changes in proportion and difference between employer contributions and proportionate share of contributions	19,388	(18,654)
Difference between expected and actual experience	5,616	(12,672)
Change in assumptions	—	(26,641)
Contributions made subsequent to the measurement date	<u>105,517</u>	<u>—</u>
Total	<u>\$ 130,521</u>	<u>\$ (110,421)</u>

Deferred outflows of resources of \$105,517,000 related to pensions are the result of contributions made subsequent to the measurement date of June 30, 2019, and will be recognized as a reduction of the net pension liability in the subsequent measurement year ending June 30, 2021. 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>
2021	\$ (16,460)
2022	(75,564)
2023	(8,408)
2024	15,015

TRS including special funding situation (expressed in thousands):

	Governmental	Component	
	<u>Activities</u>	<u>Units</u>	<u>Total</u>
Proportionate share of statewide amount	99.58%	0.42%	100%
Net pension liability	\$ (2,795,163)	\$ (11,657)	\$ (2,806,820)
Pension expense, net of interfund special funding situation	312,259	1,894	314,153
Deferred outflows of resources representing contributions subsequent to the measurement date	440,038	1,540	441,578
Deferred outflows of resources representing the changes in employer proportion	196,163	648	196,811
Deferred outflows of resources representing the net difference between expected and actual experience	13,968	56	14,024
Deferred outflows of resources representing difference in assumptions	60,352	252	60,604
Deferred inflows of resources representing net difference between projected and actual earnings on investments	(76,021)	(7,524)	(83,545)
Deferred inflows of resources representing the changes in employer proportion	(195,961)	(45)	(196,006)
Deferred inflows of resources representing the net difference between expected and actual experience	(95,539)	(438)	(95,977)
Amortization of applicable deferred amounts in current period	(97,038)	(7,051)	(104,089)
Amortization of applicable deferred amounts in future periods:			
2021	15,535	1,129	16,664
2022	(78,299)	(5,689)	(83,988)
2023	(23,954)	(1,741)	(25,695)
2024	(3,507)	(255)	(3,762)
2025	(6,813)	(495)	(7,308)
Sensitivity Analysis:			
Net pension liability at 6.50% discount rate	(3,815,134)	(15,911)	(3,831,045)
Net pension liability at 7.50% discount rate	(2,795,163)	(11,657)	(2,806,820)
Net pension liability at 8.50% discount rate	(1,922,682)	(8,018)	(1,930,700)

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

	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ —	\$ (83,545)
Changes in proportion and difference between employer and proportionate share of contributions	196,811	(196,006)
Difference in expected and actual experience	14,024	(95,977)
Difference in assumptions	60,604	—
Contributions made subsequent to the measurement date	<u>441,578</u>	<u>—</u>
Total	<u>\$ 713,017</u>	<u>\$ (375,528)</u>

## West Virginia

Deferred outflows of resources of \$441,578,000 related to pensions are the result of contributions made subsequent to the measurement date of June 30, 2019, and will be recognized as a reduction of the net pension liability in the subsequent measurement 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>
2021	\$ 16,663
2022	(83,988)
2023	(25,695)
2024	(3,762)
2025	(7,307)

As of June 30, 2020, the State reported a net pension asset and a net pension liability of \$96,703,000 and \$84,209,000, respectively, for the single employer plans, which were measured as of June 30, 2019. The total pension liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to the measurement date of June 30, 2019. 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)	\$ (11,191)	\$ (73,018)	\$ 96,703	\$ 12,494
Pension expense	17,332	14,523	(8,559)	23,296
Deferred outflow of resources representing contributions subsequent to the measurement date	4,850	13,246	791	18,887
Deferred outflows of resources representing the change in assumptions	7,565	—	580	8,145
Deferred outflows of resources representing the difference between expected and actual experience	920	—	—	920
Deferred inflows of resources representing the difference between expected and actual experience	(6,423)	—	(9,541)	(15,964)
Deferred inflows of resources representing the net difference between projected and actual earnings on pension plan investments	(2,562)	(7,498)	(3,033)	(13,093)
Amortization of applicable deferred amounts in current period	(500)	(7,498)	(11,994)	(19,992)
Amortization of applicable deferred amounts in future periods:				
2021	(63)	(207)	(4,113)	(4,383)
2022	(2,084)	(9,365)	(5,272)	(16,721)
2023	253	(311)	(2,240)	(2,298)
2024	958	2,385	(369)	2,974
2025-2028	436	—	—	436
Sensitivity Analysis:				
Net pension asset/(liability) 6.5%	(48,969)	(169,591)	84,091	(134,469)
Net pension asset/(liability) 7.5%	(11,191)	(73,018)	96,703	12,494
Net pension asset/(liability) 8.5%	19,103	6,019	107,410	132,532



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

<b><u>SPDDRS</u></b>	<b>Increase (Decrease)</b>		
	<b><u>Total Pension Liability (a)</u></b>	<b><u>Plan Fiduciary Net Position (b)</u></b>	<b><u>Net Pension Liability (a) – (b)</u></b>
Balance at 6/30/2018	\$ 749,080	\$ 682,803	\$ 66,277
Changes for the year:			
Service cost	540	—	540
Interest	54,438	—	54,438
Difference between expected and actual experience	6,331	—	6,331
Change of assumptions	—	—	—
Contributions – employer	—	15,595	(15,595)
Contributions – employee	—	110	(110)
Net investment income	—	38,174	(38,174)
Benefit payments	(47,551)	(47,551)	—
Administrative expense	—	(63)	63
Other changes	—	752	(752)
Net changes	13,758	7,017	6,741
Prior period adjustment	—	—	—
Balances at 6/30/2019	<u>\$ 762,838</u>	<u>\$ 689,820</u>	<u>\$ 73,018</u>

<b><u>SPRS</u></b>	<b>Increase (Decrease)</b>		
	<b><u>Total Pension Liability (a)</u></b>	<b><u>Plan Fiduciary Net Position (b)</u></b>	<b><u>Net Pension Liability (Asset) (a) – (b)</u></b>
Balance at 6/30/2018	\$ 188,909	\$ 188,915	\$ (6)
Changes for the year:			
Service cost	7,456	—	7,456
Interest	14,654	—	14,654
Change of benefit terms	12,731	—	12,731
Difference between expected and actual experience	(3,513)	—	(3,513)
Change in assumptions	—	—	—
Contributions – employer	—	4,556	(4,556)
Contributions – employee	—	3,905	(3,905)
Net investment income	—	11,730	(11,730)
Benefit payments	(1,944)	(1,944)	—
Administrative expense	—	(60)	60
Other	—	—	—
Net changes	29,384	18,187	11,197
Balances at 6/30/2019	<u>\$ 218,293</u>	<u>\$ 207,102</u>	<u>\$ 11,191</u>

<u>JRS</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a) – (b)</u>
Balance at 6/30/2018	\$ 114,828	\$ 204,488	\$ (89,660)
Changes for the year:			
Service cost	2,406	—	2,406
Interest	8,608	—	8,608
Difference between expected and actual experience	(4,959)	—	(4,959)
Changes in assumptions	—	—	—
Contributions – employer	—	779	(779)
Contributions – employee	—	331	(331)
Net investment income	—	12,085	(12,085)
Benefit payments	(4,933)	(4,933)	—
Administrative expense	—	(11)	11
Other changes	—	(86)	86
Net changes	<u>1,122</u>	<u>8,165</u>	<u>(7,043)</u>
Balances at 6/30/2019	<u>\$ 115,950</u>	<u>\$ 212,653</u>	<u>\$ (96,703)</u>

## Actuarial Methods and Assumptions

The total pension liabilities for financial reporting purposes were determined by an actuarial valuation as of July 1, 2018, rolled forward to June 30, 2019, 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	3.1% - 5.3%	—	—
Nonstate	3.35% - 6.5%	—	—
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 – 100% of Pub-2010 general employees table, below-median, headcount-weighted, projected with scale MP-2018; retired males – 108% of Pub-2010 general retiree male table, below median, headcount-weighted, projected with scale MP-2018; retired females – 122% of Pub-2010 general retiree female table, below median, headcount-weighted, projected with scale MP-2018; disabled males – 118% of Pub-2010 general/teachers disabled male table, headcount-weighted, projected generationally with scale MP-2018; retired disabled females – 117% of Pub-2010 general/teachers disabled female table, headcount-weighted, projected generationally with scale MP-2018.	Actives – 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.	Actives – 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	2.28% - 45%	Teachers: 0.8% - 35%	0.0% - 2.67%
Nonstate	2.5% - 35.9%	Non-teachers: 1.3% - 24.75%	
Disability rates	0.0% - 0.5%	0.0% - 0.7%	.04% - 0.4%
Retirement rates	12% - 100%	0% - 100%	25% - 100%
Date range in most recent experience study	2013 - 2018	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	N/A
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 – 100% of 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 – 100% of RP-2014 healthy annuitant mortality table, rolled back to 2006 and projected with Scale MP-2016 on a fully generational basis; disabled – 100% of RP-2014 disabled retiree mortality table, rolled back to 2006 and projected with Scale MP-2016 on a fully generational basis.
Withdrawal rates	0.00% - 5.7%	—
Disability rates	0.04% - 0.4%	—
Retirement rates	20.0% - 100%	5.0% - 100%
Date of most recent experience study	2011-2016	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, 2020:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>	<u>Target Allocation</u>
Domestic Equity	5.5%	27.5%
International Equity	7.0%	27.5%
Fixed Income	2.2%	15.0%
Real Estate	6.6%	10.0%
Private Equity	8.5%	10.0%
Hedge Funds	4.0%	<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, 2018, valuation from the June 30, 2017, valuation.

Detailed pension plan fiduciary net positions 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 4,041 and 4,177 members in the TDCRS plan at June 30, 2020, and 2019, 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

## West Virginia

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funds, a money market fund, and a fixed annuity. 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.

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 \$210 thousand at June 30, 2020. These deposits, which had a bank balance of approximately \$210 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, 2020, 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	\$582,988	\$582,988	\$—	\$—

For the year ended June 30, 2020, the approximate payroll of state employees covered by TDCRS was \$138 million, and total covered payroll for both the TDCRS and TRS was approximately \$1.5 billion. Both the employees and employers made the required contributions amounting to \$6.2 million and \$9.9 million, respectively, or approximately 4.5% and 7.2% 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, 2019, contributions were approximately \$49.5 million from the covered employees and approximately \$49.3 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, 2020, contributions were approximately \$219 thousand from the covered employees and \$219 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 43,054 retirees, 11,881 inactive plan members, and 39,984 active plan members met those eligibility requirements at June 30, 2020.

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. While PEIA administers the plan, 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 714 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 §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, 2020:

**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, 2020, were as follows (expressed in thousands):

<u>System</u>	<u>Actual Contribution</u>
OPEB	\$155,918

**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, 2020, of \$1,337,704,000, including a special funding situation of the net OPEB liability (80.63%) for its proportionate share which was measured as of June 30, 2019. 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, 2018, rolled forward to the measurement date of June 30, 2019. The OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense are allocated to governmental activities, including blended component units and internal service funds, business-type, and component units' activities 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, 2019.

The State's proportionate share of the net OPEB liability at June 30, 2019, determined by the actuarial valuation measured as of June 30, 2018, was \$1,644,412,000, including a special funding situation (76.65%). The State's proportionate share for FY 2020 has increased by 3.98%; this increase results in a change in net OPEB liability of \$306,708,000.



## West Virginia

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):

	<b>Governmental Activities</b>	<b>Water Pollution</b>	<b>Infrastructure</b>
Proportionate share of statewide amount	79.60%	0.04%	0.01%
Net OPEB liability	\$ (1,064,703)	\$ (571)	\$ (23)
OPEB expense	45,240	161	(10)
Deferred outflows of resources representing contributions subsequent to the measurement date	124,675	66	5
Deferred outflows of resources representing the changes in employer proportion	236,041	4	5
Net deferred inflows of resources representing the difference between projected/actual earnings on investments	(11,513)	(6)	—
Deferred inflows of resources representing the changes in employer proportion	(147,718)	(66)	(4)
Deferred inflows of resources representing change in assumptions	(215,809)	(116)	(5)
Deferred inflows of resources representing the difference between expected and actual experience	(124,107)	(67)	(3)
Total of deferred amounts subject to amortization	(263,106)	(251)	(7)
Amortization of applicable deferred amounts in future periods:			
2021	(88,795)	(85)	(2)
2022	(88,489)	(85)	(2)
2023	(71,517)	(68)	(2)
2024	(14,305)	(13)	(1)
Sensitivity Analysis:			
Net OPEB liability at 6.15% discount rate	(1,270,692)	(682)	(28)
Net OPEB liability at 7.15% discount rate	(1,064,703)	(571)	(23)
Net OPEB liability at 8.15% discount rate	(892,325)	(479)	(19)
Net OPEB liability at 1% decrease of healthcare cost trend rate	(858,529)	(461)	(19)
Net OPEB liability at healthcare cost trend rate	(1,064,703)	(571)	(23)
Net OPEB liability at 1% increase of healthcare cost trend rate	(1,314,895)	(706)	(29)

<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%	0.11%	0.23%	0.02%	20.15%	100%
\$(595)	\$(391)	\$(1,480)	\$(3,060)	\$ (327)	\$ (269,614)	\$ (1,337,704)
15	28	105	299	(10)	1,637	47,166
60	39	140	310	30	30,903	155,918
80	43	55	187	47	16,586	252,861
(5)	(4)	(16)	(31)	(4)	(3,798)	(15,346)
(60)	(29)	(168)	(327)	(32)	(32,780)	(180,857)
(121)	(79)	(301)	(622)	(67)	(54,179)	(270,677)
(69)	(46)	(172)	(357)	(39)	(31,595)	(156,098)
(175)	(115)	(602)	(1,150)	(95)	(105,766)	(370,117)
(59)	(39)	(203)	(388)	(32)	(35,694)	(124,909)
(59)	(39)	(202)	(387)	(32)	(35,572)	(124,480)
(48)	(31)	(164)	(313)	(26)	(28,749)	(100,605)
(9)	(6)	(33)	(62)	(5)	(5,751)	(20,123)
(710)	(467)	(1,739)	(3,626)	(390)	(321,776)	(1,596,484)
(595)	(391)	(1,480)	(3,060)	(327)	(269,614)	(1,337,704)
(498)	(328)	(1,264)	(2,588)	(274)	(225,963)	(1,121,150)
(479)	(316)	(1,225)	(2,500)	(264)	(217,405)	(1,078,698)
(595)	(391)	(1,480)	(3,060)	(327)	(269,614)	(1,337,704)
(734)	(483)	(1,791)	(3,743)	(404)	(332,970)	(1,652,012)

Deferred outflows of resources and deferred inflows of resources related to the OPEB as of June 30, 2020, 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	\$ —	\$ (15,346)
Changes in proportion and difference between employer contributions and proportionate share of contributions	252,861	(180,857)
Difference between expected and actual experience	—	(156,098)
Change in assumptions	—	(270,677)
Contributions made subsequent to the measurement date	<u>155,918</u>	<u>—</u>
Total deferred outflows/inflows to be amortized	<u>\$ 408,779</u>	<u>\$ (622,978)</u>

Deferred outflows of resources of \$155,918,000 related to OPEB are the result of contributions made subsequent to the measurement date of June 30, 2019, and will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year ending June 30, 2020. The reallocation of opt-out employer change in proportionate share will be expensed in the current year. 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>
2020	\$ (35,658)
2021	(124,909)
2022	(124,480)
2023	(100,605)
2024	(20,123)

### **Actuarial Methods and Assumptions**

The total OPEB liability for financial reporting purposes was determined by an actuarial valuation as of July 1, 2018, rolled forward to June 30, 2019, 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 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	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020, 9.5% for plan year-end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
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, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2010 – 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, 2019:

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

<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 the 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, 2018, valuation from the June 30, 2017, 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 57<sup>th</sup> St., SE, Suite 2, Charleston, WV 25304 and at [https://peia.wv.gov/financial\\_reports](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 \$13.3 million in unpaid claims and claim adjustment expenses at June 30, 2020.

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 \$2.1 million was paid on fifteen claims filed in fiscal year 2020. There are fifteen claims pending totaling \$4.1 million as of June 30, 2020. The assets and liabilities as of June 30, 2020, are approximately \$2.0 million and \$4.1 million, respectively. The amount of settlements in the major insurance enterprise funds has 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 1,185 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, 2020, of \$593. 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 165,000 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	
	2020	2019	2020	2019	2020	2019
Unpaid claims and claims adjustment expense liability at beginning of year	\$ 190,978	\$ 167,001	\$ 64,897	\$ 67,605	\$1,434,700	\$1,457,200
Incurred claims and claims adjustments expense:						
Provision for insured events of the current fiscal year	69,809	69,092	541,610	532,325	62	32
Increase (decrease) in provision for insured events of prior fiscal years	(4,460)	11,077	(3,750)	(3,010)	5,876	71,363
Amortization of discount	—	—	—	—	46,272	58,682
Total incurred claims and claims adjustment expense	65,349	80,169	537,860	529,315	52,210	130,077
Payments:						
Claims and claims adjustment expense attributable to insured events of the current fiscal year	12,300	10,321	462,582	484,495	3	14
Claims and claims adjustment expense attributable to insured events of the prior fiscal years	39,231	45,871	66,809	47,528	150,707	152,563
Total payments	51,531	56,192	529,391	532,023	150,710	152,577
Total unpaid claims and claims adjustment expense liability, end of year	\$ 204,796	\$ 190,978	\$ 73,366	\$ 64,897	\$1,336,200	\$1,434,700

The above PEIA payments are net of pharmacy rebates of \$87,032 and \$66,750 for the years ended June 30, 2020 and 2019, respectively.

Neither BRIM nor PEIA discount its estimated claims liability. If BRIM's unpaid claims and claims adjustment expense liability were discounted using a 4% discount factor for 2020 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 \$16.4 million as of June 30, 2020. The overall unpaid claim liability number includes a provision for allocated and unallocated claims adjustment expense. At June 30, 2020, the total undiscounted claims liability for WCF approximated \$1.82 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 3.5% and 3%, respectively. If discounting of the WCF claims liability was limited to anticipated investment income, the claims liability would have increased by approximately \$251 million to record approximately \$1.60 billion, and the WCF would report a total deficit increase of approximately \$247 million at June 30, 2020.



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**

To help reduce the WCF 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 workers' 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 4, 2020, the Legislature passed Senate Bill 545, which permits the Insurance Commissioner to transfer cash from the OIC's Operating Fund during fiscal years 2020 and 2021, provided that deficit balance existed in the Old Fund during the prior fiscal year. Due to concerns regarding the potential fiscal impact of the COVID-19 virus on the OIC's Operating Fund and the State's General Revenue Fund, no transfers were made during FY 2020.

### **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 \$319 million at June 30, 2020. 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, 2020 (expressed in thousands):

	<b>Balance</b>			<b>Balance</b>	<b>Amount</b>
	<b>June 30, 2019</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2020</b>	<b>Due</b>
					<b>Within</b>
					<b>One Year</b>
Mine Reclamation Program	\$ 236,105	\$ —	\$ 18,248	\$ 217,857	\$ 17,000
Oil and Gas Well Program	368	—	32	336	336
Landfill Closure Assistance Program	102,748	—	3,653	99,095	9,007
Underground Storage Tanks	<u>1,747</u>	<u>411</u>	<u>—</u>	<u>2,158</u>	<u>—</u>
Total Environmental Liability	<u>\$ 340,968</u>	<u>\$ 411</u>	<u>\$ 21,933</u>	<u>\$ 319,446</u>	<u>\$ 26,343</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 changes 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, 2020, the liability is estimated to be \$99 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, 2020, was \$2 million and there were claims paid from the fund in fiscal year 2020 of approximately \$305 thousand. As of June 30, 2020, \$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 \$113 million, of which \$17.7 million is a current obligation, for the payment of other contingencies. Such other contingencies include, but are not limited to, unclaimed property and 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.

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. The DHHR is vigorously contesting this matter; however, a trial date has been set for August 2021.

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	\$ 274,728	Construction
Enterprise Funds:		
Drinking Water Treatment Revolving Fund	3,413	Committed for loans
Water Pollution Control Revolving Fund	39,722	Committed for loans
West Virginia Infrastructure and Jobs Development Council	48,015	Funding of water and economic development projects
Discretely Presented Component Units:		
West Virginia Lottery	8,073	Capital assets and construction
Economic Development Authority	83,166	Committed for loans
Housing Development Fund	69,473	Committed for loans
Parkways Authority	33,876	Turnpike improvements
Higher Education	5,970	Construction
School Building Authority	90,093	Acquisition, construction, and maintenance grants to county school boards
Municipal Pensions Oversight Board	1,520	Committed for loans

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 8 years. Under the agreement, WVU has an annual minimum steam purchase requirement, purchased at an operating rate calculated in accordance with the agreement. 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 \$142 thousand at June 30, 2020, to fund the program obligations. Subsequent to year-end, the program received \$2 million from the Lottery and \$10.1 million in general revenue.

## NOTE 16

### SUBSEQUENT EVENTS

On August 6, 2020, West Virginia University (Aa3/NA/AA-) sold \$12.5 million in bonds with a closing on the same day. The \$12,500,000 2020 Series B taxable were structured as a 2.20% fixed rate bond maturing on August 1, 2035, with level debt service, including annual principal and interest payments. Proceeds of the 2020 Series B bonds will be used to purchase, construct, and install video, sound, and lighting improvements at Milan Puskar Stadium and Coliseum, both athletic facilities.

A Title XII Loan Advance of \$125 million was made available to Workforce West Virginia beginning in May 2020. The Division began utilizing Title XII loan advance funds in July 2020, after depleting the Unemployment Insurance Trust Fund. Loan advances taken advantage of were \$89 million. The Division has applied and has been approved for the \$125 million (monthly) advance for the month covering up to January 2021.

