

West Virginia



Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2021

West Virginia

Comprehensive Annual

Financial Report

For the Fiscal Year

Ended June 30, 2021



Jim Justice

Governor

Mark Scott

Cabinet Secretary

Department of Administration

Sarah H. Long, CPA

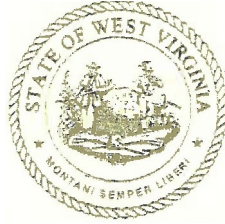
Chief Financial Officer and
Assistant Cabinet Secretary

Department of Administration

Prepared by the Financial
Accounting and Reporting Section



Governor Jim Justice



Jim Justice
Governor of West Virginia

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

I am pleased to provide you with the State of West Virginia's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2021. An independent certified public accounting firm has audited the basic financial statements contained in this report.

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

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

Sincerely,

A handwritten signature in blue ink, reading "Jim Justice".

Jim Justice
Governor

ACKNOWLEDGMENTS

Report Prepared By:

West Virginia Department of Administration
Finance Division
Financial Accounting and Reporting Section
2101 Washington Street, East
Building 17, 3rd Floor
Charleston, West Virginia 25305
(304) 558-4083

Financial Reporting Team:

Stephanie Bailes, CPA
Betsy Chapman, CGFM
Samantha Chapman, CGFM
Taylor Cole
Melody Duke
Cheryl Garner
Reneé King
Luke Murray
Matthew Reynolds
Timothy Scites
Robert Tanner
Kay Walden, CGFM
Maria Yoakum

A Special Thanks To:

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 the Division of Tourism.

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

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Introductory Section

*Cacapon Resort State Park * Berkeley Springs, WV*

Transmittal Letter

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

Organization Chart

Principal Officials



STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION

Mark D. Scott
CABINET SECRETARY

December 17, 2021

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 2021 Comprehensive Annual Financial Report (2021 CAFR) of the State of West Virginia for the fiscal year ended June 30, 2021. This report was prepared by the Financial Accounting and Reporting Section (FARS) within the Finance Division of the Department of Administration (Management).

The 2021 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, 2021, 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 2021 CAFR consists of Management's representations concerning the financial information of the State of West Virginia. Consequently, Management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, Management of the State has

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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 reappropriated, expire 31 days after fiscal year-end.

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 five states in the nation in net interstate sales of electricity. West Virginia remains competitive in low-cost energy.

The Honorable Jim Justice, Governor
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The State is the sixth-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 business climate is among the best in the country and ranks tenth in the Business Facilities 2021 State Rankings Report. Business Facilities also ranked Charleston, WV, as third best business climate for populations less than 200k. Business Facilities considers the competitiveness of each state's infrastructure, workforce, economy, business friendliness, and access to capital when determining a state's business climate ranking.

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:

- 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, Marshall University, and from across the State. 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.
- DataRobot, the leader in augmented intelligence, announced that the company is opening an office in Vantage Ventures in Morgantown, West Virginia.
- Gruppo Fanti, a metal packaging manufacturing company headquartered in Bologna, Italy, will open its first U.S.-based plant in Weirton. The new plant will initially create 40 new full-time jobs, and Gruppo Fanti plans to invest \$30 million into the Brooke County operation.
- Clorox's new manufacturing facility is under construction and hiring, bringing \$190 million in economic impact to the Eastern Panhandle.

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- Companies like Toyota Motor Manufacturing (\$210 million facility upgrade investment), Macy's (\$120 million automation investment), and Proctor and Gamble continue to invest in and promote job growth in West Virginia.
- The Department of Economic Development has assisted with many significant tourism developments in 2021 and promoted the use of the Tourism Development Act tax incentive. Since 2019, the Tourism Development Act tax credit program has received more applications than the first decade of the program alone. Recent applications represent more than \$250 million in investment in West Virginia's tourism industry.
- The New River Gorge was named the nation's newest national park, promoting further economic growth for the state.