In July 2020, the Governor's office set aside \$637 million of CARES Act funding to pay off all outstanding Title XII balances as of December 30, 2020. Remaining funds will be used to bolster the Unemployment Compensation Trust Fund. A minimum of \$237 million will be deposited into the Unemployment Compensation Trust Fund above the Title XII Loan Advance payoff.

During the 2020 Legislative Session, the West Virginia Legislature passed the West Virginia Natural Resources Police Officers Retirement System Act (the Act). The Act creates a new Natural Resources Police Officer Retirement System (NRRS) for the Division of Natural Resources (DNR) Police Officers effective January 2, 2021. The Act sets the contribution rate, as a percentage of covered payroll, for the NRRS as 9.5% from NRRS members and 12% from the employer.

On March 27, 2020, the CARES Act was signed into law, which provides, that (a) lenders are prohibited from foreclosing all mortgage loans which are FHA insured, VA, HUD or Rural Housing guaranteed, or purchased or securitized by Fannie Mae or Freddie Mac for a period of 60 days commencing March 18, 2020, and (b) during the COVID-19 emergency, Federal Single Family Loan borrowers directly or indirectly facing economic difficulties as a result of the coronavirus can seek up to 360 days of payment forbearance. In addition to the foreclosure and eviction relief provided by the CARES Act, HUD/FHA and the Federal Housing Finance Agency ("FHFA") also ordered the servicers of Federal Single Family Loans to suspend foreclosures and evictions related to Federal Single Family Loans; HUD/FHA and FHFA have extended their foreclosure and eviction moratoriums for Federal Single Family Loans until at least December 31, 2020.



As of June 30, 2020, mortgagors of approximately 3.53% of the principal amount of the Housing Fund's (the Fund) loan portfolio have requested forbearance and foreclosure actions have been paused for approximately 0.07% of the principal amount of the Fund's loan portfolio. The Fund expects to receive and approve additional forbearance requests during the Pandemic.

On October 29, 2020, the Housing Development Fund issued 2020 Series BC Housing Finance Bonds in the amount of \$44.96 million. The proceeds were used to originate single family mortgage loans.

On October 28, 2020, the Tobacco Settlement Finance Authority (the TSFA) closed \$693.5 of taxable Tobacco Settlement Asset-Backed Refunding bonds, Series 2020 Senior bonds. The 2020 Senior bonds were issued to refund approximately \$612 million of TSFA's Series 2007A bonds and purchase and cancel approximately \$676 million of the TSFA's Series 2007B bonds.

**NOTE 17**

**COVID-19 UNCERTAINTY**

On March 13, 2020, the President of the United States declared a national emergency with respect to the global coronavirus (COVID-19). That same month, the World Health Organization (WHO) classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the State's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, industry, and workforce. Given the daily evolution of the COVID-19 outbreak, the State is not able to estimate the effects of the COVID-19 outbreak on its changes in net position, financial position, or cash flows in the future fiscal years.

# *Required Supplementary Information (RSI)*



**Budgetary  
Comparison  
Schedule**

**Notes to RSI**

**Budget-to-GAAP  
Reconciliation**

**Pension Information  
OPEB Information**

**Required Supplementary Information  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2020  
(Expressed in Thousands)**

	<b>General Revenue Fund</b>			<b>Variance With Final Budget</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
Revenues:				
Taxes:				
Personal Income	\$ 2,154,880	\$ 2,154,880	\$ 1,947,946	\$ (206,934)
Consumer Sales	1,390,260	1,390,260	1,386,571	(3,689)
Severance	376,800	360,240	267,049	(93,191)
Corporate Income/Business Franchise	136,980	136,980	151,988	15,008
Business and Occupation	123,000	123,000	137,346	14,346
Gasoline and Motor Carrier	—	—	—	—
Wholesale Motor Fuel	—	—	—	—
Automobile Privilege	—	—	—	—
Other	338,300	338,300	327,606	(10,694)
Excess Lottery Transfer	65,000	65,000	52,700	(12,300)
Intergovernmental	—	—	—	—
Licenses, Permits, and Fees	37,280	37,280	52,721	15,441
Departmental Collections	24,000	24,000	23,484	(516)
Interest Income	30,000	30,000	39,208	9,208
Other	33,700	33,700	108,238	74,538
Industrial Access Road Transfer	—	—	—	—
<b>Total Revenues</b>	<b><u>4,710,200</u></b>	<b><u>4,693,640</u></b>	<b><u>4,494,857</u></b>	<b><u>(198,783)</u></b>
Expenditures:				
Legislature	25,240	25,241	21,260	3,981
Judicial	124,322	124,322	120,619	3,703
Executive	40,441	41,099	33,430	7,669
Department of Administration	108,046	108,046	82,806	25,240
Bureau of Commerce	78,974	78,974	72,901	6,073
Department of Environmental Protection	6,688	6,688	6,447	241
Education	2,477,342	2,535,092	2,488,174	46,918
Health and Human Resources	1,265,432	1,283,204	1,016,110	267,094
Military Affairs and Public Safety	431,026	431,026	383,384	47,642
Revenue	31,255	31,255	26,820	4,435
Transportation	5,159	5,159	2,782	2,377
Veteran's Assistance	12,012	12,012	10,591	1,421
Bureau of Senior Services	29,951	29,951	29,951	—
Miscellaneous Boards and Commissions	—	—	—	—
<b>Total Expenditures</b>	<b><u>4,635,888</u></b>	<b><u>4,712,069</u></b>	<b><u>4,295,275</u></b>	<b><u>416,794</u></b>
Excess (Deficiency) of Revenues Over (Under) Expenditures – Current Year	74,312	(18,429)	199,582	218,011
Expenditures from Prior Year Appropriations	<u>527,358</u>	<u>527,358</u>	<u>231,090</u>	<u>296,268</u>
<b>Total Excess (Deficiency) of Revenues Over (Under) Expenditures – Current Year</b>	<b>(453,046)</b>	<b>(545,787)</b>	<b>(31,508)</b>	<b>514,279</b>
Budgetary Fund Balance, Beginning of Year, as Adjusted	457,062	457,062	457,062	—
Adjustments for Accruals, etc.	—	—	14,573	14,573
<b>Budgetary Fund Balance, End of Year</b>	<b><u>\$ 4,016</u></b>	<b><u>\$ (88,725)</u></b>	<b><u>\$ 440,127</u></b>	<b><u>\$ 528,852</u></b>

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	427,273	(22,727)
—	—	—	—	231,061	231,061	265,516	34,455
—	—	—	—	—	—	—	—
5,753,072	5,764,896	4,721,843	(1,043,053)	467,400	467,400	405,496	(61,904)
—	—	—	—	143,682	143,682	122,724	(20,958)
—	—	—	—	—	—	—	—
—	—	—	—	30,714	30,714	35,343	4,629
—	—	—	—	3,000	3,000	3,000	—
<u>5,753,072</u>	<u>5,764,896</u>	<u>4,721,843</u>	<u>(1,043,053)</u>	<u>1,325,857</u>	<u>1,325,857</u>	<u>1,259,352</u>	<u>(66,505)</u>
2,000	2,000	982	1,018	—	—	—	—
4,500	4,500	2,106	2,394	—	—	—	—
27,488	33,066	11,936	21,130	—	—	—	—
—	—	—	—	—	—	—	—
431,013	431,363	121,158	310,205	—	—	—	—
192,358	192,358	84,207	108,151	—	—	—	—
517,357	658,357	412,832	245,525	—	—	—	—
4,352,515	4,413,545	3,960,840	452,705	—	—	—	—
161,551	172,090	64,236	107,854	—	—	—	—
3,000	3,000	12	2,988	—	—	—	—
20,739	35,139	17,823	17,316	1,389,709	1,492,270	1,381,090	111,180
9,401	9,401	6,943	2,458	—	—	—	—
14,582	21,309	12,428	8,881	—	—	—	—
3,321	3,321	2,011	1,310	—	—	—	—
<u>5,739,825</u>	<u>5,979,449</u>	<u>4,697,514</u>	<u>1,281,935</u>	<u>1,389,709</u>	<u>1,492,270</u>	<u>1,381,090</u>	<u>111,180</u>
13,247	(214,553)	24,329	238,882	(63,852)	(166,413)	(121,738)	44,675
—	—	—	—	—	—	—	—
13,247	(214,553)	24,329	238,882	(63,852)	(166,413)	(121,738)	44,675
53,737	53,737	53,737	—	112,316	216,517	177,088	(39,429)
—	—	(337)	(337)	—	—	—	—
<u>\$ 66,984</u>	<u>\$ (160,816)</u>	<u>\$ 77,729</u>	<u>\$ 238,545</u>	<u>\$ 48,464</u>	<u>\$ 50,104</u>	<u>\$ 55,350</u>	<u>\$ 5,246</u>

Continued

**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2020**  
**(Expressed in Thousands)**  
**(Continued)**

	<b>Special Revenue Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
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	1,614,301	1,610,512	1,610,229	(283)
Interest Income	—	—	—	—
Other	—	—	—	—
Industrial Access Road Transfer	—	—	—	—
<b>Total Revenues</b>	<b><u>1,614,301</u></b>	<b><u>1,610,512</u></b>	<b><u>1,610,229</u></b>	<b><u>(283)</u></b>
Expenditures:				
Legislature	2,849	2,637	578	2,059
Judicial	1,350	1,350	792	558
Executive	60,821	64,599	38,054	26,545
Department of Administration	194,875	189,503	149,794	39,709
Bureau of Commerce	59,433	60,673	35,067	25,606
Department of Environmental Protection	65,747	65,897	27,484	38,413
Education	218,109	234,579	183,795	50,784
Health and Human Resources	473,805	633,620	480,730	152,890
Military Affairs and Public Safety	43,609	43,609	24,050	19,559
Revenue	621,800	690,531	476,912	213,619
Transportation	11,221	14,321	9,935	4,386
Veteran's Assistance	2,414	2,414	1,806	608
Bureau of Senior Services	53,366	74,116	67,190	6,926
Miscellaneous Boards and Commissions	133,687	133,908	104,117	29,791
<b>Total Expenditures</b>	<b><u>1,943,086</u></b>	<b><u>2,211,757</u></b>	<b><u>1,600,304</u></b>	<b><u>611,453</u></b>
Excess (Deficiency) of Revenues Over (Under) Expenditures – Current Year	(328,785)	(601,245)	9,925	611,170
Expenditures from Prior Year Appropriations	<u>78,104</u>	<u>78,104</u>	<u>26,606</u>	<u>51,498</u>
<b>Total Excess (Deficiency) of Revenues Over   (Under) Expenditures – Current Year</b>	<b>(406,889)</b>	<b>(679,349)</b>	<b>(16,681)</b>	<b>662,668</b>
Budgetary Fund Balance, Beginning of Year, as Adjusted	2,661,138	2,661,138	2,661,138	—
Adjustments for Accruals, etc.	<u>—</u>	<u>—</u>	<u>7,113</u>	<u>7,113</u>
<b>Budgetary Fund Balance, End of Year</b>	<b><u>\$ 2,254,249</u></b>	<b><u>\$ 1,981,789</u></b>	<b><u>\$ 2,651,570</u></b>	<b><u>\$ 669,781</u></b>

**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 2019, Appropriated Special Revenue and Federal Funds were increased by total supplemental appropriations of \$133 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 \$398 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 2019 General Revenue were increased by approximately \$72 million for surplus appropriations. The \$72 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.

**2020 Budgetary Reporting**

In FY 2020, \$14.0 million was transferred to the Rainy Day Fund.

The State's budgetary General Revenue Fund balance at July 1, 2019, has been adjusted as follows (expressed in thousands):

**General Revenue Fund:**

Beginning Fund Balance	\$ 607,136
Prior Year Refunds	160
Transfer from Expired Funds	47,953
Adjustment	<u>(198,187)</u>
Adjusted Beginning Fund Balance	<u>\$ 457,062</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, 2020, 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, 2020**  
**(Expressed in Thousands)**

Budgetary Funds	General Revenue Fund	Federal Fund	State Road Fund	Appropriated Special Revenue Fund
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 4,494,700	\$ 4,721,843	\$ 1,259,352	\$ 1,610,229
<b>Differences – Budget to GAAP:</b>				
Intrafund transactions not included in GAAP revenues	(5,601,278)	—	—	—
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	115,854	—	3,261	—
Basis of Accounting Difference	(1,031,750)	—	(918,430)	—
<b>Reclassifications:</b>				
Nonappropriated Budgetary Fund's Revenue included as revenue/transfers in the GAAP General, Transportation, and Other Funds	7,239,995	—	810,771	—
Budgetary special revenue funds transferred to GAAP General, Transportation, Tobacco Settlement Finance Authority, and Other Funds	963,783	—	7,150	(1,610,229)
Budgetary federal funds transferred to GAAP General, Transportation, Tobacco Settlement Finance Authority, and Other Funds	<u>4,579,072</u>	<u>(4,721,843)</u>	<u>18,804</u>	<u>—</u>
<b>Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds</b>	<b><u>\$ 10,760,376</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 1,180,908</u></b>	<b><u>\$ —</u></b>
<b>Uses/Outflows of resources</b>				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,526,365	\$ 4,697,514	\$ 1,381,090	\$ 1,626,910
<b>Differences – Budget to GAAP:</b>				
Intrafund transactions not included in GAAP expenditures	(5,601,278)	—	—	—
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(129,433)	—	—	—
Basis of Accounting Difference	364,945	—	(283,202)	—
<b>Reclassifications:</b>				
Nonappropriated Budgetary Fund's exp./transfers out included as exp. in the GAAP General, Transportation, WV Infrastructure, and Other Funds	6,143,936	—	484,268	—
Budgetary general revenue funds transferred to GAAP General, Transportation, Tobacco Settlement Finance Authority, and Other Funds	(40,258)	—	3,272	—
Budgetary special revenue funds transferred to GAAP General, Transportation, Tobacco Settlement Finance Authority, and Other Funds	909,251	—	12,344	(1,626,910)
Budgetary federal revenue funds transferred to GAAP General, Transportation, Tobacco Settlement Finance Authority, and Other Funds	<u>4,578,707</u>	<u>(4,697,514)</u>	<u>18,312</u>	<u>—</u>
<b>Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds</b>	<b><u>\$ 10,752,235</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 1,616,084</u></b>	<b><u>\$ —</u></b>

**Schedule of the State's Proportionate Share  
of the Net Pension Liability  
Multiple-Employer Cost Sharing Plans  
June 30, 2020  
(Expressed in Thousands)**

	<b>PERS</b>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
State's proportion of the net pension liability	67.49%	66.37%	66.88%	67.57%
State's proportionate share of the net pension liability	\$145,121	\$171,404	\$ 288,670	\$ 621,010
State's covered payroll	\$985,020	\$923,191	\$ 921,592	\$ 937,259
State's proportionate share of the net pension liability as a percentage of its covered payroll	14.73%	18.57%	31.32%	66.26%
Plan fiduciary net position as a percentage of the total pension liability	96.99%	96.33%	93.67%	86.11%

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<u>2016</u>	<u>2015</u>
67.99%	68.33%
\$ 379,669	\$ 252,194
\$ 923,143	\$ 915,586
41.13%	27.54%
91.29%	93.98%

**Schedule of the State's Proportionate Share  
of the Net Pension Liability  
Multiple-Employer Cost Sharing Plans  
June 30, 2020  
(Expressed in Thousands)**

	<b>TRS - State</b>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
State's proportion of the net pension liability	1.07%	1.06%	1.28%	1.46%
State's proportionate share of the net pension liability	\$ 31,747	\$ 33,154	\$ 44,163	\$ 60,156
State's covered payroll	\$ 307,841	\$ 319,360	\$ 282,077	\$ 312,801
State's proportionate share of the net pension liability as a percentage of its covered payroll	10.31%	10.38%	15.66%	19.23%
Plan fiduciary net position as a percentage of the total pension liability	72.64%	71.20%	67.85%	61.42%

	<b>TRS – Special Funding Situation</b>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Proportion of the net pension liability	94.34%	93.83%	92.86%	92.09%
Proportionate share of the net pension liability	\$ 2,775,073	\$ 2,929,645	\$ 3,208,171	\$ 3,784,772

Note: This schedule is intended to show 10 years. Additional years will be added as they become available.

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<u>2016</u>	<u>2015</u>
1.35%	1.35%
\$ 46,931	\$ 46,438
\$ 306,699	\$ 343,570
15.30%	13.52%
66.25%	65.95%

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<u>2016</u>	<u>2015</u>
93.44%	94.15%
\$ 3,237,919	\$ 3,248,227

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**Required Supplementary Information  
Schedule of State Contributions – PERS  
Last Seven Fiscal Years  
(Expressed in Thousands)**

	<b>PERS</b>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 105,517	\$ 98,502	\$ 101,551	\$ 110,591	\$ 126,530
Contributions in relation to the contractually required contribution	<u>105,517</u>	<u>98,502</u>	<u>101,551</u>	<u>110,591</u>	<u>126,530</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
State’s covered payroll	\$ 1,055,170	\$ 985,020	\$ 923,191	\$ 921,592	\$ 37,259
Contributions as a percentage of covered payroll	10.00%	10.00%	11.00%	12.00%	13.50%

Note: This schedule is intended to show 10 years. Additional years will be added as they become available.



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<u>2015</u>	<u>2014</u>
\$ 129,240	\$ 132,760
<u>129,240</u>	<u>132,760</u>
<u>\$ —</u>	<u>\$ —</u>
\$ 923,143	\$ 915,586
14.00%	14.50%

**Required Supplementary Information  
 Schedule of State Contributions – TRS  
 Last Seven Fiscal Years  
 (Expressed in Thousands)**

	<b>TRS - State</b>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 4,980	\$ 5,104	\$ 5,118	\$ 5,780	\$ 6,043
Contributions in relation to the contractually required contribution	<u>4,980</u>	<u>5,104</u>	<u>5,118</u>	<u>5,780</u>	<u>6,043</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 330,830	\$ 307,841	\$319,360	\$282,077	\$312,801
Contributions as a percentage of covered payroll	1.51%	1.66%	1.60%	2.05%	1.93%

	<b>TRS - Special Funding Situation</b>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 436,598	\$ 442,726	\$ 458,163	\$ 420,605	\$ 392,714
Contributions in relation to the statutorily required contribution	<u>436,598</u>	<u>442,726</u>	<u>458,163</u>	<u>420,605</u>	<u>392,714</u>
Contribution deficiency (excess)	<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.

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<u>2015</u>	<u>2014</u>
\$ 6,662	\$ 6,922
<u>6,662</u>	<u>6,922</u>
<u>\$</u>	<u>\$</u>
\$306,699	\$343,570
2.17%	2.01%

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<u>2015</u>	<u>2014</u>
\$ 458,452	\$ 484,159
<u>458,452</u>	<u>484,159</u>
<u>\$</u>	<u>\$</u>

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**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>
<b>SPDDRS (1)</b>					
2020	\$ 13,187	\$ 13,246	\$ (59)	\$ 514	2,577.04 %
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 %
<b>SPRS</b>					
2020	\$ 7,716	\$ 4,850	\$ 2,866	\$ 33,904	14.31 %
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 %
<b>JRS</b>					
2020	\$ 791	\$ 791	\$ —	\$ 9,752	8.11 %
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 %

**Notes:**

<sup>(1)</sup> 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>
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total pension liability:</b>				
Service cost	\$ 540	\$ 931	\$ 1,071	\$ 1,263
Interest	54,438	54,004	53,131	51,913
Difference between actual and expected experience	6,331	(2,218)	47	6,283
Assumption changes	—	—	1,961	—
Benefit payments	<u>(47,551)</u>	<u>(45,529)</u>	<u>(43,325)</u>	<u>(41,969)</u>
Net change in total pension liability	13,758	7,188	12,885	17,490
Total pension liability – beginning	<u>749,080</u>	<u>741,892</u>	<u>729,007</u>	<u>711,517</u>
Total pension liability – ending (a)	<u>762,838</u>	<u>749,080</u>	<u>741,892</u>	<u>729,007</u>
Plan fiduciary net position:				
Contributions – employer	15,595	24,829	17,155	13,977
Contributions – member	110	186	362	320
Net investment income	38,174	60,939	87,793	(1,230)
Benefit payments	(47,551)	(45,529)	(43,325)	(41,969)
Administrative expense	(63)	(61)	(45)	(48)
Other	<u>752</u>	<u>691</u>	<u>847</u>	<u>590</u>
Net change in plan fiduciary net position	7,017	41,055	62,787	(28,360)
Plan fiduciary net position – beginning	<u>682,803</u>	<u>641,748</u>	<u>578,798</u>	<u>607,158</u>
Plan fiduciary net position – ending (b)	<u>689,820</u>	<u>682,803</u>	<u>641,585</u>	<u>578,798</u>
State's net pension liability (asset) – ending (a) - (b)	<u>\$ 73,018</u>	<u>\$ 66,277</u>	<u>\$100,307</u>	<u>\$ 150,209</u>
Plan fiduciary net position as a percentage of total pension liability	90.43%	91.15%	86.48%	79.40%
Covered payroll	\$ 1,527	\$ 2,963	\$ 3,181	\$ 3,713
State's net pension liability (asset) as a percentage of covered payroll	4781.79%	2236.82%	3153.32%	4045.49%
Information presented based upon measurement date of:	6/30/2019	6/30/2018	6/30/2017	6/30/2016

Note: This schedule is intended to show 10 years. Additional years will be added as they become available.