Looking forward, other significant developments for 2022 include:

- Mitsubishi Heavy Industries RJ signed a contract in May 2021, investing \$20 million to expand the facility by 100,000 square feet and adding two hangars, expected to be completed in 2022. This will generate more jobs and growth for the State.
- Technologies and Materials North American manufacturing plant located in Jefferson County announced that it is set to add a \$7 million expansion, which will double the size of the facility. This will increase construction and manufacturing jobs for the State.
- CS Global Group, a Turkish Mining company that specializes in barite manufacturing and sales, has chosen Moundsville, West Virginia, as the location for its first manufacturing plant in the United States. The company will create 47 new full-time jobs and plans to invest \$10 million in the facility, which will be operational by the first quarter of 2022.

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:

- A skilled and flexible workforce that has earned a reputation for dedication, loyalty and low turnover rate
- Business taxes that are among the lowest in the country
- Electricity rates that are 13% 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

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

Major Initiatives

The State of West Virginia focused on several major initiatives during FY 2021. 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% to 6.5%. 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% in Corporation Net Income Tax for businesses over a ten-year period.

Beginning in 2022, the general multi-state corporation apportionment formula for income tax purposes changes from a three-factor formula involving the share of payroll, property, and sales in West Virginia to a single sales factor formula. As a result of this change, corporations with property and/or payroll in West Virginia face no direct marginal increase in tax liability associated with a decision to expand their physical presence in the State. An increase in either property investment or payroll in West Virginia has no direct impact on future corporation net income tax liability in the State.

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% 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 2021, 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 2021, the DOT authorized 995 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

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

in fiscal year 2021, 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 64 construction starts on bridge initiatives ranging from full replacement to deck overlays. The resurfacing initiative comprised 537 resurfacing projects, which addressed nearly 1,508 miles of roadway.

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, the Elk River Rail Trail, and the North Bend Rail Trail. Facility inventory includes 798 lodge rooms, 358 cabins, 1546 campsites, 152 picnic shelters, and 559 playground units. More than 700 miles of hiking trails are provided across 46 areas.

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

The parks section manages or assists in managing more than 160,000 acres of public land and sees up to 10 million visitors annually. Traffic counts and projections show 2021 to be trending much higher in attendance with a projected four million attendees in July, August, and September 2021 alone. Currently, there are more than \$150 million in renovations either completed, under construction, or in the planning stage.

Workers' Compensation Reforms

West Virginia continues to reduce its workers' compensation rates. The base rates have decreased for 17 consecutive filings since the privatization in January 2006. Employers will have saved \$432 million since July 2006. The workers' compensation market is competitive, with more than 313 carriers providing workers' compensation.

As of June 30, 2021, the unfunded liability of the Workers' Compensation Old Fund has been eradicated and the June 30, 2021, net asset balance of the Workers' Compensation Old Fund is \$58 million. Prior to the privatization, the unfunded liability for the former Workers' Compensation Fund exceeded \$3 billion.

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.

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Citizens of the State of West Virginia

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, 2021, \$15.4 million, half of the FY 2021 surplus, was deposited into the Rainy Day Fund. As of September 30, 2021, the aggregate amount of the Rainy Day Fund is 9.2% of FY 2021 appropriations.

Strong Financial Performance

In 2021, a strong recovery from the COVID-19 recession, along with roughly \$200 million in deferred income tax receipts from the prior fiscal year, produced year-end revenues that were more than \$413 million above original estimate. Per the Governor's recommendations, the Legislature approved nearly \$403.8 million in supplemental appropriations, including a \$50 million surplus appropriation to the Rainy Day Fund. The final FY2021 year-end General Revenue Fund budgetary surplus was \$30.8 million, half of which, by law, was 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 20.5% as of September 30, 2021.

Conclusion

West Virginia continues to aggressively address the fiscal challenges associated with a changing economy. During Fiscal Year 2021, 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 2020. The Certificate of

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

Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

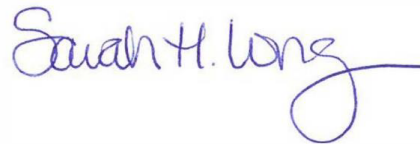
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements. We are again submitting it to the GFOA for consideration. Other State entities that have been awarded the Certificate of Achievement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

Acknowledgments

The annual budget document, prepared by the State Budget Office, provides additional information related to budget priorities and goals, including 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 2021 budgets.

The 2021 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

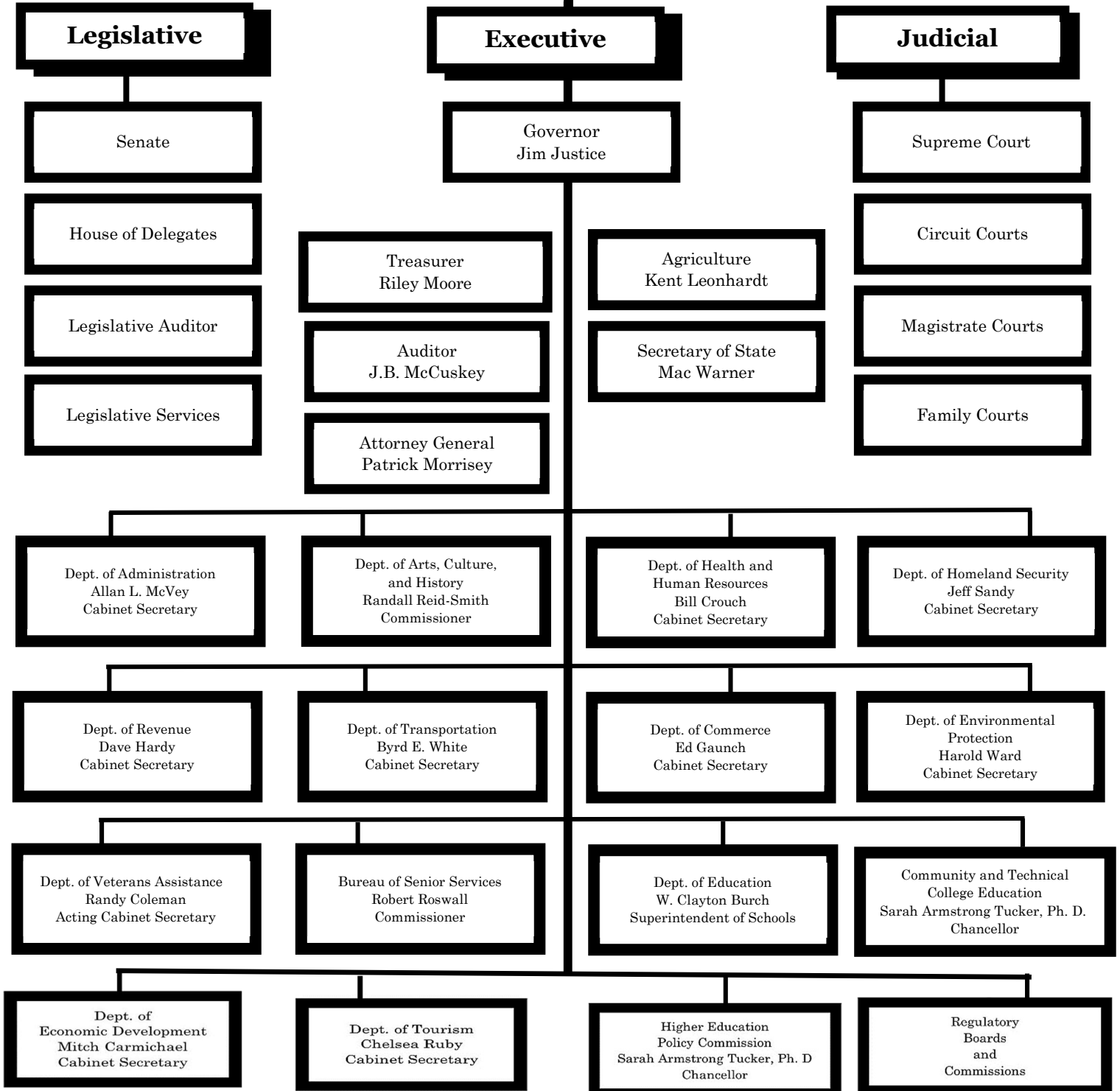
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