<b>SPDDRS</b>	<b>SPDDRS</b>
<b>2016</b>	<b>2015</b>
\$ 1,774	\$ 2,215
50,748	49,778
4,344	—
—	—
<u>(39,708)</u>	<u>(37,565)</u>
17,158	14,428
<u>694,359</u>	<u>679,931</u>
<u>711,517</u>	<u>694,359</u>
21,668	26,955
445	545
22,866	90,872
(39,708)	(37,565)
(51)	(52)
<u>861</u>	<u>—</u>
6,081	80,755
<u>601,077</u>	<u>520,322</u>
<u>607,158</u>	<u>601,077</u>
<u>\$ 104,359</u>	<u>\$ 93,282</u>
85.33%	86.57%
\$ 5,120	\$ 5,988
2038.28%	1557.82%
6/30/2015	6/30/2014

**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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total pension liability:</b>				
Service cost	\$ 7,456	\$ 7,617	\$ 6,827	\$ 6,750
Interest	14,654	13,496	11,410	10,113
Changes of benefit terms	12,731	—	—	—
Difference between actual and expected	(3,513)	(3,610)	(765)	1,636
Assumption changes	—	—	11,192	—
Benefit payments	<u>(1,944)</u>	<u>(1,842)</u>	<u>(1,454)</u>	<u>(1,071)</u>
Net change in total pension liability	29,384	15,661	27,210	17,428
Total pension liability – beginning	<u>188,909</u>	<u>173,248</u>	<u>146,038</u>	<u>128,610</u>
Total pension liability – ending (a)	<u>218,293</u>	<u>188,909</u>	<u>173,248</u>	<u>146,038</u>
Plan fiduciary net position:				
Contributions – employer	4,556	4,205	3,657	3,887
Contributions – member	3,905	3,621	3,634	3,755
Net investment income	11,730	16,303	22,346	91
Benefit payments	(1,944)	(1,842)	(1,454)	(1,071)
Administrative expense	(60)	(60)	(64)	(47)
Other	<u>—</u>	<u>—</u>	<u>—</u>	<u>(163)</u>
Net change in plan fiduciary net position	18,187	22,227	28,119	6,452
Plan fiduciary net position – beginning	<u>188,915</u>	<u>166,688</u>	<u>138,569</u>	<u>132,117</u>
Plan fiduciary net position – ending (b)	<u>207,102</u>	<u>188,915</u>	<u>166,688</u>	<u>138,569</u>
State's net pension liability (asset) – ending (a) - (b)	<u>\$ 11,191</u>	<u>\$ (6)</u>	<u>\$ 6,560</u>	<u>\$ 7,469</u>
Plan fiduciary net position as a percentage of total pension liability	94.87%	100.00%	96.21%	94.89%
Covered payroll	\$ 30,938	\$ 32,291	\$ 31,582	\$ 31,792
State's net pension liability (asset) as a percentage of covered payroll	36.17%	-(0.02)%	20.77%	23.49%
Information presented based upon measurement date of:	6/30/2019	6/30/2018	6/30/2017	6/30/2016

Note: This schedule is intended to show 10 years. Additional years will be added as they become available.



<b>SPRS</b>	<b>SPRS</b>
<b><u>2016</u></b>	<b><u>2015</u></b>
\$ 6,337	\$ 5,890
9,024	8,021
—	—
(201)	—
—	—
<u>(1,051)</u>	<u>(913)</u>
14,109	12,998
<u>114,501</u>	<u>101,503</u>
<u>128,610</u>	<u>114,501</u>
4,060	4,049
3,609	3,630
4,972	17,756
(1,051)	(913)
(45)	(42)
—	—
11,545	24,480
<u>120,572</u>	<u>96,092</u>
<u>132,117</u>	<u>120,572</u>
<u>\$ (3,507)</u>	<u>\$ (6,071)</u>
102.73%	105.30%
\$29,574	\$ 27,701
(11.86%)	(21.92%)
6/30/2015	6/30/2014

## 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>JRS</u>	<u>JRS</u>	<u>JRS</u>	<u>JRS</u>
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total pension liability:</b>				
Service cost	\$ 2,406	\$ 2,587	\$ 2,466	\$ 2,681
Interest	8,608	8,539	8,521	8,478
Difference between actual and expected experience	(4,959)	(6,054)	(6,101)	(5,813)
Assumption changes	—	962	—	—
Benefit payments	<u>(4,933)</u>	<u>(4,932)</u>	<u>(4,609)</u>	<u>(4,429)</u>
Net change in total pension liability	1,122	1,102	277	917
Total pension liability – beginning	<u>114,828</u>	<u>113,726</u>	<u>113,449</u>	<u>112,532</u>
Total pension liability – ending (a)	<u>115,950</u>	<u>114,828</u>	<u>113,726</u>	<u>113,449</u>
Plan fiduciary net position:				
Contributions – employer	779	735	739	739
Contributions – member	331	364	372	401
Net investment income	12,085	18,373	26,270	(175)
Benefit payments	(4,933)	(4,932)	(4,609)	(4,429)
Administrative expense	(11)	(8)	(6)	(6)
Other	<u>(86)</u>	<u>—</u>	<u>(4)</u>	<u>(39)</u>
Net change in plan fiduciary net position	8,165	14,532	22,762	(3,509)
Plan fiduciary net position – beginning	<u>204,488</u>	<u>189,956</u>	<u>167,194</u>	<u>170,703</u>
Plan fiduciary net position – ending (b)	<u>212,653</u>	<u>204,488</u>	<u>189,956</u>	<u>167,194</u>
State's net pension liability (asset) – ending (a) - (b)	<u>\$ (96,703)</u>	<u>\$ (89,660)</u>	<u>\$ (76,230)</u>	<u>\$ (53,745)</u>
Plan fiduciary net position as a percentage of total pension liability	183.40%	178.08%	167.03%	147.37%
Covered payroll	\$ 9,374	\$ 9,500	\$ 9,122	\$ 8,870
State's net pension liability (asset) as a percentage of covered payroll	(1,031.61%)	(943.78%)	(835.67%)	(605.92%)
Information presented based upon measurement date of:	6/30/2019	6/30/2018	6/30/2017	6/30/2016

Note: This schedule is intended to show 10 years. Additional years will be added as they become available.

<b>JRS</b>	<b>JRS</b>
<b><u>2016</u></b>	<b><u>2015</u></b>
\$ 2,812	\$ 2,819
8,458	7,978
(6,506)	—
—	—
<u>(4,313)</u>	<u>(4,455)</u>
451	6,342
<u>112,081</u>	<u>105,739</u>
<u>112,532</u>	<u>112,081</u>
2,845	2,456
413	426
6,525	25,263
(4,313)	(4,455)
(6)	(7)
<u>—</u>	<u>80</u>
5,464	23,763
<u>165,239</u>	<u>141,476</u>
<u>170,703</u>	<u>165,239</u>
<u>\$ (58,171)</u>	<u>\$ (53,158)</u>
151.69%	147.43%
\$ 9,248	\$ 8,870
(629.01%)	(599.30%)
6/30/2015	6/30/2014

**Notes to Required Supplementary Information**

**Changes in Assumptions**

An experience study, which was based on the years 2013 through 2018, 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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Projected salary				
Increases:				
State	3.1% – 5.3%	3.00% – 4.6%	3.00% – 4.6%	3.00% – 4.6%
Nonstate	3.35% – 6.5%	3.35% – 6.0%	3.35% – 6.0%	3.35% – 6.0%
Inflation rate	3.0%	3.0%	3.0%	3.0%
Mortality rates	Active – RP-2000 Non-Annuitant table, projected with Scale AA on a fully generational basis; Retired Healthy males – 97% RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis; Retired Healthy females – 94% 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-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 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 females – 107% of RP-2000 disabled annuitant table, projected with Scale AA.
Withdrawal rates				
State	2.28 – 45%	1.75 – 35%	1.75 – 26%	1.75 – 35.1%
Nonstate	2.5 – 35.9%	2 – 35.9%	2 – 31.2%	2 – 35.8%
Disability rates	0 – 0.7%	0 – 0.7%	0 – 0.7%	0 – .675%

<u>2015</u>	<u>2014</u>
3.00% – 4.6%	4.25% – 6.0%
3.35% – 6.0%	4.25% – 6.0%
1.90%	2.20%
<p>Healthy males – 110% of RP-2000 healthy annuitant table, projected Scale AA; Healthy females – 101% of RP-2000 healthy annuitant table, projected Scale AA; Disabled male 96% of RP-2000 disabled annuitant table, projected with Scale AA; Disabled females – 107% of RP-2000 disabled annuitant table, projected with Scale AA.</p>	<p>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</p>
1.75 – 35.1%	1 – 26%
2 – 35.8%	2 – 31.2%
0 – .675%	0 – 0.8%



**Schedule of the State's Proportionate Share  
of the Net OPEB Liability  
Multiple-Employer Cost Sharing Plan  
June 30, 2020  
(Expressed in Thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
State's proportion of the net OPEB liability	80.63%	76.65%	78.90%	74.47%
State's proportionate share of the net OPEB liability	\$ 1,337,704	\$1,644,412	\$1,940,146	\$1,849,369
State's covered-employee payroll	\$ 1,768,975	\$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	75.62%	71.90%	88.23%	87.46%
Plan fiduciary net position as a percentage of the total OPEB liability	39.69%	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, 2020  
(Expressed in Thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 158,000	\$ 171,000	\$ 169,000	\$ 185,000	\$ 128,000
Contributions in relation to the contractually required contribution	<u>156,000</u>	<u>5,000</u>	<u>156,000</u>	<u>128,000</u>	<u>109,000</u>
Contribution deficiency (excess)	<u>\$ 2,000</u>	<u>\$ 176,000</u>	<u>\$ 13,000</u>	<u>\$ 57,000</u>	<u>\$ 19,000</u>
State's covered-employee payroll	\$ 1,768,975	\$ 1,892,941	\$ 2,286,999	\$ 2,199,037	\$ 2,114,459
Contributions as a percentage of covered-employee payroll	8.82%	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.

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**Required Supplementary Information**  
**Schedule of State Contributions – OPEB Special Funding Situation**  
**June 30, 2020**  
(Expressed in Thousands)

	<b>OPEB Special Funding Situation</b>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 35,000	\$ 35,000	\$ 35,000
Contributions in relation to the statutorily required contribution	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>
Contribution deficiency (excess)	<u>\$ _____</u>	<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 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 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	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020, 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
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.

# *Combining Financial Statements and Schedules*



**Nonmajor Funds**  
**Governmental**  
**Proprietary**  
**Fiduciary**

**Nonmajor**  
**Component Units**

# *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

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**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2020**  
(Expressed in Thousands)

	<u>Special Revenue</u>	<u>Debt Service</u>
Assets:		
Cash and Cash Equivalents	\$ 390,672	\$ 58,774
Investments	138,367	—
Receivables, Net	17,081	—
Due from Other Governments	4,488	—
Due from Other Funds	96	—
Due from Component Units	—	1,055
Inventories	5	—
Restricted Assets:		
Cash and Cash Equivalents	<u>1,732</u>	<u>—</u>
Total Assets	<u>\$ 552,441</u>	<u>\$ 59,829</u>
Liabilities:		
Accounts Payable	\$ 24,637	\$ —
Accrued and Other Liabilities	20,539	—
Due to Other Governments	11,775	—
Due to Other Funds	2,421	—
Due to Component Units	<u>25</u>	<u>—</u>
Total Liabilities	<u>59,397</u>	<u>—</u>
Fund Balances:		
Nonspendable:		
Inventories	5	—
Permanent Fund	—	—
Restricted for:		
Capital Projects	—	—
Debt Service	—	59,829
Development, Tourism, and Recreation	62,703	—
Education	—	—
Public Protection	102,368	—
Committed to:		
General Government Operations	5,986	—
Public Protection	314,622	—
Assigned to:		
Health and Social Services	3,762	—
Public Protection	<u>3,598</u>	<u>—</u>
Total Fund Balances	<u>493,044</u>	<u>59,829</u>
Total Liabilities and Fund Balances	<u>\$ 552,441</u>	<u>\$ 59,829</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>
\$ 4,243	\$ 8,020	\$ 43,414	\$ 10,739	\$ 1,535	\$ 517,397
—	—	—	—	—	138,367
—	—	—	—	—	17,081
—	—	—	—	—	4,488
—	—	—	—	—	96
—	—	—	—	—	1,055
—	—	—	—	—	5
—	—	—	—	—	1,732
<u>\$ 4,243</u>	<u>\$ 8,020</u>	<u>\$ 43,414</u>	<u>\$ 10,739</u>	<u>\$ 1,535</u>	<u>\$ 680,221</u>
\$ —	\$ 8	\$ 1,609	\$ —	\$ —	\$ 26,254
—	—	—	—	—	20,539
—	—	—	—	—	11,775
—	—	—	—	—	2,421
—	—	—	—	—	25
—	8	1,609	—	—	61,014
—	—	—	—	—	5
—	—	—	—	1,000	1,000
4,243	8,012	41,805	10,739	—	64,799
—	—	—	—	—	59,829
—	—	—	—	—	62,703
—	—	—	—	535	535
—	—	—	—	—	102,368
—	—	—	—	—	5,986
—	—	—	—	—	314,622
—	—	—	—	—	3,762
—	—	—	—	—	3,598
<u>4,243</u>	<u>8,012</u>	<u>41,805</u>	<u>10,739</u>	<u>1,535</u>	<u>619,207</u>
<u>\$ 4,243</u>	<u>\$ 8,020</u>	<u>\$ 43,414</u>	<u>\$ 10,739</u>	<u>\$ 1,535</u>	<u>\$ 680,221</u>

## West Virginia

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### Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2020 (Expressed in Thousands)

	<b>Special Revenue</b>	<b>Debt Service</b>
Revenues:		
Intergovernmental	\$ 141,676	\$ —
Licenses, Permits, and Fees	116,869	—
Charges for Services	205	—
Lottery Revenue	—	10,652
Investment Earnings	13,706	711
Other	<u>4,085</u>	<u>—</u>
Total Revenues	<u>276,541</u>	<u>11,363</u>
Expenditures:		
Legislative	1,658	—
Administration	—	5
Environmental Protection	135,242	—
Employment Programs	53,426	—
Education	—	—
Revenue	21,931	—
Veterans Assistance	—	1
Regulatory Boards and Commissions	20,458	1
Capital Outlay	—	—
Debt Service:		
Principal	—	52,020
Interest	<u>—</u>	<u>28,379</u>
Total Expenditures	<u>232,715</u>	<u>80,406</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>43,826</u>	<u>(69,043)</u>
Other Financing Sources (Uses):		
Transfers In	2,903	70,888
Transfers Out	<u>(48,253)</u>	<u>(143)</u>
Total Other Financing Sources (Uses)	<u>(45,350)</u>	<u>70,745</u>
Net Changes in Fund Balances	(1,524)	1,702
Fund Balances, Beginning of Year, as Restated	<u>494,568</u>	<u>58,127</u>
Fund Balances, End of Year	<u>\$ 493,044</u>	<u>\$ 59,829</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>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 141,676
—	—	—	—	—	116,869
—	—	—	—	2	207
—	—	—	—	—	10,652
86	231	597	125	16	15,472
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>515</u>	<u>4,600</u>
<u>86</u>	<u>231</u>	<u>597</u>	<u>125</u>	<u>533</u>	<u>289,476</u>
—	—	—	—	—	1,658
—	—	—	—	—	5
—	—	—	—	—	135,242
—	—	—	—	—	53,426
3,386	—	—	—	—	3,386
—	—	—	—	—	21,931
—	—	—	—	—	1
—	—	—	—	—	20,459
1,979	15,804	12,999	—	—	30,782
—	—	—	—	—	52,020
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>28,379</u>
<u>5,365</u>	<u>15,804</u>	<u>12,999</u>	<u>—</u>	<u>—</u>	<u>347,289</u>
<u>(5,279)</u>	<u>(15,573)</u>	<u>(12,402)</u>	<u>125</u>	<u>533</u>	<u>(57,813)</u>
—	3	—	—	—	73,794
—	—	—	—	(425)	(48,821)
<u>—</u>	<u>3</u>	<u>—</u>	<u>—</u>	<u>(425)</u>	<u>24,973</u>
(5,279)	(15,570)	(12,402)	125	108	(32,840)
<u>9,522</u>	<u>23,582</u>	<u>54,207</u>	<u>10,614</u>	<u>1,427</u>	<u>652,047</u>
<u>\$ 4,243</u>	<u>\$ 8,012</u>	<u>\$ 41,805</u>	<u>\$ 10,739</u>	<u>\$ 1,535</u>	<u>\$ 619,207</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 and 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, 2020  
(Expressed in Thousands)**

	<b><u>Environmental Protection</u></b>	<b><u>Public Service Commission</u></b>	<b><u>Crime Victims' Compensation</u></b>
Assets:			
Cash and Cash Equivalents	\$ 315,758	\$ 40,115	\$ 6,084
Investments	77,903	—	—
Receivables, Net	10,641	330	36
Due from Other Governments	—	2,701	—
Due from Other Funds	—	—	—
Inventories	—	—	—
Restricted Assets:			
Cash and Cash Equivalents	<u>305</u>	<u>1,427</u>	<u>—</u>
Total Assets	<u>\$ 404,607</u>	<u>\$ 44,573</u>	<u>\$ 6,120</u>
Liabilities:			
Accounts Payable	\$ 13,056	\$ 11,195	\$ 134
Accrued and Other Liabilities	17,374	1,951	—
Due to Other Governments	1,691	9,676	—
Due to Other Funds	117	57	—
Due to Component Units	<u>—</u>	<u>2</u>	<u>—</u>
Total Liabilities	<u>32,238</u>	<u>22,881</u>	<u>134</u>
Fund Balances:			
Nonspendable:			
Inventories	—	—	—
Restricted for:			
Development, Tourism, and Recreation	—	—	—
Public Protection	92,025	10,343	—
Committed to:			
General Government Operations	—	—	5,986
Public Protection	276,788	11,307	—
Assigned to:			
Health and Social Services	—	—	—
Public Protection	<u>3,556</u>	<u>42</u>	<u>—</u>
Total Fund Balances	<u>372,369</u>	<u>21,692</u>	<u>5,986</u>
Total Liabilities and Fund Balances	<u>\$ 404,607</u>	<u>\$ 44,573</u>	<u>\$ 6,120</u>

<u>Insurance Commission</u>	<u>WORKFORCE West Virginia</u>	<u>Wildlife Resources Fund</u>	<u>Total</u>
\$ 23,919	\$ 4,792	\$ 4	\$ 390,672
—	—	60,464	138,367
3,822	17	2,235	17,081
—	1,787	—	4,488
—	96	—	96
—	5	—	5
<u>—</u>	<u>—</u>	<u>—</u>	<u>1,732</u>
<u>\$ 27,741</u>	<u>\$ 6,697</u>	<u>\$ 62,703</u>	<u>\$ 552,441</u>
\$ —	\$ 252	\$ —	\$ 24,637
1,214	—	—	20,539
—	408	—	11,775
—	2,247	—	2,421
<u>—</u>	<u>23</u>	<u>—</u>	<u>25</u>
<u>1,214</u>	<u>2,930</u>	<u>—</u>	<u>59,397</u>
—	5	—	5
—	—	62,703	62,703
—	—	—	102,368
—	—	—	5,986
26,527	—	—	314,622
—	3,762	—	3,762
<u>—</u>	<u>—</u>	<u>—</u>	<u>3,598</u>
<u>26,527</u>	<u>3,767</u>	<u>62,703</u>	<u>493,044</u>
<u>\$ 27,741</u>	<u>\$ 6,697</u>	<u>\$ 62,703</u>	<u>\$ 552,441</u>

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2020  
(Expressed in Thousands)**

	<u>Environmental Protection</u>	<u>Public Service Commission</u>	<u>Crime Victims' Compensation</u>
Revenues:			
Intergovernmental	\$ 84,356	\$ 2,825	\$ 982
Licenses, Permits, and Fees	59,829	19,263	1,073
Charges for Services	—	205	—
Investment Earnings and Losses	11,470	—	220
Other	<u>3,644</u>	<u>—</u>	<u>113</u>
Total Revenues	<u>159,299</u>	<u>22,293</u>	<u>2,388</u>
Expenditures:			
Legislative	—	—	1,658
Environmental Protection	135,242	—	—
Employment Programs	—	—	—
Revenue	—	—	—
Regulatory Boards and Commissions	<u>—</u>	<u>20,458</u>	<u>—</u>
Total Expenditures	<u>135,242</u>	<u>20,458</u>	<u>1,658</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>24,057</u>	<u>1,835</u>	<u>730</u>
Other Financing Sources (Uses):			
Transfers In	2,903	—	—
Transfers Out	<u>(27,965)</u>	<u>(112)</u>	<u>(2)</u>
Total Other Financing Sources (Uses)	<u>(25,062)</u>	<u>(112)</u>	<u>(2)</u>
Net Change in Fund Balances	(1,005)	1,723	728
Fund Balances (Deficits), Beginning of Year, as Restated	<u>373,374</u>	<u>19,969</u>	<u>5,258</u>
Fund Balances (Deficits), End of Year	<u>\$ 372,369</u>	<u>\$ 21,692</u>	<u>\$ 5,986</u>

<u>Insurance Commission</u>	<u>WORKFORCE West Virginia</u>	<u>Wildlife Resources Fund</u>	<u>Total</u>
\$ —	\$ 53,513	\$ —	\$ 141,676
35,917	—	787	116,869
—	—	—	205
9	—	2,007	13,706
<u>245</u>	<u>—</u>	<u>83</u>	<u>4,085</u>
<u>36,171</u>	<u>53,513</u>	<u>2,877</u>	<u>276,541</u>
—	—	—	1,658
—	—	—	135,242
—	53,426	—	53,426
21,931	—	—	21,931
<u>—</u>	<u>—</u>	<u>—</u>	<u>20,458</u>
<u>21,931</u>	<u>53,426</u>	<u>—</u>	<u>232,715</u>
<u>14,240</u>	<u>87</u>	<u>2,877</u>	<u>43,826</u>
—	—	—	2,903
<u>(15,000)</u>	<u>—</u>	<u>(5,174)</u>	<u>(48,253)</u>
<u>(15,000)</u>	<u>—</u>	<u>(5,174)</u>	<u>(45,350)</u>
(760)	87	(2,297)	(1,524)
<u>27,287</u>	<u>3,680</u>	<u>65,000</u>	<u>494,568</u>
<u>\$ 26,527</u>	<u>\$ 3,767</u>	<u>\$ 62,703</u>	<u>\$ 493,044</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

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**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**June 30, 2020**  
(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	\$ 5,436	\$ 13	\$ 48,768	\$ 1,477	\$ 3,080	\$ 58,774
Due from Component Units	<u>55</u>	<u>1,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,055</u>
Total Assets	<u>\$ 5,491</u>	<u>\$ 1,013</u>	<u>\$ 48,768</u>	<u>\$ 1,477</u>	<u>\$ 3,080</u>	<u>\$ 59,829</u>
Fund Balances:						
Restricted for Debt Service	<u>5,491</u>	<u>1,013</u>	<u>48,768</u>	<u>1,477</u>	<u>3,080</u>	<u>59,829</u>
Total Liabilities and Fund Balances	<u>\$ 5,491</u>	<u>\$ 1,013</u>	<u>\$ 48,768</u>	<u>\$ 1,477</u>	<u>\$ 3,080</u>	<u>\$ 59,829</u>

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Debt Service Funds  
For the Fiscal Year Ended June 30, 2020  
(Expressed in Thousands)**

	Lease Purchase Account	West Virginia Infrastructure and Jobs Development Council	Education, Arts, Sciences, and Tourism Fund	Economic Development Project Fund	Cacapon Project Fund	State Parks Projects	Total
Revenues:							
Lottery Revenues	\$ 658	\$ —	\$ 9,994	\$ —	\$ —	\$ —	\$ 10,652
Investment Earnings	<u>103</u>	<u>139</u>	<u>—</u>	<u>448</u>	<u>7</u>	<u>14</u>	<u>711</u>
Total Revenues	<u>761</u>	<u>139</u>	<u>9,994</u>	<u>448</u>	<u>7</u>	<u>14</u>	<u>11,363</u>
Expenditures:							
Administration	4	—	1	—	—	—	5
Veterans Administration	1	—	—	—	—	—	1
Regulatory Boards and Commissions	1	—	—	—	—	—	1
Debt Service:							
Principal	16,460	18,260	3,985	12,460	855	—	52,020
Interest	<u>8,065</u>	<u>3,687</u>	<u>6,009</u>	<u>6,194</u>	<u>1,169</u>	<u>3,255</u>	<u>28,379</u>
Total Expenditures	<u>24,531</u>	<u>21,947</u>	<u>9,995</u>	<u>18,654</u>	<u>2,024</u>	<u>3,255</u>	<u>80,406</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(23,770)</u>	<u>(21,808)</u>	<u>(1)</u>	<u>(18,206)</u>	<u>(2,017)</u>	<u>(3,241)</u>	<u>(69,043)</u>
Other Financing Sources (Uses):							
Transfers In	23,528	21,948	—	18,990	2,031	4,391	70,888
Transfers Out	<u>—</u>	<u>(140)</u>	<u>—</u>	<u>—</u>	<u>(3)</u>	<u>—</u>	<u>(143)</u>
Total Other Financing Sources (Uses)	<u>23,528</u>	<u>21,808</u>	<u>—</u>	<u>18,990</u>	<u>2,028</u>	<u>4,391</u>	<u>70,745</u>
Net Change in Fund Balances	(242)	—	(1)	784	11	1,150	1,702
Fund Balances, Beginning 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>
Fund Balances, End of Year	<u>\$ 5,491</u>	<u>\$ —</u>	<u>\$ 1,013</u>	<u>\$ 48,768</u>	<u>\$ 1,477</u>	<u>\$ 3,080</u>	<u>\$59,829</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.

# West Virginia

## Combining Statement of Fund Net Position Internal Service Funds June 30, 2020 (Expressed in Thousands)

	State Building Fund	Information Services and Communication	Travel Management	Enterprise Readiness Planning Board	Investment Management Board	Board of Treasury Investments	Total
<b>Assets:</b>							
Current Assets:							
Cash and Cash Equivalents	\$ 2,041	\$ 6,254	\$ 2,062	\$ 9,812	\$ 4,893	\$ 1,093	\$ 26,155
Receivables, Net	4	736	18	—	7,680	865	9,303
Due from Other Funds	1,746	11,994	407	531	—	—	14,678
Due from Component Units	—	2,796	8	—	—	—	2,804
Inventories	486	410	—	—	—	—	896
Other Assets	—	—	—	—	82	—	82
Restricted Assets:							
Cash and Cash Equivalents	—	—	7,548	—	—	—	7,548
Total Current Assets	4,277	22,190	10,043	10,343	12,655	1,958	61,466
Noncurrent Assets:							
Restricted Assets:							
Cash and Cash Equivalents	14,781	—	—	—	—	—	14,781
Capital Assets, Net	195,475	956	17,311	70,026	161	6	283,935
Total Noncurrent Assets	210,256	956	17,311	70,026	161	6	298,716
Total Assets	214,533	23,146	27,354	80,369	12,816	1,964	360,182
Deferred Outflows of Resources:							
Related to Pensions	516	1,158	148	214	—	—	2,036
Related to OPEB	422	380	226	61	—	—	1,089
Total Deferred Outflows of Resources	938	1,538	374	275	—	—	3,125
Liabilities:							
Current Liabilities:							
Accounts Payable	3,646	6,492	429	1,787	8,130	665	21,149
Accrued and Other Liabilities	174	497	48	87	—	—	806
Due to Other Governments	71	227	14	46	—	—	358
Due to Other Funds	129	451	27	60	4	—	671
Due to Component Units	—	89	—	12	—	—	101
Capital Leases and Other Debt	155	162	8,312	—	—	—	8,629
Capital Leases Payable to Component Units	1,820	—	—	—	—	—	1,820
Total Current Liabilities	5,995	7,918	8,830	1,992	8,134	665	33,534
Noncurrent Liabilities:							
Capital Leases and Other Debt	2,153	—	12,998	—	—	—	15,151
Capital Leases Payable to Component Units	51,435	—	—	—	—	—	51,435
Net Pension Liability	590	1,575	99	277	—	—	2,541
Net OPEB Liability	1,757	3,737	255	471	—	—	6,220
Compensated Absences	453	1,233	80	281	—	—	2,047
Total Noncurrent Liabilities	56,388	6,545	13,432	1,029	—	—	77,394
Total Liabilities	62,383	14,463	22,262	3,021	8,134	665	110,928
Deferred Inflows of Resources:							
Related to Pensions	440	1,230	115	243	—	—	2,028
Related to OPEB	843	1,855	155	222	—	—	3,075
Total Deferred Inflows of Resources	1,283	3,085	270	465	—	—	5,103
Net Position:							
Net Investment in Capital Assets	138,232	857	3,549	70,026	161	6	212,831
Restricted for Capital Projects	14,781	—	—	—	—	—	14,781
Restricted for General Government Operations	—	—	7,548	—	—	—	7,548
Unrestricted	(1,208)	6,279	(5,901)	7,132	4,521	1,293	12,116
Total Net Position	\$ 151,805	\$ 7,136	\$ 5,196	\$ 77,158	\$ 4,682	\$ 1,299	\$ 247,276

**Combining Statement of Revenues, Expenses,  
and Changes in Fund Net Position  
Internal Service Funds  
For the Fiscal Year Ended June 30, 2020  
(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	\$ 20,265	\$ 50,386	\$ 9,508	\$ 13,808	\$ 42,637	\$ 3,172	\$ 139,776
Operating Expenses:							
Cost of Sales and Services	18,036	42,568	2,242	8,860	37,508	3,067	112,281
General and Administration	1,220	3,177	761	2,158	5,042	258	12,616
Pension Expense	246	653	(67)	52	—	—	884
OPEB Expense	85	(17)	(136)	10	—	—	(58)
Depreciation and Amortization	6,594	428	8,292	5,225	79	4	20,622
Total Operating Expenses	26,181	46,809	11,092	16,305	42,629	3,329	146,345
Operating Income (Loss)	(5,916)	3,577	(1,584)	(2,497)	8	(157)	(6,569)
Nonoperating Revenues (Expenses):							
Gain (Loss) on Sale of Equipment	—	—	(197)	—	—	—	(197)
Investment Income	31	—	—	—	65	—	96
Interest Expense	(2,285)	(3)	—	—	—	—	(2,288)
Lottery Revenue	3,968	—	—	—	—	—	3,968
Other Nonoperating Revenues	107	227	410	28	—	—	772
Total Nonoperating Revenues, Net	1,821	224	213	28	65	—	2,351
Income (Loss) Before Transfers	(4,095)	3,801	(1,371)	(2,469)	73	(157)	(4,218)
Transfers:							
Transfers In	16,162	—	1,019	—	—	—	17,181
Transfers Out	(5,417)	—	—	—	—	—	(5,417)
Total Transfers	10,745	—	1,019	—	—	—	11,764
Change in Net Position	6,650	3,801	(352)	(2,469)	73	(157)	7,546
Net Position, Beginning of Year	145,155	3,335	5,548	79,627	4,609	1,456	239,730
Net Position, End of Year	\$ 151,805	\$ 7,136	\$ 5,196	\$ 77,158	\$ 4,682	\$ 1,299	\$ 247,276

# West Virginia

## Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended June 30, 2020 (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	\$ 19,501	\$ 49,115	\$ 9,439	\$ 13,277	\$ 43,162	\$ 2,938	\$ 137,432
Payments to Suppliers	(13,281)	(33,192)	(2,673)	(7,411)	(38,248)	(3,236)	(98,041)
Payments to Employees	(5,783)	(13,633)	(714)	(2,584)	(3,988)	—	(26,702)
Net Cash Provided by (Used for) Operating Activities	<u>437</u>	<u>2,290</u>	<u>6,052</u>	<u>3,282</u>	<u>926</u>	<u>(298)</u>	<u>12,689</u>
Cash Flows from Noncapital Financing Activities:							
Transfers In	16,162	—	1,019	—	—	—	17,181
Transfers Out	(5,417)	—	—	—	—	—	(5,417)
Distributions or Subsidies from Other Organizations	3,968	—	—	—	—	—	3,968
Net Cash Provided by Noncapital Financing Activities	<u>14,713</u>	<u>—</u>	<u>1,019</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>15,732</u>
Cash Flows from Capital and Related Financing Activities:							
Proceeds from Sale of Capital Bonds and Other Debts	—	—	13,644	—	—	—	13,644
Repayment of Capital Debt	(1,920)	(386)	(7,998)	—	—	—	(10,304)
Interest Paid on Capital Debt	(2,289)	(5)	—	—	—	—	(2,294)
Acquisition and Construction of Capital Assets	(14,160)	(725)	(9,603)	(3,658)	(6)	(5)	(28,157)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(18,369)</u>	<u>(1,116)</u>	<u>(3,957)</u>	<u>(3,658)</u>	<u>(6)</u>	<u>(5)</u>	<u>(27,111)</u>
Cash Flows from Investing Activities:							
Investment Earnings	31	—	—	—	74	—	105
Net Cash Provided by (Used for) Investing Activities	<u>31</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>74</u>	<u>—</u>	<u>105</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,188)	1,174	3,114	(376)	994	(303)	1,415
Cash and Cash Equivalents, Beginning 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>
Cash and Cash Equivalents, End of Year	<u>\$ 16,822</u>	<u>\$ 6,254</u>	<u>\$ 9,610</u>	<u>\$ 9,812</u>	<u>\$ 4,893</u>	<u>\$ 1,093</u>	<u>\$ 48,484</u>



**Combining Statement of Cash Flows  
Internal Service Funds  
For the Fiscal Year Ended June 30, 2020  
(Expressed in Thousands)  
(Continued)**

	<b>State Building Fund</b>	<b>Information Services and Communication</b>	<b>Travel Management</b>	<b>Enterprise Readiness Planning Board</b>	<b>Investment Management Board</b>	<b>Board of Treasury Investments</b>	<b>Total</b>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for)							
Operating Activities:							
Operating Income (Loss)	\$ (5,916)	\$ 3,577	\$ (1,584)	\$ (2,497)	\$ 8	\$ (157)	\$ (6,569)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation and Amortization	6,594	428	8,292	5,225	79	4	20,622
Pension Expense	246	653	(67)	52	—	—	884
OPEB Expense	85	(17)	(136)	10	—	—	(58)
Changes in Assets, Liabilities, and Deferred Outflows of Resources:							
Receivables	(764)	(1,270)	(69)	(531)	525	(233)	(2,342)
Inventories	(38)	59	—	—	—	—	21
Other Assets	—	—	(48)	—	(12)	—	(60)
Accounts Payable and Accrued Liabilities	791	76	(298)	1,248	326	88	2,231
Other Liabilities	70	318	13	32	—	—	433
Deferred Outflows of Resources	<u>(631)</u>	<u>(1,534)</u>	<u>(51)</u>	<u>(257)</u>	<u>—</u>	<u>—</u>	<u>(2,473)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 437</u>	<u>\$ 2,290</u>	<u>\$ 6,052</u>	<u>\$ 3,282</u>	<u>\$ 926</u>	<u>\$ (298)</u>	<u>\$ 12,689</u>
Schedule of Noncash Capital and Financing Activities:							
On Behalf of OPEB Payments	\$ 107	\$ 227	\$ 16	\$ 28	\$ —	\$ —	\$ 378

# *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, 2020  
(Expressed in Thousands)**

	<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>
Assets:			
Current Assets:			
Cash and Cash Equivalents	\$ 42,880	\$ 18,460	\$ 5,445
Investments	—	—	5,977
Receivables, Net	10,149	707	122
Inventories	—	43	—
Other Assets	—	—	—
Restricted Assets:			
Receivables, Net	—	674	—
<b>Total Current Assets</b>	<u>53,029</u>	<u>19,884</u>	<u>11,544</u>
Noncurrent Assets:			
Receivables, Net	132,954	—	—
Restricted Assets:			
Receivables, Net	—	3,207	—
Capital Assets, Net	—	1,900	—
<b>Total Noncurrent Assets</b>	<u>132,954</u>	<u>5,107</u>	<u>—</u>
<b>Total Assets</b>	<u>185,983</u>	<u>24,991</u>	<u>11,544</u>
Deferred Outflows of Resources:			
Related to Pensions	—	344	54
Related to OPEB	—	132	63
<b>Total Deferred Outflows of Resources</b>	<u>—</u>	<u>476</u>	<u>117</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	—	4,944	114
Accrued Tuition Contract Benefits	—	—	6,137
Accrued and Other Liabilities	—	285	—
Due to Other Funds	—	7	—
Due to Component Units	29	—	—
Insurance and Compensation Benefits Obligations	—	—	—
Compensated Absences	—	—	35
<b>Total Current Liabilities</b>	<u>29</u>	<u>5,236</u>	<u>6,286</u>
Noncurrent Liabilities:			
Accrued Tuition Contract Benefits	—	—	8,037
Insurance and Compensation Benefits Obligations	—	—	—
Net Pension Liability	—	393	60
Net OPEB Liability	—	1,358	122
Compensated Absences	—	282	19
<b>Total Noncurrent Liabilities</b>	<u>—</u>	<u>2,033</u>	<u>8,238</u>
<b>Total Liabilities</b>	<u>29</u>	<u>7,269</u>	<u>14,524</u>
Deferred Inflows of Resources:			
Related to Pensions	—	280	45
Related to OPEB	—	632	64
<b>Total Deferred Inflows of Resources</b>	<u>—</u>	<u>912</u>	<u>109</u>
Net Position (Deficit):			
Net Investment in Capital Assets	—	1,900	—
Restricted for:			
General Government Operations	—	—	2,702
Lending Activities	185,954	3,881	—
Insurance Activities	—	—	—
Unrestricted (Deficit)	—	11,505	(5,674)
<b>Total Net Position (Deficit)</b>	<u>\$185,954</u>	<u>\$17,286</u>	<u>\$ (2,972)</u>

<u>State Entities Workers' Compensation</u>	<u>Total</u>
\$ 14,363	\$ 81,148
—	5,977
49	11,027
—	43
13,621	13,621
<u>—</u>	<u>674</u>
<u>28,033</u>	<u>112,490</u>
—	132,954
—	3,207
<u>—</u>	<u>1,900</u>
<u>—</u>	<u>138,061</u>
<u>28,033</u>	<u>250,551</u>
—	398
<u>—</u>	<u>195</u>
<u>—</u>	<u>593</u>
—	5,058
—	6,137
—	285
—	7
—	29
5,200	5,200
<u>—</u>	<u>35</u>
<u>5,200</u>	<u>16,751</u>
—	8,037
8,100	8,100
—	453
—	1,480
<u>—</u>	<u>301</u>
<u>8,100</u>	<u>18,371</u>
<u>13,300</u>	<u>35,122</u>
—	325
<u>—</u>	<u>696</u>
<u>—</u>	<u>1,021</u>
—	1,900
—	2,702
—	189,835
14,733	14,733
<u>—</u>	<u>5,831</u>
<u>\$ 14,733</u>	<u>\$ 215,001</u>

**Combining Statement of Revenues, Expenses,  
and Changes in Fund Net Position  
Nonmajor Proprietary Funds  
For the Fiscal Year Ended June 30, 2020  
(Expressed in Thousands)**

	<b>Business-type Activities – Enterprise Funds</b>		
	<b>Drinking Water Treatment Revolving Fund</b>	<b>Alcohol Beverage Control Administration</b>	<b>West Virginia College Prepaid Tuition and Savings Program</b>
Operating Revenues:			
Charges for Services and Sales	\$ 1,619	\$ 116,751	\$ —
Insurance Premiums	—	—	—
Tuition Contracts	—	—	46
Licenses, Permits, and Fees	—	3,436	1,485
Other	—	119	88
Total Operating Revenues	<u>1,619</u>	<u>120,306</u>	<u>1,619</u>
Operating Expenses:			
Cost of Sales and Services	—	88,262	—
Insurance Claims and Claims Adjustment Provisions	—	—	—
Tuition Contract Benefits and Expenses	—	—	3,283
General and Administration	—	5,057	1,264
Pension Expense	—	156	(5)
OPEB Expense	—	94	11
Depreciation and Amortization	—	182	—
Other	1,420	—	—
Total Operating Expenses	<u>1,420</u>	<u>93,751</u>	<u>4,553</u>
Operating Income (Loss)	199	26,555	(2,934)
Nonoperating Revenues (Expenses):			
Interest and Other Investment Income	624	373	472
Other Nonoperating Revenues	—	48,447	7
Total Nonoperating Revenues (Expenses), Net	<u>624</u>	<u>48,820</u>	<u>479</u>
Income (Loss) Before Transfers	823	75,375	(2,455)
Transfers:			
Transfers In	6,861	—	—
Transfers Out	—	(70,415)	—
Total Transfers	<u>6,861</u>	<u>(70,415)</u>	<u>—</u>
Change in Net Position	7,684	4,960	(2,455)
Net Position (Deficit), Beginning of Year	<u>178,270</u>	<u>12,326</u>	<u>(517)</u>
Net Position (Deficit), End of Year	<u>\$ 185,954</u>	<u>\$ 17,286</u>	<u>\$ (2,972)</u>

<u>State Entities Workers' Compensation</u>	<u>Total</u>
\$ —	\$ 118,370
7,474	7,474
—	46
—	4,921
<u>—</u>	<u>207</u>
<u>7,474</u>	<u>131,018</u>
—	88,262
10,264	10,264
—	3,283
433	6,754
—	151
—	105
—	182
<u>—</u>	<u>1,420</u>
<u>10,697</u>	<u>110,421</u>
(3,223)	20,597
109	1,578
<u>—</u>	<u>48,454</u>
<u>109</u>	<u>50,032</u>
(3,114)	70,629
—	6,861
<u>—</u>	<u>(70,415)</u>
<u>—</u>	<u>(63,554)</u>
(3,114)	7,075
<u>17,847</u>	<u>207,926</u>
<u>\$ 14,733</u>	<u>\$ 215,001</u>

**Combining Statement of Cash Flows  
Nonmajor Proprietary Funds  
For the Fiscal Year Ended June 30, 2020  
(Expressed in Thousands)**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Drinking Water Treatment Revolving Fund</b>	<b>Alcohol Beverage Control Administration</b>	<b>West Virginia College Prepaid Tuition and Savings Program</b>
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 9,238	\$ 120,209	\$ 52
Payments to Suppliers	—	(88,214)	(779)
Payments to Employees	—	(4,217)	(622)
Payments to Beneficiaries	—	—	(27,290)
Payments for Loans Originated	(9,004)	—	—
Payments for Premiums	—	—	—
Payments to Claimants	—	—	—
Other Operating Cash Receipts	—	—	1,487
Other Operating Cash Payments	<u>(130)</u>	<u>—</u>	<u>—</u>
Net Cash Provided by (Used for) Operating Activities	<u>104</u>	<u>27,778</u>	<u>(27,152)</u>
Cash Flows from Noncapital Financing Activities:			
Transfers In	6,860	—	—
Transfers Out	—	(70,415)	—
Entitlements and Grants	—	93	—
Provided from Issuing Liquor Licenses	<u>—</u>	<u>44,763</u>	<u>—</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>6,860</u>	<u>(25,559)</u>	<u>—</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	<u>—</u>	<u>(407)</u>	<u>—</u>
Net Cash Used for Capital and Related Financing Activities	<u>—</u>	<u>(407)</u>	<u>—</u>
Cash Flows from Investing Activities:			
Purchase of Investments	—	—	(22,107)
Proceeds from Sale of Investments	—	—	50,974
Investment Earnings	<u>624</u>	<u>—</u>	<u>140</u>
Net Cash Provided by Investing Activities	<u>624</u>	<u>—</u>	<u>29,007</u>
Net Increase (Decrease) in Cash and Cash Equivalents	7,588	1,812	1,855
Cash and Cash Equivalents, Beginning of Year	<u>35,292</u>	<u>16,648</u>	<u>3,590</u>
Cash and Cash Equivalents, End of Year	<u>\$ 42,880</u>	<u>\$ 18,460</u>	<u>\$ 5,445</u>