ORGANIZATION CHART



State of WEST VIRGINIA Principal Officials

Executive Branch

Governor
Jim Justice

Agriculture Commissioner
Kent Leonhardt

Attorney General
Patrick Morrisey

State Auditor
J.B. McCuskey

Secretary of State
Mac Warner

State Treasurer
Riley Moore

Legislative Branch

Senate President
Craig Blair

Speaker of the House
Roger Hanshaw

Chairman
Senate Finance
Eric Tarr

Chairman
House Finance
Eric Householder

Judicial Branch

Supreme Court Chief Justice
Evan H. Jenkins

Supreme Court Justice
Tim Armstead

Supreme Court Justice
Elizabeth D. Walker

Supreme Court Justice
John A. Hutchison

Supreme Court Justice
William R. Wooton

Financial Section

*Tygart Lake State Park * Grafton, WV*

**Report of
Independent Auditors**

**Management's
Discussion
and Analysis**



Ernst & Young LLP
900 United Center
500 Virginia Street East
Charleston, WV 25301

Tel: +1 304 343 8971
Fax: +1 304 357 5994
ey.com

Report of Independent Auditors

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of West Virginia (the State), as of and for the year ended June 30, 2021, 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 59% of total assets, 66% of net position, and 10% of total revenues for the governmental activities; 92% of total assets, 94% of net position, and 72% of total revenues for the business-type activities; 100% of total assets, net position, and revenues for the aggregate discretely presented component units; 97% of total assets, 98% 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, and Board of Risk and Insurance Management; and 86% of total assets, 89% of net position, and 23% of the total revenues for the aggregate remaining fund information, respectively. Those financial statements were audited by other auditors whose reports have 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, 2021, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

Required Supplementary Information

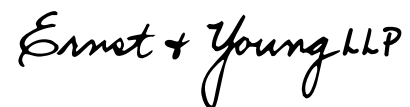
U.S. generally accepted accounting principles require that the management's discussion and analysis, budgetary comparison information for the general fund and each major special revenue fund when such information is presented as required supplementary information, Schedules of the State's Proportionate Share of the Net Pension Liability, Schedules of State Contributions for Pension Plans, Schedules of Changes in the State's Net Pension Liability and Related Ratios, Schedule of the State's Proportionate share of the Net OPEB Liability, and Schedules of State Contributions for the OPEB Plan on pages 6 through 20 and 197 through 227 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.



December 17, 2021



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, 2021. 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 \$11 billion, reported as net position. Governmental activities reported \$8.6 billion in net position, a \$1.6 million increase, up 23% from last year, while the business-type activities reported net position of \$2.5 billion, a \$349 million increase.

Fund Level

At year-end, the governmental funds reported combined fund balances of \$5.4 billion, an increase of \$997 million, or 22% higher than the prior year. The unrestricted fund balance, including the committed, assigned, and unassigned balances, was \$2.6 billion. The nonspendable balance was \$195 million, and \$2.6 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 \$15.4 million to be transferred to the Revenue Shortfall Reserve Fund (Rainy Day Fund); this transfer was up from the previous year by \$1.4 million.

Long-Term Obligations

There was a net decrease in the State's long-term obligations of \$354 million. The Governmental Activities decreased by \$197 million and the Business-type Activities decreased by \$157 million. The net decrease of \$354 million consisted of a decrease in net pension liability in the amount of \$450 million, a decrease in other net postemployment benefit liability of \$780 million, a decrease of \$18.9 million in accrued and other liabilities, and an increase in payments on bonds, capital leases, and notes payable in the amount of \$103 million. The decrease in accrued and other liabilities is related to a increase in Medicaid of \$18.9 million, an increase of \$8.2 million in taxes, and a decrease of \$30.6 million in claims and judgments.