State Entities Workers' <u>Compensation</u>	<u>Total</u>
\$ 14,320	\$ 143,819
(52)	(89,045)
—	(4,839)
—	(27,290)
—	(9,004)
(7,306)	(7,306)
(8,962)	(8,962)
—	1,487
<u>386</u>	<u>256</u>
<u>(1,614)</u>	<u>(884)</u>
—	6,860
—	(70,415)
—	93
<u>—</u>	<u>44,763</u>
<u>—</u>	<u>(18,699)</u>
<u>—</u>	<u>(407)</u>
<u>—</u>	<u>(407)</u>
—	(22,107)
—	50,974
<u>184</u>	<u>948</u>
<u>184</u>	<u>29,815</u>
(1,430)	9,825
<u>15,793</u>	<u>71,323</u>
<u>\$ 14,363</u>	<u>\$ 81,148</u>

## West Virginia

**Combining Statement of Cash Flows**  
**Nonmajor Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2020**  
**(Expressed in Thousands)**  
**(Continued)**

	<b>Business-type Activities – Enterprise Funds</b>		
	<b>Drinking Water Treatment Revolving Fund</b>	<b>Alcohol Beverage Control Administration</b>	<b>West Virginia College Prepaid Tuition and Savings Program</b>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for)			
Operating Activities:			
Operating Income (Loss)	\$ 199	\$ 26,555	\$ (2,934)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by (Used for) Operating Activities:			
Depreciation and Amortization	—	182	—
Pension Expense	—	156	(5)
OPEB Expense	—	94	11
Changes in Assets, Liabilities, and Deferred Inflows of Resources:			
Receivables	(95)	(97)	8
Inventories	—	(19)	—
Accounts Payable and Accrued Liabilities	—	1,318	(94)
Tuition Contracts Benefits and Expenses	—	—	(24,095)
Other Liabilities	—	—	—
Compensated Absences	—	13	3
Deferred Outflows Related to Pensions/OPEB	—	(424)	(46)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 104</u>	<u>\$ 27,778</u>	<u>\$ (27,152)</u>
Schedule of Noncash Capital and Financing Activities:			
Loans Originated with Principal Forgiveness Features	\$ 3,325	\$ —	\$ —
Unrealized Gain on Investments	—	—	332
On-Behalf OPEB Payments	—	—	7

<u>State Entities Workers' Compensation</u>	<u>Total</u>
\$ (3,223)	\$ 20,597
—	182
—	151
—	105
1,486	1,302
—	(19)
200	1,424
—	(24,095)
(77)	(77)
—	16
—	(470)
<u>\$ (1,614)</u>	<u>\$ (884)</u>
\$ —	\$ 3,325
—	332
—	7

# *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, 2020  
(Expressed in Thousands)**

	<b>Public Employees Retirement System</b>	<b>Teachers' Retirement System</b>	<b>Public Safety Death, Disability, and Retirement Fund</b>	<b>State Police Retirement System</b>	<b>Judges' Retirement System</b>
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 451	\$ 1,690	\$ —	\$ —	\$ —
<b>Investments:</b>					
Equity in Pooled Investments	6,899,129	7,820,075	675,607	220,922	215,699
Mutual Funds	—	—	—	—	—
<b>Receivables, Net:</b>					
Contributions	3,326	20,309	—	—	—
Participant Loans	34	1,234	—	—	—
Accounts	—	—	—	—	—
Due from Other Funds	5,201	1,276	—	—	—
Due from Component Units	<u>1,147</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total Assets</b>	<b><u>6,909,288</u></b>	<b><u>7,844,584</u></b>	<b><u>675,607</u></b>	<b><u>220,922</u></b>	<b><u>215,699</u></b>
<b>Deferred Outflows of Resources:</b>					
Related to Pensions	—	—	—	—	—
Related to OPEB	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total Deferred Outflows of Resources</b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>
<b>Liabilities:</b>					
Accounts Payable	7	—	—	—	—
Accrued and Other Liabilities	5,966	256	3	357	11
Due to Other Funds	62	—	—	—	—
Due to Component Units	—	—	—	—	—
Insurance Claims Payable	—	—	—	—	—
Net Pension Liability	—	—	—	—	—
Net OPEB Liability	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total Liabilities</b>	<b><u>6,035</u></b>	<b><u>256</u></b>	<b><u>3</u></b>	<b><u>357</u></b>	<b><u>11</u></b>
<b>Deferred Inflows of Resources:</b>					
Related to Pensions	—	—	—	—	—
Related to OPEB	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>
<b>Net Position Held in Trust for:</b>					
<b>Restricted for:</b>					
Pensions	6,903,253	7,844,328	675,604	220,565	215,688
Other Postemployment Benefits	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total Net Position</b>	<b><u>\$ 6,903,253</u></b>	<b><u>\$ 7,844,328</u></b>	<b><u>\$ 675,604</u></b>	<b><u>\$ 220,565</u></b>	<b><u>\$ 215,688</u></b>

<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>
\$ 3,047	\$ 38	\$ 1	\$ 2	\$ 5,229	\$ 49,858	\$ 55,087
—	239,120	88,627	14,667	16,173,846	1,150,228	17,324,074
582,988	—	—	—	582,988	—	582,988
1,212	730	402	218	26,197	1,637	27,834
178	318	—	2	1,766	—	1,766
—	—	—	—	—	38,122	38,122
—	—	—	—	6,477	2,787	9,264
—	—	—	—	1,147	1,219	2,366
<u>587,425</u>	<u>240,206</u>	<u>89,030</u>	<u>14,889</u>	<u>16,797,650</u>	<u>1,243,851</u>	<u>18,041,501</u>
—	—	—	—	—	112	112
—	—	—	—	—	79	79
—	—	—	—	—	191	191
—	—	—	—	7	7	14
3,076	3	25	—	9,697	2,525	12,222
—	—	—	—	62	6,941	7,003
—	—	—	—	—	9,244	9,244
—	—	—	—	—	121	121
—	—	—	—	—	327	327
<u>3,076</u>	<u>3</u>	<u>25</u>	<u>—</u>	<u>9,766</u>	<u>19,165</u>	<u>28,931</u>
—	—	—	—	—	84	84
—	—	—	—	—	151	151
—	—	—	—	—	235	235
584,349	240,203	89,005	14,889	16,787,884	—	16,787,884
—	—	—	—	—	1,224,642	1,224,642
<u>\$ 584,349</u>	<u>\$ 240,203</u>	<u>\$ 89,005</u>	<u>\$ 14,889</u>	<u>\$ 16,787,884</u>	<u>\$ 1,224,642</u>	<u>\$ 18,012,526</u>

**Combining Statement of Changes in Fiduciary Net Position  
Pension Trust and Other Employee  
Benefit Trust Funds  
For the Fiscal Year Ended June 30, 2020  
(Expressed in Thousands)**

	<b>Public Employees Retirement System</b>	<b>Teachers' Retirement System</b>	<b>Public Safety Death, Disability, and Retirement Fund</b>	<b>State Police Retirement System</b>	<b>Judges' Retirement System</b>
Additions:					
Contributions:					
Members	\$ 75,857	\$ 96,511	\$ 35	\$ 4,168	\$ 301
Employers	155,230	129,576	59	4,850	791
Other	—	334,264	13,187	—	—
Total Contributions	<u>231,087</u>	<u>560,351</u>	<u>13,281</u>	<u>9,018</u>	<u>1,092</u>
Investment Income (Loss):					
Net Appreciation (Depreciation) in Fair Value of Investments	215,045	241,072	21,191	7,002	6,844
Interest	310	519	61	8	6
Net Investment Income (Loss)	<u>215,355</u>	<u>241,591</u>	<u>21,252</u>	<u>7,010</u>	<u>6,850</u>
Other Income	<u>1,093</u>	<u>3,371</u>	<u>530</u>	<u>—</u>	<u>—</u>
Total Additions	<u>447,535</u>	<u>805,313</u>	<u>35,063</u>	<u>16,028</u>	<u>7,942</u>
Deductions:					
Benefits Expense	453,001	844,504	49,225	2,140	4,897
Forfeitures	—	—	—	—	—
Refunds of Contributions	10,549	9,695	—	358	—
Administrative Expenses	6,186	5,525	54	67	10
Pension Expense	—	—	—	—	—
OPEB Expense	—	—	—	—	—
Total Deductions	<u>469,736</u>	<u>859,724</u>	<u>49,279</u>	<u>2,565</u>	<u>4,907</u>
Change in Net Position:					
Restricted for Pension Benefits Held in Trust for Other Postemployment Benefits	(22,201)	(54,411)	(14,216)	13,463	3,035
Net Position, Beginning of Year	<u>6,925,454</u>	<u>7,898,739</u>	<u>689,820</u>	<u>207,102</u>	<u>212,653</u>
Net Position, End of Year	<u>\$ 6,903,253</u>	<u>\$ 7,844,328</u>	<u>\$ 675,604</u>	<u>\$ 220,565</u>	<u>\$ 215,688</u>



<b>Teachers' Defined Contribution Retirement System</b>	<b>Deputy Sheriffs' Retirement System</b>	<b>Emergency Medical Services Retirement System</b>	<b>Municipal Police Officers and Firefighters Retirement System</b>	<b>Total Pension Trust Funds</b>	<b>Other Employee Benefit Trust Fund</b>	<b>Total Pension and Other Employee Benefit Trust Fund</b>
\$ 6,219	\$ 4,860	\$ 2,531	\$ 1,717	\$ 192,199	\$ —	\$ 192,199
9,965	6,861	3,078	1,721	312,131	107,756	419,887
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>347,451</u>	<u>85,650</u>	<u>433,101</u>
<u>16,184</u>	<u>11,721</u>	<u>5,609</u>	<u>3,438</u>	<u>851,781</u>	<u>193,406</u>	<u>1,045,187</u>
21,342	7,523	2,814	434	523,267	28,571	551,838
<u>13,843</u>	<u>5</u>	<u>3</u>	<u>3</u>	<u>14,758</u>	<u>1,350</u>	<u>16,108</u>
<u>35,185</u>	<u>7,528</u>	<u>2,817</u>	<u>437</u>	<u>538,025</u>	<u>29,921</u>	<u>567,946</u>
<u>32</u>	<u>404</u>	<u>—</u>	<u>1</u>	<u>5,431</u>	<u>662</u>	<u>6,093</u>
<u>51,401</u>	<u>19,653</u>	<u>8,426</u>	<u>3,876</u>	<u>1,395,237</u>	<u>223,989</u>	<u>1,619,226</u>
—	12,260	3,348	39	1,369,414	85,786	1,455,200
1,101	—	—	—	1,101	—	1,101
16,375	716	969	209	38,871	—	38,871
779	133	73	36	12,863	5,156	18,019
—	—	—	—	—	56	56
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>10</u>	<u>10</u>
<u>18,255</u>	<u>13,109</u>	<u>4,390</u>	<u>284</u>	<u>1,422,249</u>	<u>91,008</u>	<u>1,513,257</u>
33,146	6,544	4,036	3,592	(27,012)	—	(27,012)
—	—	—	—	—	132,981	132,981
<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>
<u>\$ 584,349</u>	<u>\$ 240,203</u>	<u>\$ 89,005</u>	<u>\$ 14,889</u>	<u>\$16,787,884</u>	<u>\$ 1,224,642</u>	<u>\$ 18,012,526</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.

## West Virginia

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### Combining Statement of Fiduciary Net Position Investment Trust Funds June 30, 2020 (Expressed in Thousands)

	West Virginia Money Market	West Virginia Government Money Market	Total
Assets:			
Cash and Cash Equivalents	<u>\$ 244,931</u>	<u>\$ 217,479</u>	<u>\$ 462,410</u>
Total Assets	<u>\$ 244,931</u>	<u>\$ 217,479</u>	<u>\$ 462,410</u>
Net Position:			
Held in Trust for External Investment Pool Participants	<u>\$ 244,931</u>	<u>\$ 217,479</u>	<u>\$ 462,410</u>
Total Net Position	<u>\$ 244,931</u>	<u>\$ 217,479</u>	<u>\$ 462,410</u>

### Combining Statement of Changes in Fiduciary Net Position Investment Trust Funds For the Year Ended June 30, 2020 (Expressed in Thousands)

	West Virginia Money Market	West Virginia Government Money Market	Total
Additions:			
Deposits, Pool Participants	\$ 453,360	\$ 236,359	\$ 689,719
Investment Income:			
Net Appreciation in Fair Value of Investments	<u>4,275</u>	<u>3,501</u>	<u>7,776</u>
Total Additions	<u>457,635</u>	<u>239,860</u>	<u>697,495</u>
Deductions:			
Withdrawals	<u>409,283</u>	<u>254,724</u>	<u>664,007</u>
Change in Net Position Held in Trust for External Investment Pool Participants	48,352	(14,864)	33,488
Net Position, Beginning of Year	<u>196,579</u>	<u>232,343</u>	<u>428,922</u>
Net Position, End of Year	<u>\$ 244,931</u>	<u>\$ 217,479</u>	<u>\$ 462,410</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**  
**June 30, 2020**  
**(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	\$ 624	\$ 3,423	\$ 51,314	\$ 1,962	\$ 25,569	\$ 82,892
Investments	—	—	8,781	—	—	8,781
Receivables, Net	—	—	291	1	4	296
Due from Other Funds	<u>113</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>113</u>
Total Assets	<u>\$ 737</u>	<u>\$ 3,423</u>	<u>\$ 60,386</u>	<u>\$ 1,963</u>	<u>\$ 25,573</u>	<u>\$ 92,082</u>
Liabilities:						
Current Liabilities:						
Due to Other Governments	\$ 737	\$ 3,423	\$ —	\$ —	\$ 679	\$ 4,839
Agency Liabilities	<u>—</u>	<u>—</u>	<u>60,386</u>	<u>1,963</u>	<u>24,894</u>	<u>87,243</u>
Total Liabilities	<u>\$ 737</u>	<u>\$ 3,423</u>	<u>\$ 60,386</u>	<u>\$ 1,963</u>	<u>\$ 25,573</u>	<u>\$ 92,082</u>

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended June 30, 2020  
(Expressed in Thousands)**

	<b>Balance July 1, 2019</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2020</b>
<b>Local Government</b>				
Assets:				
Cash	\$ 448	\$ 974,573	\$ 974,397	\$ 624
Due from Other Funds	339	113	339	113
Total Assets	<u>\$ 787</u>	<u>\$ 974,686</u>	<u>\$ 974,736</u>	<u>\$ 737</u>
Liabilities:				
Accounts Payable	\$ —	\$ 422,166	\$ 422,166	\$ —
Due to Other Governments	787	552,520	552,570	737
Total Liabilities	<u>\$ 787</u>	<u>\$ 974,686</u>	<u>\$ 974,736</u>	<u>\$ 737</u>
 <b>Municipal Bond Commission</b>				
Assets:				
Cash	\$ 3,566	\$ 633,490	\$ 633,633	\$ 3,423
Total Assets	<u>\$ 3,566</u>	<u>\$ 633,490</u>	<u>\$ 633,633</u>	<u>\$ 3,423</u>
Liabilities:				
Accounts Payable	\$ —	\$ 11,224	\$ 11,224	\$ —
Due to Other Governments	3,566	622,266	622,409	3,423
Total Liabilities	<u>\$ 3,566</u>	<u>\$ 633,490</u>	<u>\$ 633,633</u>	<u>\$ 3,423</u>
 <b>Consolidated Investment Pool</b>				
Assets:				
Cash	\$ 1,285	\$ 16,041	\$ 16,426	\$ 900
Equity in Pooled Cash Equivalents	48,453	3,894	1,933	50,414
Investments	8,860	2,154	2,233	8,781
Accrued Interest Receivable	496	291	496	291
Total Assets	<u>\$ 59,094</u>	<u>\$ 22,380</u>	<u>\$ 21,088</u>	<u>\$ 60,386</u>
Liabilities:				
Accounts Payable	\$ 9	\$ 1,416	\$ 1,425	\$ —
Agency Liabilities	59,085	20,964	19,663	60,386
Total Liabilities	<u>\$ 59,094</u>	<u>\$ 22,380</u>	<u>\$ 21,088</u>	<u>\$ 60,386</u>



	<b>Balance July 1, 2019</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2020</b>
<b>Patient Injury Compensation Fund</b>				
Assets:				
Cash and Cash Equivalents	\$ 107	\$ 3,942	\$ 4,021	\$ 28
Equity in Pooled Cash	2,018	1,916	2,000	1,934
Accrued Interest Receivable	<u>3</u>	<u>1</u>	<u>3</u>	<u>1</u>
Total Assets	<u>\$ 2,128</u>	<u>\$ 5,859</u>	<u>\$ 6,024</u>	<u>\$ 1,963</u>
Liabilities:				
Accounts Payable	\$ 3	\$ 2,108	\$ 2,111	\$ —
Agency Liabilities	<u>2,125</u>	<u>3,751</u>	<u>3,913</u>	<u>1,963</u>
Total Liabilities	<u>\$ 2,128</u>	<u>\$ 5,859</u>	<u>\$ 6,024</u>	<u>\$ 1,963</u>
<b>Other Agency Funds</b>				
Assets:				
Cash and Cash Equivalents	\$ 14,913	\$ 234,706	\$ 228,543	\$ 21,076
Equity in Pooled Cash	4,006	2,236	1,749	4,493
Accrued Interest Receivable	<u>15</u>	<u>4</u>	<u>15</u>	<u>4</u>
Total Assets	<u>\$ 18,934</u>	<u>\$ 236,946</u>	<u>\$ 230,307</u>	<u>\$ 25,573</u>
Liabilities:				
Due to Other Governments	\$ 1,043	\$ 3,923	\$ 4,287	\$ 679
Agency Liabilities	<u>17,891</u>	<u>233,023</u>	<u>226,020</u>	<u>24,894</u>
Total Liabilities	<u>\$ 18,934</u>	<u>\$ 236,946</u>	<u>\$ 230,307</u>	<u>\$ 25,573</u>
<b>Total All Agency Funds</b>				
Assets:				
Cash and Cash Equivalents	\$ 20,319	\$ 1,862,752	\$ 1,857,020	\$ 26,051
Equity in Pooled Cash Equivalents	54,477	8,046	5,682	56,841
Investments	8,860	2,154	2,233	8,781
Due from Other Funds	339	113	339	113
Accrued Interest Receivable	<u>514</u>	<u>296</u>	<u>514</u>	<u>296</u>
Total Assets	<u>\$ 84,509</u>	<u>\$ 1,873,361</u>	<u>\$ 1,865,788</u>	<u>\$ 92,082</u>
Liabilities:				
Accounts Payable	\$ 12	\$ 436,914	\$ 436,926	\$ —
Due to Other Governments	5,396	1,178,709	1,179,266	4,839
Agency Liabilities	<u>79,101</u>	<u>257,738</u>	<u>249,596</u>	<u>87,243</u>
Total Liabilities	<u>\$ 84,509</u>	<u>\$ 1,873,361</u>	<u>\$ 1,865,788</u>	<u>\$ 92,082</u>

# *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, ensures 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, 2020  
(Expressed in Thousands)**

	<b>Educational Broadcasting Authority</b>	<b>Job Investment Trust</b>	<b>WV State Rail Authority</b>
Assets:			
Current Assets:			
Cash and Cash Equivalents	\$ 3,640	\$ 7,756	\$ 7,266
Investments	2,657	—	—
Receivables, Net	1,325	334	38
Due from Primary Government	6,207	—	186
Inventories	—	—	16
Other Assets	—	—	—
Restricted Assets:			
Cash and Cash Equivalents	481	—	—
Receivables, Net	—	—	—
Total Current Assets	<u>14,310</u>	<u>8,090</u>	<u>7,506</u>
Noncurrent Assets:			
Investments	—	2,202	—
Receivables, Net	—	2,992	—
Other Assets	—	7	—
Restricted Assets:			
Cash and Cash Equivalents	648	—	—
Receivables, Net	—	—	—
Other Restricted Assets	304	—	—
Capital Assets, Net	<u>4,420</u>	<u>45</u>	<u>36,727</u>
Total Noncurrent Assets	<u>5,372</u>	<u>5,246</u>	<u>36,727</u>
Total Assets	<u>19,682</u>	<u>13,336</u>	<u>44,233</u>
Deferred Outflows of Resources:			
Related to Pensions	304	37	49
Related to OPEB	<u>128</u>	<u>7</u>	<u>25</u>
Total Deferred Outflows of Resources	<u>432</u>	<u>44</u>	<u>74</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	329	8	1,017
Accrued and Other Liabilities	—	61	93
Due to Primary Government	34	—	44
Due to Component Units	2	—	—
Unearned Revenue	450	—	3
Compensated Absences	<u>339</u>	<u>—</u>	<u>75</u>
Total Current Liabilities	<u>1,154</u>	<u>69</u>	<u>1,232</u>
Noncurrent Liabilities:			
Accrued and Other Liabilities	—	—	—
Unearned Revenue	—	—	43
Liabilities Payable from Restricted Assets	—	—	—
Net Pension Liability	377	42	59
Net OPEB Liability	1,153	53	215
Compensated Absences	<u>—</u>	<u>—</u>	<u>—</u>
Total Noncurrent Liabilities	<u>1,530</u>	<u>95</u>	<u>317</u>
Total Liabilities	<u>2,684</u>	<u>164</u>	<u>1,549</u>
Deferred Inflows of Resources:			
Related to Pensions	345	34	47
Related to Other Postemployment Benefits	<u>764</u>	<u>66</u>	<u>109</u>
Total Deferred Inflows of Resources	<u>1,109</u>	<u>100</u>	<u>156</u>
Net Position:			
Net Investment in Capital Assets	4,420	45	36,728
Restricted for:			
Nonexpendable	304	—	—
Specific Component Unit Purposes	—	—	—
Unrestricted	<u>11,597</u>	<u>13,071</u>	<u>5,874</u>
Total Net Position	<u>\$ 16,321</u>	<u>\$ 13,116</u>	<u>\$ 42,602</u>