The insurance and compensation benefits liability decreased \$140 million. The decrease consisted of a \$15 million decrease at the Board of Risk and Insurance Management due to an increase in estimated claims expense, an increase in unpaid claims, and a \$64 million decrease in Unemployment Compensation due to an increase in claims related to the COVID-19 pandemic. There was a \$80 million decrease at the Offices of the Insurance Commissioner due to a decrease in estimated claims expense and a \$20 million

increase at the Public Employees Insurance Agency due to an increase 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 more details about our nonmajor governmental funds, nonmajor proprietary funds, fiduciary funds, and nonmajor discretely presented component units.

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

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

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

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

- *Governmental activities* – Most of the State’s basic services are included under these activities, such as education, health and human resources, military affairs and public safety, judicial, and administration. Personal income taxes and consumer sales taxes finance most of these activities.
- *Business-type activities* – The State charges fees to customers to help it cover all or a significant portion of the costs of certain services it provides. The West Virginia Public Employees Insurance Agency and 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; 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. Fiduciary funds are comprised of pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The State is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the State's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position, where applicable. These funds are excluded from the State's government-wide financial statements because the State cannot use these assets to finance its operations.

Reconciliation Between Government-wide and Fund Statements

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

- Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements.
- Capital outlay spending results in expenditures on the governmental fund statements; however, on the statement of activities, the cost of capital assets is allocated over their useful lives as depreciation expense. The excess of capital outlay over depreciation expense is included on the government-wide statement of activities.
- Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces the long-term liabilities on the government-wide statement of net position.
- Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflow of resources, liabilities, deferred inflows of resources, and net revenue of the internal service funds are reported with governmental activities on the government-wide statements.
- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statements but are deferred inflows of resources on the governmental fund statements.

- Some revenues and expenses reported in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as revenues and expenditures in the funds.
- Net pension and OPEB liabilities or assets, along with related deferrals, are reported on the government-wide statements but not reported in the funds.

Notes to the Financial Statements

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

Required Supplementary Information

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

Combining Financial Statements and Schedules

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The chart below represents financial information derived from the government-wide statement of activities and reflects the State’s net position as of June 30, 2021 and 2020 (expressed in thousands):

Net Position as of June 30
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 8,827,767	\$ 7,725,182	\$ 4,616,036	\$ 4,205,331	\$ 13,443,803	11,930,513
Capital Assets	10,373,595	10,135,451	1,965	2,001	10,375,560	10,137,452
Total Assets	19,201,362	17,860,633	4,618,001	4,207,332	23,819,363	22,067,965
Deferred Outflows of Resources	1,507,521	1,199,349	3,557	2,300	1,511,078	1,201,649
Current and Other Liabilities	3,225,378	3,179,848	679,064	511,703	3,904,442	3,691,551
Long-term Liabilities	7,684,052	7,944,241	1,421,294	1,526,421	9,105,346	9,470,662
Total Liabilities	10,909,430	11,124,089	2,100,358	2,038,124	13,009,788	13,162,213
Deferred Inflows of Resources	1,220,951	977,905	2,908	2,184	1,223,859	980,089
Net Position						
Net Investment in Capital Assets	9,139,616	9,192,701	1,965	2,001	9,141,581	9,194,702
Restricted	1,430,320	1,188,896	2,110,728	1,777,494	3,541,048	2,966,390
Unrestricted (Deficit)	(1,991,434)	(3,423,609)	405,599	389,829	(1,585,835)	(3,033,780)
Total Net Position	\$ 8,578,502	\$ 6,957,988	\$ 2,518,292	\$ 2,169,324	\$ 11,096,794	\$ 9,127,312

Comparing June 30, 2021, to June 30, 2020, government-wide balances, current and other assets increased \$1.5 billion due to a \$1.2 billion increase in cash and equivalents, primarily from increases in operating grants and contributions related to the pandemic. Current and other liabilities increased \$213 million primarily due to increase in Due to Federal government of \$184 million for Unemployment Compensation's Title XII Advance loans. These loans were paid off September 2021. The remaining increase is due to increases in the Premium Deficiency reserve for Public Employees Insurance Agency.