Solid Waste Management Board	Racing Commission	Public Defender Corporation	Municipal Pensions Oversight Board	Total
\$ 3,225	\$ 1,050	\$ 5,962	\$ 32,413	\$ 61,312
—	—	—	—	2,657
216	49	1,715	11	3,688
—	—	—	—	6,393
—	—	—	—	16
1	—	58	—	59
4,523	11,411	—	—	16,415
<u>170</u>	<u>360</u>	<u>—</u>	<u>—</u>	<u>530</u>
<u>8,135</u>	<u>12,870</u>	<u>7,735</u>	<u>32,424</u>	<u>91,070</u>
—	—	—	—	2,202
—	—	—	—	2,992
—	—	—	—	7
—	—	—	—	648
71	—	—	—	71
—	—	—	—	304
<u>8</u>	<u>7</u>	<u>714</u>	<u>10</u>	<u>41,931</u>
<u>79</u>	<u>7</u>	<u>714</u>	<u>10</u>	<u>48,155</u>
<u>8,214</u>	<u>12,877</u>	<u>8,449</u>	<u>32,434</u>	<u>139,225</u>
53	163	1,359	25	1,990
<u>13</u>	<u>49</u>	<u>875</u>	<u>3</u>	<u>1,100</u>
<u>66</u>	<u>212</u>	<u>2,234</u>	<u>28</u>	<u>3,090</u>
102	346	5	1	1,808
—	124	274	36	588
—	35	5	—	118
—	—	—	—	2
—	—	—	—	453
<u>—</u>	<u>—</u>	<u>1,021</u>	<u>—</u>	<u>1,435</u>
<u>102</u>	<u>505</u>	<u>1,305</u>	<u>37</u>	<u>4,404</u>
200	—	—	—	200
—	—	—	—	43
—	11,411	—	—	11,411
65	216	1,728	33	2,520
100	442	3,376	18	5,357
<u>57</u>	<u>191</u>	<u>—</u>	<u>—</u>	<u>248</u>
<u>422</u>	<u>12,260</u>	<u>5,104</u>	<u>51</u>	<u>19,779</u>
<u>524</u>	<u>12,765</u>	<u>6,409</u>	<u>88</u>	<u>24,183</u>
51	217	1,300	21	2,015
<u>81</u>	<u>321</u>	<u>1,489</u>	<u>8</u>	<u>2,838</u>
<u>132</u>	<u>538</u>	<u>2,789</u>	<u>29</u>	<u>4,853</u>
8	—	714	10	41,925
—	—	—	—	304
4,565	—	—	32,335	36,900
<u>3,051</u>	<u>(214)</u>	<u>771</u>	<u>—</u>	<u>34,150</u>
<u>\$ 7,624</u>	<u>\$ (214)</u>	<u>\$ 1,485</u>	<u>\$ 32,345</u>	<u>\$ 113,279</u>

# West Virginia

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**Combining Statement of Activities  
Nonmajor Discretely Presented Component Units  
For the Fiscal Year Ended June 30, 2020  
(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	\$ 8,730	\$ 2,782	\$ 2,280	\$ (3,668)
Jobs Investment Trust	1,066	551	—	(515)
WV State Rail Authority	8,334	1,772	—	(6,562)
Solid Waste Management Board	2,635	2,753	—	118
Racing Commission	2,666	2,027	—	(639)
Public Defender Corporation	17,484	—	91	(17,393)
Municipal Pensions Oversight Board	<u>19,264</u>	<u>—</u>	<u>—</u>	<u>(19,264)</u>
Total Component Units	<u>\$ 60,179</u>	<u>\$ 9,885</u>	<u>\$ 2,371</u>	<u>\$ (47,923)</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, as Restated	Net Position, End of Year
\$ 653	\$ 4,211	\$ 432	\$ —	\$ 5,296	\$ 1,628	\$ 14,693	\$ 16,321
136	—	3	—	139	(376)	13,492	13,116
181	—	1,506	3,062	4,749	(1,813)	44,415	42,602
—	—	28	—	28	146	7,478	7,624
—	—	27	—	27	(612)	398	(214)
7	—	214	19,025	19,246	1,853	(368)	1,485
<u>558</u>	<u>—</u>	<u>1</u>	<u>20,205</u>	<u>20,764</u>	<u>1,500</u>	<u>30,845</u>	<u>32,345</u>
<u>\$ 1,535</u>	<u>\$ 4,211</u>	<u>\$ 2,211</u>	<u>\$ 42,292</u>	<u>\$ 50,249</u>	<u>\$ 2,326</u>	<u>\$ 110,953</u>	<u>\$ 113,279</u>





# *Statistical Section*



**Financial Trends**

**Revenue Capacity**

**Debt Capacity**

**Demographics and  
Economic  
Information**

**Operating  
Information**

**Miscellaneous**



## 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.

Schedule 1 – Net Position by Component.....	292
Schedule 2 – Changes in Net Position.....	294
Schedule 3 – Fund Balances – Governmental Funds.....	298
Schedule 4 – Changes in Fund Balances – Governmental Funds.....	300

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.

Schedule 5 – Revenue Base.....	302
Schedule 6 – Revenue Rates.....	304
Schedule 7 – Revenue Payers by Industry/Category.....	306

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.

Schedule 8 – Ratios of Outstanding Debt.....	308
Schedule 9 – Pledged Revenue Coverage.....	310

Demographic and Economic Information – These schedules offer indicators to help the reader understand the environment within which the government’s financial activities take place.

Schedule 10 – Demographic and Economic Indicators.....	318
Schedule 11 – Principal Employers.....	320
Schedule 12 – Education Enrollment.....	321

Operating Information – These schedules assist the reader in evaluating the size, efficiency, and effectiveness of the State’s government.

Schedule 13 – State Employees by Function.....	322
Schedule 14 – Operating Indicators by Function.....	324
Schedule 15 – Capital Assets Statistics by Function.....	326

Miscellaneous Statistics – This information may provide the reader with more insight into the State’s financial and demographic status.

Schedule 16 – Miscellaneous Statistics.....	328
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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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 9,192,701	\$ 9,005,297	\$ 8,875,443	\$ 8,996,053
Restricted	1,188,896	1,251,729	953,572	402,490
Unrestricted Net Position (Deficit)	<u>(3,423,609)</u>	<u>(3,337,234)</u>	<u>(4,119,293)</u>	<u>(4,455,964)</u>
<b>Total Governmental Activities</b>				
<b>Net Position</b>	<u>\$ 6,957,988</u>	<u>\$ 6,919,792</u>	<u>\$ 5,709,722</u>	<u>\$ 4,942,579</u>
<b>Business-type Activities</b>				
Net Investment in Capital Assets	\$ 2,001	\$ 1,821	\$ 2,676	\$ 2,863
Restricted	1,777,494	1,972,374	1,895,646	1,809,614
Unrestricted Net Position (Deficit)	<u>389,829</u>	<u>354,405</u>	<u>333,239</u>	<u>282,812</u>
<b>Total Business-type Activities</b>				
<b>Net Position (Deficit)</b>	<u>\$ 2,169,324</u>	<u>\$ 2,328,600</u>	<u>\$ 2,231,561</u>	<u>\$ 2,095,289</u>
<b>Primary Government</b>				
Net Investment in Capital Assets	\$ 9,194,702	\$ 9,007,118	\$ 8,878,119	\$ 8,998,916
Restricted	2,966,390	3,224,103	2,849,218	2,212,104
Unrestricted Net Position (Deficit)	<u>(3,033,780)</u>	<u>(2,982,829)</u>	<u>(3,786,054)</u>	<u>(4,173,152)</u>
<b>Total Primary Government</b>				
<b>Net Position</b>	<u>\$ 9,127,312</u>	<u>\$ 9,248,392</u>	<u>\$ 7,941,283</u>	<u>\$ 7,037,868</u>

Notes: 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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 8,986,789	\$ 8,890,142	\$ 8,791,243	\$ 8,620,814	\$ 8,404,751	\$ 8,288,909
422,147	439,118	367,636	407,011	504,680	551,892
<u>(4,563,114)</u>	<u>(4,718,599)</u>	<u>(17,631)</u>	<u>78,335</u>	<u>298,279</u>	<u>1,347,124</u>
<u>\$ 4,845,822</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>
\$ 2,940	\$ 2,963	\$ 3,175	\$ 3,392	\$ 4,555	\$ 6,200
1,741,004	1,813,975	1,812,958	1,792,845	1,721,727	1,551,461
<u>201,954</u>	<u>201,022</u>	<u>41,180</u>	<u>(222,728)</u>	<u>(450,488)</u>	<u>(568,660)</u>
<u>\$ 1,945,898</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>
\$ 8,989,729	\$ 8,893,105	\$ 8,794,418	\$ 8,624,206	\$ 8,409,306	\$ 8,295,109
2,163,151	2,253,093	2,180,594	2,199,856	2,226,407	2,103,353
<u>(4,361,160)</u>	<u>(4,517,577)</u>	<u>23,549</u>	<u>(144,393)</u>	<u>(152,209)</u>	<u>778,464</u>
<u>\$ 6,791,720</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>

**Schedule 2**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Expressed in Thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Governmental Activities</b>				
Expenses:				
Legislative	\$ 22,565	\$ 21,399	\$ 24,352	\$ 24,189
Judicial	136,383	122,394	136,825	134,351
Executive	368,025	279,266	213,285	176,485
Administration	279,823	203,481	235,485	262,684
Commerce	194,690	163,112	196,759	166,225
Environmental Protection	103,259	115,131	112,962	173,689
Employment Programs	50,785	47,779	43,287	55,231
Education	2,991,209	2,704,721	2,669,868	2,777,727
Health and Human Resources	5,934,351	5,500,238	5,483,893	5,810,783
Military Affairs and Public Safety	559,734	461,957	479,783	502,408
Revenue	63,132	122,114	93,815	89,178
Transportation	1,386,393	1,341,573	1,150,909	1,153,708
Veterans Assistance	20,152	25,178	24,369	20,572
Senior Services	48,307	45,485	44,825	41,934
Regulatory Boards and Commissions	50,519	44,027	55,422	53,909
Interest on Long-Term Debt	<u>172,922</u>	<u>157,642</u>	<u>118,156</u>	<u>110,722</u>
Total Expenses	12,382,249	11,355,497	11,083,995	11,553,795
Program Revenues:				
Charges for Services:				
Legislative	1,064	1,286	1,277	1,268
Judicial	907	1,026	—	1,768
Executive	23,619	25,710	19,326	18,002
Administration	56,118	50,744	46,708	42,766
Commerce	40,634	45,103	46,986	41,017
Environmental Protection	58,935	65,371	68,595	53,209
Employment Programs	—	—	—	—
Education	1,394	554	—	—
Health and Human Resources	84,834	64,862	56,589	70,812
Military Affairs and Public Safety	16,234	15,877	18,449	16,018
Revenue	42,173	45,962	44,703	42,421
Transportation	130,505	181,181	169,142	101,562
Veterans Assistance	324	393	3	—
Senior Services	2	(2)	—	3
Regulatory Boards and Commissions	<u>36,806</u>	<u>37,712</u>	<u>41,508</u>	<u>42,259</u>
Total Charges for Services	493,549	535,779	513,286	431,105
Operating Grants and Contributions:				
Legislative	1,095	48	3,786	309
Judicial	2,102	3,543	2,472	2,899
Executive	108,510	40,152	29,404	24,812
Administration	(1,805)	(1,547)	—	—
Commerce	71,738	65,568	60,551	60,378
Environmental Protection	87,493	106,230	99,742	87,674
Employment Programs	53,462	48,391	49,969	49,288
Education	508,378	453,950	435,775	440,701
Health and Human Resources	4,509,174	4,044,403	4,005,927	4,319,051
Military Affairs and Public Safety	132,731	78,481	85,058	130,128
Revenue	3,040	1,833	1,316	2,645
Veterans Assistance	6,761	5,947	11,805	8,208
Senior Services	25,427	23,452	22,005	22,318
Regulatory Boards and Commissions	<u>3,262</u>	<u>3,180</u>	<u>3,134</u>	<u>2,910</u>
Total Operating Grants and Contributions	5,511,368	4,873,631	4,810,944	5,151,321
Capital Grants and Contributions:				
Executive	—	—	—	—
Administration	—	—	—	1,563
Military Affairs and Public Safety	794	38	2,364	2,128
Transportation	340,627	492,389	369,711	526,571
Veterans Assistance	<u>2,261</u>	<u>2,311</u>	<u>—</u>	<u>1,564</u>
Total Capital Grants and Contributions	<u>343,682</u>	<u>494,738</u>	<u>372,075</u>	<u>531,826</u>
Total Program Revenues	<u>6,348,599</u>	<u>5,904,148</u>	<u>5,696,305</u>	<u>6,114,252</u>
Total Governmental Activities Net Program Expenses	<u>(6,033,650)</u>	<u>(5,451,349)</u>	<u>(5,387,690)</u>	<u>(5,439,543)</u>

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 25,766	\$ 26,762	\$ 30,147	\$ 34,693	\$ 36,722	\$ 31,721
133,702	126,904	143,929	129,667	140,515	130,104
139,580	124,455	154,212	117,706	216,356	325,389
234,542	280,007	308,685	309,009	320,377	260,298
166,129	141,566	182,198	233,474	231,178	217,334
84,533	109,036	150,859	168,322	204,158	174,211
48,173	43,876	50,406	47,369	51,595	58,312
2,708,236	2,762,735	2,924,767	3,059,791	3,757,725	2,839,216
5,352,930	5,241,337	4,759,982	4,660,450	4,402,259	4,317,911
417,604	412,894	424,232	446,954	491,717	441,523
78,504	86,654	131,627	62,615	91,344	82,820
1,183,397	1,121,182	1,148,566	1,028,742	1,299,400	1,035,601
20,588	19,264	23,551	19,212	27,019	—
44,037	49,205	45,846	47,608	47,561	47,186
47,680	74,255	44,847	62,883	92,662	33,328
<u>112,273</u>	<u>123,064</u>	<u>119,268</u>	<u>125,559</u>	<u>125,105</u>	<u>135,443</u>
10,797,674	10,743,196	10,643,122	10,554,054	11,535,693	10,130,397
1,431	1,436	1,440	1,550	1,591	1,571
1,730	944	972	969	1,024	1,116
14,407	22,440	24,539	21,110	22,093	22,868
45,767	51,167	15,608	31,569	33,180	6,289
43,541	46,972	48,312	43,882	48,928	44,747
74,621	71,302	85,487	84,358	61,188	52,683
—	—	—	—	—	—
2,580	3,970	3,982	3,563	4,362	4,195
72,849	84,731	83,974	90,383	90,604	88,737
10,868	8,751	9,847	10,308	11,146	10,019
42,754	50,547	33,231	30,888	31,729	73,947
92,171	97,716	92,772	100,966	100,700	101,000
—	—	—	—	—	—
—	—	—	—	1	—
<u>26,158</u>	<u>31,317</u>	<u>31,403</u>	<u>25,090</u>	<u>31,254</u>	<u>30,815</u>
428,877	471,293	431,567	444,636	437,800	437,987
136	784	1,523	984	1,977	634
1,978	2,296	1,453	491	640	1,049
33,725	14,076	64,345	62,496	136,752	214,224
3,006	50,731	43,532	48,938	45,498	41,426
41,846	39,802	54,672	70,260	70,004	73,424
98,312	102,018	103,557	104,386	142,590	116,378
48,050	45,306	49,686	50,537	51,845	58,008
451,719	443,295	405,576	420,116	446,297	444,269
3,940,757	3,811,046	3,385,470	3,222,601	3,045,355	3,252,622
118,282	65,630	59,304	76,807	82,240	52,057
1,917	144	35	23	9	28
8,008	9,604	7,814	2,298	—	—
23,489	22,728	22,588	22,025	23,351	22,671
<u>3,049</u>	<u>3,058</u>	<u>2,782</u>	<u>3,033</u>	<u>2,747</u>	<u>2,105</u>
4,774,274	4,610,518	4,202,337	4,084,995	4,049,305	4,278,895
—	—	—	—	—	3
2,552	—	3,180	—	2,005	—
1,235	17,241	24,395	46,326	49,854	74,581
452,435	373,708	—	493,949	519,768	554,394
—	—	<u>476,631</u>	<u>3,005</u>	<u>5,321</u>	—
<u>456,222</u>	<u>390,949</u>	<u>504,206</u>	<u>543,280</u>	<u>576,948</u>	<u>628,978</u>
<u>5,659,373</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>(5,138,301)</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>

(Continued)

**Schedule 2**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Expressed in Thousands)**  
**(Continued)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Revenues and Other Changes in Net Position:				
Taxes:				
Personal Income	\$ 2,023,079	\$ 2,090,596	\$ 1,939,977	\$ 1,830,106
Consumer Sales	1,514,838	1,481,344	1,355,135	1,312,353
Business	550,918	793,067	626,743	581,896
Medicaid	235,758	239,201	222,859	217,665
Transportation	680,902	682,331	674,795	593,158
Other	384,882	393,244	390,773	409,426
Entitlements and Grants	—	—	—	—
Unrestricted Investment Earnings	123,951	144,963	56,933	73,552
Tobacco Settlement Revenues	106,093	59,764	62,930	61,426
Lottery Revenue	266,124	348,250	322,845	336,294
Miscellaneous	176,399	395,866	152,806	106,526
Transfers	7,147	(30,315)	9,667	15,204
Total General Revenues, Special Items, and Transfers	<u>6,070,091</u>	<u>6,598,311</u>	<u>5,815,463</u>	<u>5,537,606</u>
<b>Total Governmental Activities Changes in Net Position</b>	<b><u>\$ 36,441</u></b>	<b><u>\$ 1,146,962</u></b>	<b><u>\$ 427,773</u></b>	<b><u>\$ 98,063</u></b>
<b>Business-type Activities</b>				
Expenses:				
West Virginia Lottery	\$ —	\$ —	\$ —	\$ —
Water Pollution Control Revolving Fund	10,739	5,316	4,067	3,467
Workers' Compensation Fund	59,151	139,992	117,132	134,443
Unemployment Compensation	1,415,646	164,478	142,103	169,197
WV Infrastructure and Jobs Development Council	22,325	18,512	35,937	23,941
Public Employees Insurance Agency	597,217	561,807	537,044	552,882
Board of Risk and Insurance Management	70,377	84,683	61,797	66,152
Other Business-type Activities	<u>110,335</u>	<u>96,947</u>	<u>98,697</u>	<u>98,901</u>
Total Expenses	<u>2,285,790</u>	<u>1,071,735</u>	<u>996,777</u>	<u>1,048,983</u>
Program Revenues:				
Charges for Services:				
West Virginia Lottery	—	—	—	—
Water Pollution Control Revolving Fund	5,779	5,879	6,061	5,995
Workers' Compensation Fund	1,679	18,194	35,905	35,738
Unemployment Compensation	202,465	204,789	188,153	204,496
WV Infrastructure and Jobs Development Council	3,810	3,310	3,344	3,095
Public Employees Insurance Agency	555,480	545,646	560,051	576,153
Board of Risk and Insurance Management	75,539	76,541	72,270	64,587
Other Business-type Activities	<u>130,781</u>	<u>120,187</u>	<u>121,484</u>	<u>118,471</u>
Total Charges for Services	<u>975,533</u>	<u>974,546</u>	<u>987,268</u>	<u>1,008,535</u>
Capital Grants and Contributions:				
Water Pollution Control Revolving Fund	—	—	—	—
Total Capital Grants and Contributions	—	—	—	—
Total Revenues	<u>975,533</u>	<u>974,546</u>	<u>987,268</u>	<u>1,008,535</u>
Total Business-type Activities Net Program Expenses	<u>(1,310,257)</u>	<u>(97,189)</u>	<u>(9,509)</u>	<u>(40,448)</u>
General Revenues and Other Changes in Net Position:				
Unrestricted Investment Earnings	96,412	116,396	99,883	167,076
Tobacco Settlement Revenue	—	—	—	—
Lottery Revenue	38,198	46,000	48,750	31,500
Miscellaneous	984,648	7,791	6,708	6,467
Transfers	<u>(7,147)</u>	<u>30,315</u>	<u>(9,667)</u>	<u>(15,204)</u>
Total General Revenues and Other Changes in Net Position	<u>1,112,111</u>	<u>200,502</u>	<u>145,674</u>	<u>189,839</u>
<b>Total Business-type Activities Changes in Net Position</b>	<b><u>\$ (198,146)</u></b>	<b><u>\$ 103,313</u></b>	<b><u>\$ 136,165</u></b>	<b><u>\$ 149,391</u></b>
<b>Total Primary Government Changes in Net Position</b>	<b><u>\$ (161,705)</u></b>	<b><u>\$ 1,250,275</u></b>	<b><u>\$ 563,938</u></b>	<b><u>\$ 247,454</u></b>



<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 1,849,056	\$ 1,921,597	\$ 1,771,473	\$ 1,771,481	\$ 1,790,146	\$ 1,657,258
1,291,813	1,265,957	1,216,812	1,198,983	1,216,561	1,150,887
640,081	907,362	937,751	923,575	905,515	977,252
222,578	197,692	189,111	203,421	190,419	173,103
605,403	640,135	628,989	605,768	594,871	574,949
303,770	249,102	303,889	304,693	318,938	264,260
—	—	31,078	15,896	5,056	29,995
34,380	12,259	71,178	23,287	54,699	63,821
62,697	62,105	61,337	88,327	63,270	61,233
342,702	356,401	343,220	388,888	497,874	408,974
129,760	131,023	125,770	94,150	112,324	103,228
<u>(108,778)</u>	<u>(230,208)</u>	<u>(217,282)</u>	<u>(220,028)</u>	<u>(258,248)</u>	<u>(244,759)</u>
<u>5,373,462</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>\$ 235,161</u>	<u>\$ 242,989</u>	<u>\$ (41,686)</u>	<u>\$ (82,702)</u>	<u>\$ (980,215)</u>	<u>\$ 435,664</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
4,745	6,358	9,991	10,645	5,740	26,723
202,406	44,488	129,087	105,430	147,230	179,803
509,796	225,940	274,215	380,239	365,323	444,036
60,622	71,587	29,752	17,669	18,503	16,024
542,825	577,433	573,008	490,841	524,789	527,830
67,650	72,436	67,524	57,293	57,288	37,624
<u>103,294</u>	<u>108,868</u>	<u>110,133</u>	<u>114,918</u>	<u>108,221</u>	<u>101,937</u>
<u>1,491,338</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>
—	—	—	—	—	—
5,850	5,725	5,611	5,011	4,631	4,548
105,897	46,272	45,099	54,817	54,361	51,015
431,717	223,836	270,784	356,531	400,238	467,910
1,940	2,591	3,076	2,771	4,381	3,162
507,419	516,689	515,987	513,982	499,236	499,726
58,303	51,940	45,959	41,243	45,587	46,376
<u>118,985</u>	<u>120,634</u>	<u>123,772</u>	<u>123,710</u>	<u>117,206</u>	<u>103,143</u>
<u>1,230,111</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>1,230,111</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>(261,227)</u>	<u>(139,423)</u>	<u>(183,422)</u>	<u>(78,970)</u>	<u>(101,454)</u>	<u>(158,097)</u>
31,098	29,282	175,662	94,612	66,690	160,942
—	—	—	—	—	—
42,735	37,000	57,000	57,000	57,000	51,000
6,554	7,271	17,282	6,473	6,309	7,362
<u>108,778</u>	<u>230,208</u>	<u>217,282</u>	<u>220,028</u>	<u>258,248</u>	<u>244,759</u>
<u>189,165</u>	<u>303,761</u>	<u>467,226</u>	<u>378,113</u>	<u>388,247</u>	<u>464,063</u>
<u>\$ (72,062)</u>	<u>\$ 164,338</u>	<u>\$ 283,804</u>	<u>\$ 299,143</u>	<u>\$ 286,793</u>	<u>\$ 305,966</u>
<u>\$ 163,099</u>	<u>\$ 407,327</u>	<u>\$ 242,118</u>	<u>\$ 216,441</u>	<u>\$ (693,422)</u>	<u>\$ 741,630</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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>General Fund</b>				
Nonspendable:				
Inventories	\$ 8,954	\$ 7,370	\$ 11,888	\$ 11,113
Receivables	122,435	121,803	112,120	128,761
Restricted for:				
Government Operations	109,500	1,127	818	500
Development, Tourism, and Recreation	7,766	3,031	2,409	1,768
Education	244	162	95	180
Health & Social Services	1,449	595	372	527
Public Protection	890	453	402	314
Committed for:				
General Government Operations	21,434	11,321	6,483	4,771
Rainy Day Funds	—	763,388	720,323	663,061
Development, Tourism, and Recreation	8,084	3,356	2,755	2,246
Education	14,336	37,394	25,038	24,126
Health & Social Services	22,521	12,103	9,219	5,020
Public Protection	4,937	2,398	2,115	1,720
Assigned for:				
General Government Operations	8,491	7,312	1,978	—
Development, Tourism, and Recreation	1,835	941	615	—
Education	751	276	267	—
Health & Social Services	2,591	1,043	860	—
Public Protection	1,600	663	420	—
Unassigned	<u>1,305,129</u>	<u>673,649</u>	<u>305,331</u>	<u>(1,231,719)</u>
<b>Total General Fund</b>	<b><u>\$ 1,642,947</u></b>	<b><u>\$ 1,648,385</u></b>	<b><u>\$ 1,203,508</u></b>	<b><u>\$ (387,612)</u></b>
<b>All Other Governmental Funds</b>				
Nonspendable:				
Inventories	\$ 60,253	\$ 54,997	\$ 49,163	\$ 52,860
Permanent Fund	1,000	1,000	1,000	1,000
Receivables	—	—	—	543,598
Restricted for:				
Capital Projects	1,444,819	1,002,883	967,400	10,658
Debt Services	636,745	658,493	677,347	153,621
Development, Tourism, and Recreation	62,703	65,000	65,482	63,888
Education	535	427	360	889
Public Protection	102,368	94,395	87,049	57,160
Transportation	142,157	312,280	17,550	12,737
Committed for:				
General Government Operations	5,986	5,258	5,144	1,642
Public Protection	314,622	322,358	287,855	265,899
Assigned for:				
Health and Social Services	3,762	1,917	—	—
Public Protection	3,598	3,877	5,738	6,226
Transportation	13,586	280,637	220,966	67,439
Unassigned	<u>—</u>	<u>—</u>	<u>210,794</u>	<u>(13,610)</u>
<b>Total All Other Governmental Funds</b>	<b><u>2,792,134</u></b>	<b><u>2,803,522</u></b>	<b><u>2,595,848</u></b>	<b><u>1,224,007</u></b>
<b>Total Fund Balances, Governmental Funds</b>	<b><u>\$ 4,435,081</u></b>	<b><u>\$ 4,451,907</u></b>	<b><u>\$ 3,799,356</u></b>	<b><u>\$ 836,395</u></b>

Notes: In FY 2020, Rainy Day Fund was determined to be Unassigned Fund Balance rather than Committed.

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 9,936	\$ 10,288	\$ 11,485	\$ 13,268	\$ 11,143	\$ 9,928
128,116	129,150	132,830	122,135	111,340	153,307
132	846	5,600	9,821	17,065	5,936
511	2,376	9,318	14,748	16,162	12,881
65	268	1,508	2,625	2,207	3,582
160	780	3,644	7,300	17,399	14,195
81	402	3,411	6,682	7,217	8,435
1,213	5,430	960,077	1,044,948	946,290	421,296
789,352	879,749	—	—	—	—
695	3,160	16,972	33,168	8,745	36,811
24,031	17,590	18,189	23,804	14,123	18,376
871	5,268	25,700	81,720	27,501	220,216
479	2,308	10,801	20,940	—	20,174
6,183	—	26,692	32,261	14,117	22,408
—	—	1,219	1,723	—	3,412
—	—	2,257	3,341	—	2,711
—	—	3,883	5,894	—	15,926
—	—	1,683	3,801	—	3,395
<u>(1,324,232)</u>	<u>(1,284,506)</u>	<u>(1,284,401)</u>	<u>(1,102,111)</u>	<u>(640,981)</u>	<u>427,107</u>
<u>\$ (362,407)</u>	<u>\$ (226,891)</u>	<u>\$ (49,132)</u>	<u>\$ 326,068</u>	<u>\$ 552,328</u>	<u>\$ 1,400,096</u>
\$ 49,814	\$ 48,686	\$ 37,980	\$ 44,798	\$ 47,371	\$ 40,434
1,000	1,000	1,000	1,000	1,000	1,000
564,488	585,811	606,938	627,800	645,301	666,824
12,333	13,270	13,750	32,953	96,637	147,798
153,646	154,491	153,707	152,824	151,727	173,097
54,591	54,668	52,493	45,840	40,050	40,391
584	1,174	357	327	555	386
51,334	53,233	44,940	41,908	43,114	31,147
12,031	12,968	14,224	11,077	17,350	14,584
1,796	2,268	2,345	3,772	5,504	5,843
299,757	311,564	290,746	245,947	233,177	220,245
—	—	—	28	—	—
4,506	7,265	9,596	5,741	1,357	1,739
6,309	61,181	92,946	29,666	—	113,544
<u>(9,953)</u>	<u>(9,072)</u>	<u>(8,797)</u>	<u>(6,430)</u>	<u>(8,425)</u>	<u>(6,398)</u>
<u>1,202,236</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>\$ 839,829</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>

**Schedule 4  
Changes in Fund Balances  
Governmental Funds  
Last Ten Fiscal Years  
(Expressed in Thousands)**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Revenues:				
Taxes:				
Personal Income	\$ 2,021,193	\$ 2,084,820	\$ 1,936,836	\$ 1,846,638
Consumer Sales and Use	1,516,325	1,477,711	1,355,092	1,317,452
Severance	268,513	452,680	393,278	360,801
Corporate Net Income	155,406	205,481	109,113	120,728
Business and Occupation	134,173	129,105	115,772	110,240
Medicaid	236,292	238,773	226,212	215,558
Gasoline and Motor Carrier	410,901	444,575	443,273	389,753
Automobile Privilege	270,001	237,756	231,522	203,405
Other	384,873	393,326	390,691	409,636
Intergovernmental	5,273,610	4,871,752	4,696,456	5,130,386
Licenses, Permits, and Fees	241,191	249,476	245,434	230,571
Motor Vehicle Registration	122,972	175,565	156,931	109,047
Charges for Services	136,500	131,956	122,975	123,512
Lottery Revenue	262,156	343,356	317,140	330,589
Investment Earnings	137,340	159,033	66,522	83,917
Food Stamp Revenue	533,130	405,622	451,228	490,483
Other	<u>253,175</u>	<u>468,351</u>	<u>212,216</u>	<u>177,335</u>
Total Revenues	<u>12,357,751</u>	<u>12,469,338</u>	<u>11,470,691</u>	<u>11,650,051</u>
Expenditures:				
Current:				
Legislative	23,414	23,606	23,439	24,461
Judicial	137,777	133,023	130,832	139,774
Executive	374,699	279,425	202,686	176,493
Administration	147,210	77,139	111,703	148,133
Commerce	220,882	224,908	206,481	196,657
Environmental Protection	135,242	140,328	127,757	148,139
Employment Programs	53,426	49,383	48,895	51,546
Education	3,092,021	2,873,944	2,796,313	2,831,189
Health and Human Resources	6,018,370	5,589,099	5,484,857	5,869,748
Military Affairs and Public Safety	566,560	488,369	478,052	525,010
Revenue	73,121	137,263	86,650	95,166
Transportation	877,712	1,042,123	873,276	894,409
Veterans Assistance	21,517	24,811	23,104	21,036
Senior Services	48,651	45,002	44,295	42,029
Regulatory Boards and Commissions	38,763	35,534	39,337	42,181
Capital Outlay	972,659	542,106	365,949	364,318
Debt Service:				
Principal	167,020	111,090	130,901	75,615
Interest	<u>149,247</u>	<u>135,867</u>	<u>92,461</u>	<u>91,238</u>
Total Expenditures	<u>13,118,291</u>	<u>11,953,020</u>	<u>11,266,988</u>	<u>11,737,142</u>
Excess of Revenues Over (Under) Expenditures	(760,540)	516,318	203,703	(87,091)
Other Financing Sources (Uses):				
Fair Value of Long-Term Debt Issued	600,000	133,789	1,186,099	81,595
Premiums on Bonds Issued	146,576	19,097	172,216	8,640
Capital Lease Acquisition	—	12,414	11,737	13,568
Other Nonoperating Revenues	—	—	—	—
Payments to Refunded Bonds Escrow Agents	—	—	(142,788)	(32,022)
Transfers In	192,909	254,709	163,393	204,252
Transfers Out	<u>(197,526)</u>	<u>(287,175)</u>	<u>(155,288)</u>	<u>(191,070)</u>
Total Other Financing Sources (Uses)	<u>741,959</u>	<u>132,834</u>	<u>1,235,369</u>	<u>84,963</u>
Net Changes in Fund Balances	<u>\$ (18,581)</u>	<u>\$ 649,152</u>	<u>\$ 1,439,072</u>	<u>\$ (2,128)</u>
Debt service as a percentage of noncapital expenditures	2.60%	2.16%	2.05%	1.47%

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.

<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
\$ 1,853,422	\$ 1,915,382	\$ 1,768,069	\$ 1,767,626	\$ 1,790,299	\$ 1,654,563
1,293,535	1,264,716	1,211,057	1,197,317	1,216,286	1,151,363
373,801	589,883	612,283	547,453	564,327	571,539
152,873	189,473	202,444	230,131	232,266	263,963
119,594	120,426	121,401	125,692	123,137	127,103
221,717	200,408	184,666	219,568	176,661	170,079
404,321	435,142	433,252	417,571	408,571	406,347
201,082	204,993	195,737	188,197	186,300	168,602
303,544	249,071	303,923	304,687	318,999	266,723
4,702,423	4,452,997	4,160,993	4,073,257	4,077,933	4,372,908
239,007	242,406	262,481	245,631	234,984	218,431
94,277	103,092	99,430	93,363	92,951	96,504
118,233	124,305	123,767	128,257	127,806	147,142
336,938	349,853	335,075	380,052	487,122	398,974
34,300	14,298	78,537	28,696	55,931	495,777
496,107	494,131	479,215	513,960	491,416	75,594
<u>202,768</u>	<u>224,883</u>	<u>224,015</u>	<u>199,087</u>	<u>209,490</u>	<u>175,821</u>
<u>11,147,942</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>
26,907	28,840	30,224	34,742	36,731	31,916
144,091	140,847	142,859	127,804	139,941	130,574
142,313	126,313	182,887	149,602	216,268	354,357
126,668	155,998	159,680	155,163	190,164	120,881
180,018	163,777	185,011	214,172	226,194	226,931
151,537	131,371	151,742	133,541	152,634	134,515
48,968	45,743	53,540	50,210	55,969	61,536
2,869,977	2,997,533	2,968,967	3,024,480	3,760,480	2,878,686
5,430,561	5,285,201	4,895,617	4,684,841	4,425,591	4,334,459
495,656	461,599	466,444	490,711	526,654	523,868
91,050	92,758	150,556	67,760	91,349	90,370
914,909	801,658	845,679	743,613	1,009,032	741,384
21,546	20,261	23,464	19,114	26,600	—
44,253	49,439	45,919	47,669	47,656	47,292
36,877	54,965	68,545	64,130	93,643	34,540
359,889	335,493	302,040	465,399	334,046	571,034
85,180	105,800	101,350	122,855	341,673	101,978
<u>95,180</u>	<u>100,348</u>	<u>106,307</u>	<u>113,136</u>	<u>113,204</u>	<u>123,841</u>
<u>11,265,580</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>
(117,638)	77,515	(84,486)	(48,397)	(993,350)	253,271
—	205,365	—	—	18,615	190,755
—	39,273	—	—	1,025	10,292
2,019	580	955	495	234,765	805
—	—	—	—	—	—
—	(244,030)	—	—	(20,935)	(37,730)
188,770	149,515	134,350	154,945	170,321	134,473
<u>(304,938)</u>	<u>(388,051)</u>	<u>(351,045)</u>	<u>(370,770)</u>	<u>(434,125)</u>	<u>(378,508)</u>
<u>(114,149)</u>	<u>(237,348)</u>	<u>(215,740)</u>	<u>(215,330)</u>	<u>(30,334)</u>	<u>(79,913)</u>
<u>\$ (231,787)</u>	<u>\$ (159,833)</u>	<u>\$ (300,226)</u>	<u>\$ (263,727)</u>	<u>\$ (1,023,684)</u>	<u>\$ 173,358</u>
1.65%	1.92%	1.96%	2.30%	3.97%	2.27%

**Schedule 5  
Revenue Base  
Last Ten Years  
(Expressed in Thousands)**

<b>Personal Income by Industry (Calendar Year)</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Farm Earnings	\$ (27,935)	\$ (63,393)	\$ (87,698)	\$ (99,972)
Agricultural/Forestry, Fishing, and Other	157,191	161,474	158,024	158,604
Mining	2,671,305	2,471,086	2,139,297	1,897,087
Construction	3,311,109	4,101,799	3,008,747	2,689,538
Manufacturing	3,936,598	3,800,160	3,446,282	3,408,226
Transportation, Warehousing, and Public Utilities	2,433,754	2,341,273	2,208,615	2,151,786
Wholesale Trade	1,586,278	1,542,010	1,491,856	1,467,931
Retail Trade	3,022,118	2,964,421	2,938,849	2,972,989
Finance, Insurance, and Real Estate	2,209,851	2,094,476	1,916,253	1,865,942
Service Industries	18,092,541	17,462,559	16,079,925	15,551,002
Federal, Civilian	2,770,566	2,713,339	2,602,306	2,498,151
Military	319,932	300,274	285,857	277,818
State and Local Government	6,616,465	6,301,709	6,357,743	6,351,203
<b>Tax Revenue (Fiscal Year)</b>				
Consumer Sales	1,370,000	1,247,000	1,222,000	1,231,000
Personal Income	2,097,000	1,920,000	1,814,000	1,803,000
Severance	463,000	346,000	321,000	276,000
Corporate Income and Business Franchise	198,000	110,000	116,000	144,000
Motor Fuel	443,000	420,000	381,000	396,000
Automobile Privilege	237,756	231,522	203,405	201,082

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 2019.

Sources: Bureau of Economic Analysis, State of West Virginia Executive Budget, and the Department of Highways.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ (30,770)	\$ 19,745	\$ (15,408)	\$ (23,990)	\$ (40,920)	\$ (51,659)
160,316	102,143	97,594	90,077	97,810	74,187
2,725,768	3,423,411	3,749,493	3,947,662	3,440,574	2,753,612
2,896,798	2,857,279	2,894,652	2,857,741	2,513,975	2,408,107
3,421,537	3,601,454	3,753,280	3,666,492	3,565,688	3,376,006
2,159,353	2,127,148	2,134,739	2,097,404	2,034,076	1,943,157
1,557,478	1,539,380	1,519,306	1,537,622	1,477,230	1,413,039
2,935,939	2,941,483	3,039,500	2,948,321	2,867,136	2,754,166
1,885,393	1,956,188	2,043,981	1,894,862	1,769,826	1,649,776
15,611,983	15,033,408	14,871,664	14,559,593	13,908,974	13,261,227
2,424,565	2,349,128	2,296,812	2,281,687	2,469,552	2,431,677
272,963	299,618	327,312	344,553	466,154	522,277
6,221,514	6,210,344	6,203,760	6,055,436	6,376,291	6,104,522
1,228,100	1,173,100	1,193,300	1,216,000	1,148,200	1,095,700
1,840,100	1,664,100	1,700,500	1,689,000	1,593,200	1,446,900
414,000	488,700	409,700	467,900	440,900	400,600
186,000	203,500	238,100	188,100	303,000	232,900
435,000	441,100	408,900	387,000	397,700	390,900
204,993	195,737	188,197	186,300	168,602	147,466

**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)**

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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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Corporate Net Income (applies to C corporations)	6.50%	6.50%	6.50%	6.50%
Severance Tax:				
Timber	0%	1.50%	1.50%	1.50%
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	35.7
Automobile Privilege Tax	6%	6%	6%	6%

\*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)**

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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			

<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
6.50%	6.50%	7.00%	8.50%	8.50%	8.50%
0%	0%	Temporarily Discontinued	1.22%	1.22%	Temporarily Discontinued
5%	5%	5%	5%	5%	5%
Various	Various	Various	Various	Various	Various
6%	6%	6%	6%	6%	6%
0%	0%	0%	1%	3%/2%	3%
34.6	34.6	34.7	33.4	32.2/33.4	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**

<b><u>Industry</u></b>	<b><u>Remittance</u></b>	<b><u>Percent of Total</u></b>	<b><u>Accounts</u></b>	<b><u>Percent of Total</u></b>
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**

<b><u>Industry</u></b>	<b><u>Remittance</u></b>	<b><u>Percent of Total</u></b>	<b><u>Accounts</u></b>	<b><u>Percent of Total</u></b>
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**

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<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**

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<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>

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**Schedule 8**  
**Ratios of Outstanding Debt**  
**Last Ten Fiscal Years**  
(Dollars Expressed in Thousands)

	<b>Primary Government Debt</b>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Governmental Activities:				
General Obligation Bonds	\$ 1,865,314	\$ 1,182,881	\$ 1,240,350	\$ 359,261
Revenue Bonds	1,445,649	1,532,497	1,415,049	1,182,921
Capital Leases and Notes Payable	32,368	32,972	45,563	28,168
Capital Leases Payable to Component Units	<u>209,730</u>	<u>227,660</u>	<u>244,995</u>	<u>260,955</u>
Total Governmental Activities	<u>3,553,061</u>	<u>2,976,010</u>	<u>2,945,957</u>	<u>1,831,305</u>
Enterprise Activities:				
Revenue Bonds	<u>165,475</u>	<u>172,045</u>	<u>178,395</u>	<u>185,290</u>
Total Primary Government Debt	<u>\$ 3,718,536</u>	<u>\$ 3,148,055</u>	<u>\$ 3,124,352</u>	<u>\$ 2,016,595</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 government-wide Statement of Net Position.

**Governmental Activities Tax Income**

<u>Year</u>	<u>Personal Income</u>	<u>Consumer Sales and Use</u>	<u>Business</u>	<u>Transportation</u>	<u>Other</u>	<u>Total</u>
2020	\$ 2,023,079	\$ 1,514,838	\$ 550,918	\$ 680,902	\$ 620,640	\$ 5,390,377
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

**General Obligation Bond Debt Ratios**

<u>Year</u>	<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>
2020	\$ 1,865,314	34.60%	2.46%	\$ 1.04
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

**Primary Government Debt**

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 393,089	\$ 412,368	\$ 460,428	\$ 498,776	\$ 533,304	\$ 580,357
1,142,347	1,185,022	1,226,587	1,266,848	1,330,795	1,366,199
28,153	28,813	27,405	34,104	34,025	330,722
<u>275,765</u>	<u>260,995</u>	<u>243,790</u>	<u>256,155</u>	<u>275,530</u>	<u>—</u>
<u>1,839,354</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>191,049</u>	<u>197,762</u>	<u>112,735</u>	<u>115,497</u>	<u>113,950</u>	<u>116,319</u>
<u>\$ 2,030,403</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>

**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>
2020	\$ 3,718,536	68.98%	4.90%	\$ 2.07
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

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
2020	\$ 31,787	\$ —	\$ 31,787	\$ 18,975	\$ 12,812	\$ 31,787	1.00
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

**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.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Current Year Debt Service Requirements			
				Principal	Interest	Total	Coverage
2020	\$ 46,205	\$ 18,245	\$ 27,960	\$ 2,985	\$ 3,953	\$ 6,938	4.03
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

\* 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.