Deferred Outflows increased due to the Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments. The actuarial assumptions are based on a return on investments of 7.5% and the actual return on investments for FY 21 were 2.12%-2.4% for the second half of the year. This resulted in an increase of \$61 million for PERS and \$184 million for TRS. Deferred Inflows also increased by \$311 million primarily due to an actuarial change in assumptions for OPEB.

Long-term liabilities decreased \$365 million. Significant changes in capital assets and long-term liabilities are discussed later in this Management's Discussion and Analysis.

The State's combined net position, governmental and business-type, increased \$2 billion over the course of this fiscal year's operations. The net position of the governmental activities increased \$1.6 billion, and the net position of the business-type activities increased \$349 million. The increase in net position is due to the changes in net position described on the following pages.

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 32% of total net position and is subject to constitutional, legal, or external constraints on how it can be used. Net position that is restricted include funds for construction projects, debt service, lending activities, insurance activities, transportation, public protection, and economic development and tourism programs of the State.

Changes in Net Position

The chart below represents financial information derived from the government-wide statement of activities and reflects the State's total revenues, expenses, and changes in net position for the years ended June 30, 2021 and 2020 (expressed in thousands):

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for Services	\$ 507,918	\$ 493,549	\$ 1,008,617	\$ 975,533	\$ 1,516,535	\$ 1,469,082
Operating Grants and Contributions	7,347,681	5,511,368	—	—	7,347,681	5,511,368
Capital Grants and Contributions	508,221	343,682	—	—	508,221	343,682
General Revenues:						
Personal Income Tax	2,194,829	2,023,079	—	—	2,194,829	2,023,079
Consumer Sales Tax	1,668,378	1,514,838	—	—	1,668,378	1,514,838
Business Taxes	777,371	550,918	—	—	777,371	550,918
Transportation Taxes	701,541	680,902	—	—	701,541	680,902
Other Taxes	645,992	620,640	—	—	645,992	620,640
Lottery Revenue	389,012	266,124	46,000	38,198	46,389,012	304,322
Other Revenue	820,233	406,443	1,321,400	1,081,060	2,141,633	1,487,503
Total Revenue	15,561,176	12,411,543	2,376,017	2,094,791	17,937,193	14,506,334
Program Expenses:						
Legislative	21,755	22,565	—	—	21,755	22,565
Judicial	111,998	136,383	—	—	111,998	136,383
Executive	714,308	368,025	—	—	714,308	368,025
Administration	241,868	279,823	—	—	241,868	279,823
Commerce	233,403	194,690	—	—	233,403	194,690
Environmental Protection	88,978	103,259	—	—	88,978	103,259
Employment Programs	211,110	50,785	—	—	211,110	50,785
Education	3,064,713	2,991,209	—	—	3,064,713	2,991,209
Health and Human Resources	6,880,969	5,934,351	—	—	6,880,969	5,934,351
Homeland Security	515,711	559,734	—	—	515,711	559,734
Revenue	126,387	63,132	—	—	126,387	63,132
Transportation	1,325,447	1,386,393	—	—	1,325,447	1,386,393
Veterans Assistance	17,407	20,152	—	—	17,407	20,152
Senior Services	53,919	48,307	—	—	53,919	48,307
Regulatory Boards and Commissions	141,343	50,519	—	—	141,343	50,519
Interest on Long-Term Debt	143,228	172,922	—	—	143,228	172,922
Workers' Compensation Fund	—	—	62,049	59,151	62,049	59,151
Unemployment Compensation	—	—	1,063,978	1,415,646	1,063,978	1,415,646
West Virginia Infrastructure and Jobs Development Council	—	—	31,795	22,325	31,795	22,325
Water Pollution Control Revolving Fund	—	—	11,291	10,739	11,291	10,739
Public Employees' Insurance Agency	—	—	701,087	597,217	701,087	597,217
Board of Risk and Insurance Management	—	—	88,562	70,377	88,562	70,377
Other Nonmajor Business-type	—	—	116,405	110,335	116,405	110,335
Total Expenses	13,892,544	12,382,249	2,075,167	2,285,790	15,967,711	14,668,039
Increase (Decrease) in Net Position						
Before Transfers	1,668,632	29,294	300,850	(190,999)	1,969,482	(161,705)
Transfers	(48,118)	7,147	48,118	(7,147)	—	—
Increase (Decrease) in Net Position,	1,620,514	36,441	348,968	(198,146)	1,969,482	(161,705)
Net Position, Beginning of Year, as Originally Reported	6,957,988	6,919,792	2,169,324	2,328,600	9,127,312	9,248,392
Restatement (See Note 2)	—	1,755	—	38,870	—	40,625
Net Position, Beginning of Year, as Restated	6,957,988	6,921,547	2,169,324	2,367,470	9,127,312	9,289,017
Net Position, End of Year	\$ 8,578,502	\$ 6,957,988	\$ 2,518,292	\$ 2,169,324	\$ 11,096,794	\$ 9,127,312