<u>Fiscal Year</u>	<u>Operating Revenue</u>	<u>Direct Operating Expense</u>	<u>Net Revenue Available for Debt Service</u>	<u>Current Year Debt Service Requirements</u>			
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
2020	\$ 108,271	\$ 361	\$ 107,910	\$ 61,825	\$ 50,263	\$ 112,088	0.96
2019	63,711	109	63,602	12,910	51,226	64,136	0.99
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

### **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.

<u>Fiscal Year</u>	<u>Operating Revenue</u>	<u>Direct Operating Expense</u>	<u>Net Revenue Available for Debt Service</u>	<u>Current Year Debt Service Requirements</u>			
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
2020	\$ 19,438	\$ —	\$ 19,438	\$ 12,460	\$ 6,194	\$ 18,654	1.04
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	1.02
2011	19,569	—	19,569	8,175	10,655	18,830	1.04

(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.

<u>Fiscal Year</u>	<u>Operating Revenue</u>	<u>Direct Operating Expense</u>	<u>Net Revenue Available for Debt Service</u>	<u>Current Year Debt Service Requirements</u>			
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
2020	\$ 9,994	\$ —	\$ 9,994	\$ 3,985	\$ 6,009	\$ 9,994	1.00
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

**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.

<u>Fiscal Year</u>	<u>Operating Revenue</u>	<u>Direct Operating Expense</u>	<u>Net Revenue Available for Debt Service</u>	<u>Current Year Debt Service Requirements</u>			
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
2020	\$ 2,038	\$ —	\$ 2,038	\$ 855	\$ 1,169	\$ 2,024	1.01
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
2020	\$ —	\$ —	\$ 27,802	\$ 17,930	\$ 9,872	\$ 27,802	1.00
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.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Current Year Debt Requirements			
				Principal	Interest	Total	Coverage
2020	\$ 95,207	\$ 9,323	\$ 85,884	\$ 24,575	\$ 10,013	\$ 34,588	2.48
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

**Schedule 9**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**  
(Dollars Expressed in Thousands)  
(Continued)

**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.

<u>Fiscal Year</u>	<u>Operating Revenue</u>	<u>Direct Operating Expense</u>	<u>Net Revenue Available for Debt Service</u>	<u>Current Year Debt Service Requirements</u>			
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
2020	\$ 11,136	\$ 1,292	\$ 9,844	\$ 8,238	\$ 6,418	\$ 14,656	0.67
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	0.09
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

### 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 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.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Current Year Debt Service Requirements			
				Principal	Interest	Total	Coverage
2020	\$ 1,719,799	\$ 1,793,882	\$ (74,083)	\$ 95,782	\$ 53,321	\$ 149,103	(0.50)
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)

### 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
2020	\$ 388,022	\$ 379,661	\$ 8,361	\$ 9,004	\$ 990	\$ 9,994	0.84
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

**Schedule 9**

**Pledged Revenue Coverage**

**Last Ten Fiscal Years**

(Dollars Expressed in Thousands)

(Continued)

**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.

<u>Fiscal Year</u>	<u>Operating Revenue</u>	<u>Direct Operating Expense</u>	<u>Net Revenue Available for Debt Service</u>	<u>Current Year Debt Service Requirements</u>			
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
2020	\$ 38,856	\$ 7,953	\$ 30,903	\$ 36,765	\$ 10,784	\$ 47,549	0.65
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

**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>
2020	\$ 156,655	\$ 44,028	\$ 112,627	\$ 10,280	10.96
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

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.

Note: Details regarding the State's debt can be found in Note 10 to the basic financial statements.



**Schedule 10  
Demographic and Economic Indicators  
Last Ten Calendar Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Population (People in Millions)</b>				
West Virginia	1,792,147	1,805,832	1,815,857	1,831,102
Change	-0.76%	-0.55%	-0.83%	-0.71%
National	328,239,523	327,167,434	325,719,178	323,127,513
Change	0.33%	0.44%	0.80%	0.53%
<b>Total Personal Income (Dollars in Millions)</b>				
West Virginia	\$ 75,835	\$ 73,809	\$ 68,864	\$ 67,062
Change	2.74%	7.18%	2.69%	-1.07%
National	\$ 18,542,262	\$ 17,813,035	\$ 16,413,551	\$ 15,912,777
Change	4.09%	8.53%	3.15%	2.90%
<b>Per Capita Personal Income* (In Dollars)</b>				
West Virginia	\$ 42,315	\$ 40,873	\$ 37,924	\$ 36,624
Change	3.53%	7.78%	3.55%	0.13%
National	\$ 56,490	\$ 54,446	\$ 50,392	\$ 49,246
Change	3.75%	8.04%	2.33%	2.36%
<b>Median Age</b>	42.9	42.7	38	42.2
<b>Educational Attainment</b>				
9th Grade or Less	4.2%	3.9%	4.5%	4.4%
Some High School, No Diploma	8.7%	8.3%	8.4%	9.6%
High School Diploma	40.2%	39.7%	41.2%	39.7%
Some College, No Degree	17.9%	19.2%	18.6%	18.1%
Associate, Bachelor's, or Graduate Degree	28.9%	28.8%	27.3%	28.2%
<b>Labor Force and Employment (People in Thousands)</b>				
Civilian Labor Force	797.0	783.3	773.8	771.8
Employed	757.9	742.2	733.4	732.5
Unemployed	39.1	41.2	40.4	39.3
Unemployment Rate	4.9%	5.3%	5.2%	5.1%
Nonfarm Wage and Salary Workers Employed in West Virginia Goods-Producing Industries:				
Mining	22.4	22.6	21.8	20.7
Construction	36.0	41.1	34.0	29.5
Manufacturing – Durable Goods	28.3	28.6	28.8	27.5
Manufacturing – Nondurable Goods	<u>18.7</u>	<u>18.5</u>	<u>18.4</u>	<u>18.7</u>
Total Goods-Producing Industries	105.4	110.8	103.0	96.4
Non-Goods-Producing Industries:				
Trade	100.6	103.0	107.3	109.4
Service	361.7	359.7	389.9	389.0
State and Local Government	127.9	129.1	132.9	134.8
Federal Government	<u>24.0</u>	<u>23.5</u>	<u>23.6</u>	<u>23.9</u>
Total Non-Goods-Producing Industries	614.2	615.3	653.7	657.1
<b>Total Nonfarm Wage and Salary Employment</b>	<b>719.6</b>	<b>726.1</b>	<b>756.7</b>	<b>753.5</b>

The most current period available is 2019.

\*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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
1,844,128	1,850,326	1,854,304	1,855,413	1,855,364	1,852,994
-0.33%	-0.21%	-0.06%	0.00%	0.13%	1.83%
321,418,820	318,857,056	316,128,839	313,914,040	311,591,917	308,745,538
0.80%	0.86%	0.70%	0.75%	0.92%	0.57%
\$ 67,787	\$ 66,857	\$ 65,889	\$ 63,968	\$ 62,178	\$ 59,417
1.39%	1.45%	3.00%	2.88%	4.65%	3.27%
\$ 15,463,981	\$ 14,683,147	\$ 14,151,427	\$ 13,401,869	\$ 12,981,741	\$ 12,353,577
5.32%	3.62%	5.59%	3.24%	5.08%	3.67%
\$ 36,578	\$ 36,132	\$ 35,533	\$ 34,477	\$ 33,513	\$ 32,042
1.23%	1.66%	3.06%	2.88%	4.59%	2.91%
\$ 48,112	\$ 46,049	\$ 44,765	\$ 42,693	\$ 41,663	\$ 39,937
4.48%	2.79%	4.85%	2.47%	4.32%	2.81%
41.8	41.3	41.3	41.3	41.1	41.3
5.2%	5%	5.4%	5.6%	6.8%	6.1%
9.8%	9.9%	10.0%	9.9%	11.3%	10.7%
40.7%	41.1%	40.2%	40.6%	41.3%	41.6%
18.5%	18.4%	18.6%	19.0%	17.6%	18.3%
25.7%	25.7%	25.7%	25.0%	23.0%	23.3%
776	787.8	797.4	805.0	799.9	782.3
730.1	733.5	744.6	746.0	736.1	711.1
45.9	54.3	52.8	59.0	63.8	71.2
5.9%	6.9%	6.6%	7.3%	8.0%	9.1%
23.7	25.5	33.3	33.7	33.6	29.9
31.2	27.7	31.9	35.6	33.0	32.6
28.0	28.9	30.1	29.6	30.0	29.6
<u>18.9</u>	<u>18.8</u>	<u>18.9</u>	<u>19.6</u>	<u>19.5</u>	<u>19.5</u>
101.8	100.9	114.2	118.5	116.1	111.6
112.4	107.9	108.8	111.0	109.9	109.2
397.9	389.6	398.4	381.7	376.2	372.5
132.2	130.0	132.8	130.7	128.3	128.3
<u>23.4</u>	<u>22.2</u>	<u>23.2</u>	<u>23.3</u>	<u>23.5</u>	<u>24.3</u>
665.9	649.7	663.2	646.7	637.9	634.3
767.7	750.6	777.4	765.2	754.0	745.9

## West Virginia

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### Schedule 11 Principal Employers Current Year and Nine Years Ago

Estimated as of June 30, 2020

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<b>Major West Virginia Employers</b>	<b>Number of Employees</b>	<b>Percentage of Total Employed</b>
Local Government	70,000 - 74,999	9.76%
State Government	40,000 - 44,999	5.49%
Federal Government	20,000 - 24,999	3.13%
WVU MEDICINE (formerly West Virginia United Health System)	14,000 - 16,999	2.05%
Wal-Mart Associates, Inc.	10,000 - 12,999	1.52%
Charleston Area Medical Center, Inc.	6,000 - 7,999	0.92%
Mountain Health System	3,000 - 4,999	0.53%
Kroger	3,000 - 4,999	0.53%
Lowe's Home Centers, Inc.	1,000 - 2,999	0.26%
Contura Energy	1,000 - 2,999	0.26%
Mylan Pharmaceuticals, Inc.	1,000 - 2,999	0.26%
Mon Health	1,000 - 2,999	0.26%
Res-Care, Inc.	1,000 - 2,999	0.26%

Estimated as of June 30, 2011

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<b>Major West Virginia Employers</b>	<b>Number of Employees</b>	<b>Percentage of Total Employed</b>
Local Government	75,000 - 79,999	10.75%
State Government	40,000 - 44,999	6.01%
Federal Government	20,000 - 24,999	3.29%
Wal-Mart Associates, Inc.	10,000 - 13,000	1.56%
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%
Consolidation Coal Company	3,000 - 4,999	0.54%
Mylan Pharmaceuticals, Inc.	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%
American Electric Power	1,000 - 2,999	0.27%
Mentor Management, Inc.	1,000 - 2,999	0.27%

Source: WORKFORCE West Virginia Research, Information, and Analysis Office.

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**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>
2019-20	145,746	115,887	261,633
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

**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>
2019-20	81,292	17,916	6,596	1,732
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

Sources: West Virginia Board of Education and West Virginia Higher Education Policy Commission.

**Schedule 13  
State Employees by Function  
Last Ten Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Executive *	885	849	852	857
Legislative	174	164	157	164
Judicial	1,145	1,118	1,118	1,137
Administration	939	910	923	895
Commerce				
Division of Natural Resources (Parks)	701	683	690	696
Tourism and Development	145	132	143	147
WORKFORCE West Virginia	278	287	291	320
Other	338	344	332	321
Environmental Protection	778	761	753	794
Education and the Arts				
Department of Education	505	511	520	473
School for the Deaf and the Blind	155	163	162	160
Rehabilitation Services	412	442	476	528
Higher Education	10,636	10,519	10,510	10,556
Other	187	205	200	229
Revenue	873	891	894	905
Health and Human Services	5,215	5,132	5,402	5,250
Military Affairs and Public Safety (MAPS)				
Corrections and Rehabilitation	3,334	3,362	3,313	1,885
Juvenile Services	—	—	14	466
State Police	946	999	997	984
Regional Jail Authority**	—	—	18	846
Other	745	703	687	660
Veterans Assistance	208	228	230	223
Transportation	1,099	1,032	5,519	5,530
Miscellaneous	<u>490</u>	<u>494</u>	<u>484</u>	<u>483</u>
Total	<u>30,188</u>	<u>29,929</u>	<u>34,685</u>	<u>34,509</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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
899	931	920	932	958	946
182	189	210	213	221	216
1,072	1,109	1,079	1,055	1,069	1,042
927	914	908	889	683	693
701	703	741	748	756	752
144	141	146	163	162	160
332	365	390	391	396	409
379	408	428	441	439	400
811	850	883	855	842	832
511	507	528	550	584	601
158	161	178	174	193	182
532	539	558	531	564	555
10,501	11,633	11,676	11,717	11,575	11,431
267	259	268	280	279	285
953	987	1,028	1,062	1,094	1,080
5,437	5,463	5,514	5,630	5,621	5,535
1,987	1,688	1,839	1,760	1,758	1,725
549	516	511	676	712	718
1,025	1,050	1,037	1,024	1,067	1,043
935	948	971	911	912	883
610	591	569	620	556	530
210	207	226	246	240	227
5,646	5,629	5,723	5,876	5,834	5,776
<u>511</u>	<u>519</u>	<u>535</u>	<u>533</u>	<u>506</u>	<u>509</u>
<u>35,279</u>	<u>36,307</u>	<u>36,866</u>	<u>37,277</u>	<u>37,021</u>	<u>36,530</u>

**Schedule 14  
Operating Indicators by Function  
Last Ten Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Department of Transportation			
Division of Highways			
Total highway construction projects authorized	851	1,014	1,213
Number of roadway resurfacing projects	217	461	595
Highway mileage resurfaced (in miles)	718	1,318	1,816
WORKFORCE West Virginia (Employment Programs)			
Applications processed for job seekers (in thousands)	105	104	117
Filled job openings	858	1,576	2,396
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	294,346	289,359	304,952
Number of food stamps issued	38,585,136	33,602,760	37,312,477
Medicaid enrollees	622,943	616,834	650,686
Counties enrolled in managed care	100%	100%	100%
Child support collections (in millions)	\$207	\$194	\$184
Students served by school-based health clinics	45,254	44,868	45,682
Division of Natural Resources			
Attendance at State Parks (in millions)	6.7	6.5	6.6
Hunting and Fishing License Sales (Calendar Year)	883,964	854,434	830,309
Individuals whitewater rafting on rivers (Calendar Year)	136,779	136,233	119,675
Department of Environmental Protection			
Division of Air Quality			
Number of air quality inspections	815	812	524
Average days open per complaint	7.55	7.79	6.53
Division of Land Restoration Programs			
Organizations that adopted highways	38	88	52
Division of Mining and Reclamation			
Surface mine blasting examinations and certifications	145	188	273
Surface mine mineral extractions inspections	23,500	18,241	9,639
Number of acres reclaimed through reclamation/restoration of land	2,989	1,048	204,453
Office of Miners Health and Safety (Calendar Year)			
Total Safety Inspections	6,107	5,365	5,486
Violations issued by mine inspectors	9,227	9,748	9,495
Lost time injuries of mining personnel	488	500	442
Department of Military Affairs and Public Safety			
Division of Corrections and Rehabilitation			
Adult inmate housing capacity	10,291	5,998	6,106
Inmate employment (Prison Industries)	265	271	251
Youth successfully completed programs/returned to community (Calendar Year)	129	145	182
Veterans' Home			
Average daily number of residents	76	82	82
Average daily cost per resident	\$117.51	\$96.98	\$107.05
Bureau of Senior Services			
Persons served under Medicaid Aged and Disabled Waiver	7,026	6,842	6,419

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
813	1,042	891	757	806	1,305	1,070
294	519	483	325	348	775	508
1,140	1,729	1,481	975	1,067	1,716	995
114	96	102	114	141	145	141
3,147	2,969	3,235	3,725	4,673	4,943	4,673
N/A	N/A	N/A	N/A	8%	7.98%	9.06%
N/A	N/A	N/A	N/A	63.72%	72.08%	71.57%
N/A	N/A	N/A	N/A	89.09%	87.27%	89.09%
322,086	333,938	360,266	351,392	342,831	339,258	338,665
40,337,523	40,796,612	40,995,643	39,975,707	41,335,676	40,951,366	41,314,740
651,031	649,111	632,808	551,682	410,770	415,030	414,935
100%	100%	100%	100%	100%	100%	100%
\$189	\$214	\$212	\$208	\$209	\$213	\$222
37,456	29,045	28,053	24,391	20,708	28,436	27,076
6.8	7.1	7.0	7.0	7.0	6.8	6.5
852,909	868,658	913,578	927,069	911,219	881,062	879,678
136,128	131,022	134,170	130,192	140,027	142,036	156,962
470	583	546	700	550	2,457	2,236
8.60	6.80	8.24	17.00	9.75	10.80	11.06
74	1,835	1,301	1,256	1,227	1,186	1,867
234	147	134	111	114	125	109
18,935	19,739	20,205	21,086	21,790	20,530	21,243
891	527	398	700	1,202	7,842	5,887
5,328	5,002	5,750	6,751	6,690	6,432	5,413
7,205	7,527	8,767	11,415	13,267	15,705	18,708
369	355	584	639	570	648	784
5,956	5,989	5,987	5,923	5,778	5,242	5,185
244	245	240	244	250	253	243
196	188	166	179	180	163	148
70	74	81	87	86	98	100
\$112.44	\$107.02	\$97.62	\$97.15	\$107.14	\$87.05	\$77.32
6,151	6,385	6,455	6,208	7,107	8,530	8,029

**Schedule 15**  
**Capital Assets Statistics by Function**  
**Last Ten Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Vehicles				
Executive	190	190	193	235
Judicial	19	19	19	20
Administration				
Agency-Owned	2,950	2,776	202	10
Leased to other agencies	—	—	2,585	2,434
Totals	2,950	2,776	2,787	2,444
Revenue	—	—	—	1
Commerce				
Division of Natural Resources (Parks)	535	525	517	907
Division of Forestry	92	99	107	140
Others	8	8	7	18
Total Commerce	635	632	631	1,065
Environmental Protection	4	5	5	8
Education	28	29	28	48
Health and Human Services	22	25	26	42
Military Affairs and Public Safety (MAPS)				
West Virginia State Police	810	802	706	1,164
Corrections and Rehabilitation	85	84	43	29
Regional Jail Authority *	—	—	47	—
Others	55	49	51	27
Total MAPS	950	935	847	1,220
Veterans Affairs	54	61	61	89
Regulatory Boards and Commissions	—	—	—	2
Boats				
Commerce	225	199	198	209
Environmental Protection	16	14	15	16
Buildings				
Executive	104	105	98	27
Administration	228	225	217	75
Revenue	2	2	2	2
Commerce				
Division of Natural Resources (Parks)	1,674	1,670	1,039	885
Division of Forestry	16	1	5	5
Others	14	13	12	12
Total Commerce	1,704	1,684	1,056	902
Environmental Protection	6	7	6	6
Education	76	69	67	72
Health and Human Services	452	455	470	106
Military Affairs and Public Safety (MAPS)				
West Virginia State Police	203	203	203	97
Division of Corrections	457	455	183	64
Armory Board	201	218	218	149
Others	50	53	176	63
Total MAPS	911	929	780	373
Veterans Affairs	12	12	12	11
Regulatory Boards and Commissions	18	17	9	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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
218	227	219	195	192	178
18	20	20	19	15	14
9	8	6	6	7	6
<u>2,502</u>	<u>2,664</u>	<u>2,114</u>	<u>2,021</u>	<u>2,035</u>	<u>1,743</u>
2,511	2,672	2,120	2,027	2,042	1,749
—	—	—	1	1	1
581	710	606	549	571	510
119	135	139	135	96	132
<u>14</u>	<u>18</u>	<u>15</u>	<u>17</u>	<u>17</u>	<u>8</u>
714	863	760	701	684	650
8	8	17	8	11	10
30	42	53	48	42	44
35	38	29	29	25	28
867	1,014	895	902	852	947
26	25	47	45	42	36
—	51	28	27	27	40
<u>23</u>	<u>25</u>	<u>37</u>	<u>33</u>	<u>32</u>	<u>34</u>
916	1,115	1,007	1,007	953	1,057
77	80	68	67	75	70
2	2	2	2	2	2
196	103	97	100	92	93
15	8	8	7	7	7
72	28	27	26	29	28
71	70	69	71	78	78
2	2	2	3	3	2
903	907	909	907	905	889
5	5	5	5	5	5
<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>8</u>	<u>8</u>
919	923	925	923	918	902
6	7	7	7	7	8
79	79	69	69	82	81
106	106	105	107	108	108
97	92	91	90	90	85
66	63	59	55	55	53
149	149	112	109	154	157
<u>66</u>	<u>66</u>	<u>64</u>	<u>59</u>	<u>55</u>	<u>51</u>
378	370	326	313	354	346
10	10	10	10	10	9
4	4	4	4	3	3

**Schedule 16**  
**Miscellaneous Statistics**  
**June 30, 2020**

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 54  
Number of State Police Troopers 631

Higher Education (State Supported):  
Number of Campuses 21  
Number of Students 81,996

Recreation:  
Number of State Parks 35  
Area of State Parks 77,393 acres

Number of State Forests 9  
Area of State Forests 72,683 acres

Number of State Owned and Operated Rail Trails 2  
Distance of Rail Trails 150 miles

Wildlife Fish and Game Management Areas 107  
Acreage of Wildlife Management Areas 498,252 acres  
(Owned and Leased)