Governmental Activities

For the year ended June 30, 2021, the State's change in net position before transfers decreased by \$1.7 billion for governmental activities. Revenues increased by \$3.1 billion, and expenses were also higher by \$1.5 billion comparing the years ended June 30, 2021 and 2020.

The revenue increase is primarily due to the increase in both operating and capital grants and contributions. Operating grants and contributions increased as a result of increase in federal funding of \$1.8 billion for the Department of Health and Human Resources, Education, the Governor's office, and Workforce. There was also an increase in capital grants and contributions of \$165 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 extended to October 31, 2021.

Overall, tax revenue across all tax types increased \$598 million. Personal income tax revenue increased by \$172 million due to businesses reopening and people going back to work, which led to strong increases in annual tax returns and fiduciary income tax collections. The strong economic recovery and federal stimulus created significant increases in consumer sales and use taxes of \$153 million. Business tax revenues increased by \$226 million in 2021 due to increases in corporation net income tax with the pandemic market recovery and higher natural gas prices boosting severance tax collections. Transportation taxes increased \$21 million due to strong motor vehicle sales in FY 2021 which resulted in a significant increase in privilege tax collections.

Lottery revenue increased \$122 million due the reopening of all limited video lottery retailers and casinos that were temporarily shutdown in FY 2020 due to the Pandemic. This allowed Lottery to distribute surplus funds to the State in accordance with governing Legislation. Due to impacts of the Pandemic to Lottery's operations in FY 2020, they were unable to satisfy all funding appropriations to the State. Other revenue also increased \$ 414 million. This was attributed to increases in State appropriations and allocations from Parkways for use on construction projects in counties adjacent to the Turnpike for the Department of Transportation.

Program expenses increased approximately \$1.5 billion in total. Department of Health and Human Resources expenses were up \$946 million due to increased professional and contractual services and medical supplies and SNAP benefits provided to families as a result of COVID-19. Executive expenses were up \$346 million primarily due to disbursements to Federal subrecipients and county and municipalities related to the CARES Act and American Rescue Plan Act funds. Employment programs had an increased cost of \$160 million as a result of Lost Wages Assistance benefits granted by FEMA.

The charts on the next page depict revenues and expenses, respectively, of the governmental activities for the fiscal year. Approximately 34% of the total revenues came from personal income, consumer sales, business taxes, and transportation taxes, while 50% was in the form of grants and contributions (see Chart A). The State's governmental activities expenses include 50% for health and human resources and 22% for education (see Chart B).

Chart A

2021 Sources of Revenue - Governmental Activities

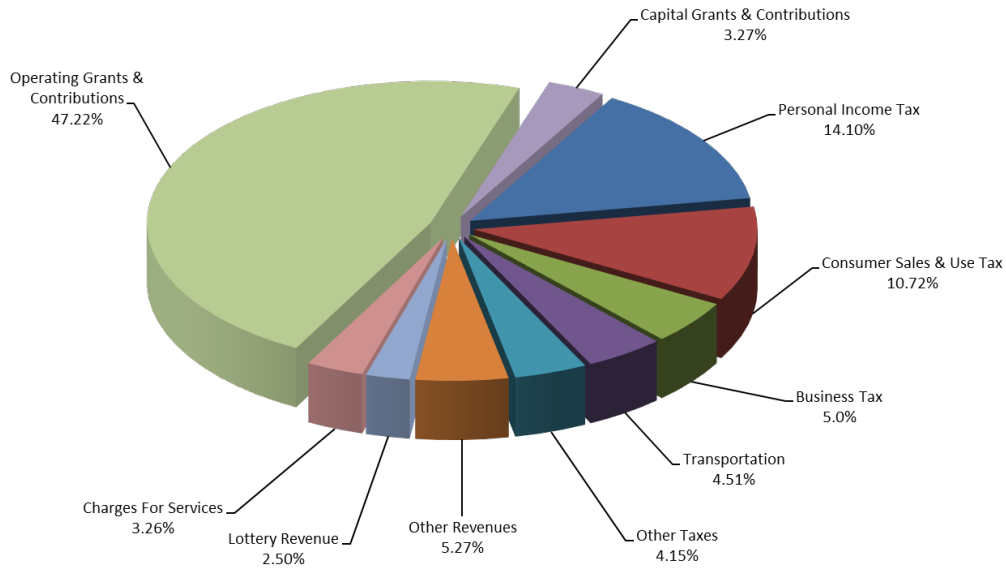
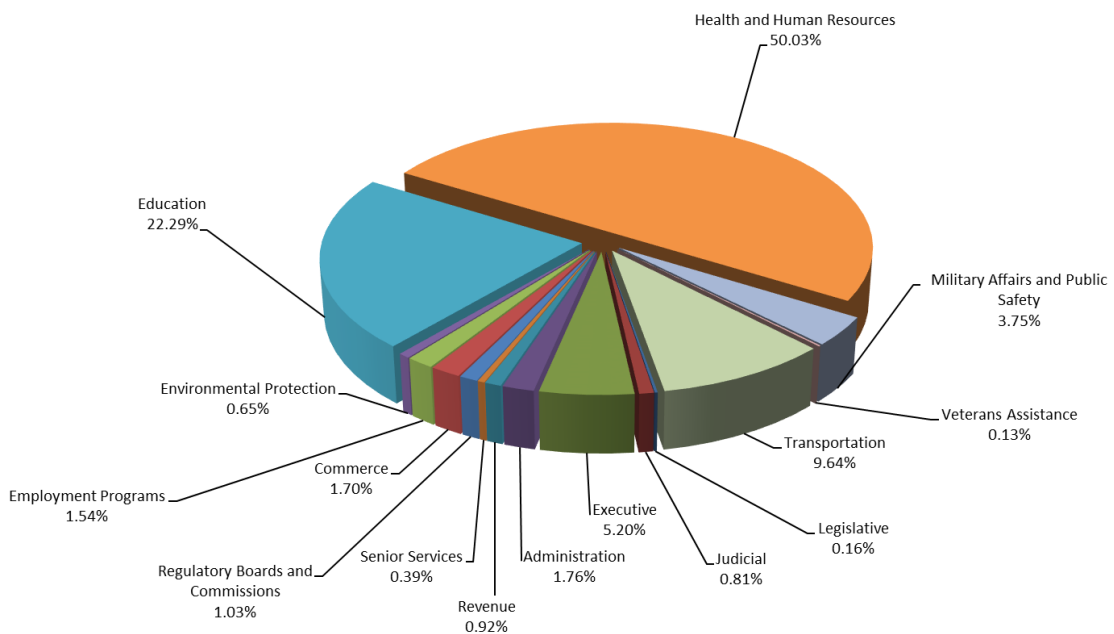


Chart B

2021 Functional Expenses - Governmental Activities



Business-type Activities

For the year ended June 30, 2021, business-type change in net position after transfers increased by \$547 million. Revenues increased by \$281 million and expense decreased by \$211 million with transfers also decreasing by \$55 million comparing the years ended June 30, 2021 and 2020. Significant contributors to these changes were:

- The Unemployment Compensation Fund had a decrease of \$352 million in Unemployment expenses due to the West Virginia unemployment rate decreasing from 10.5% in June 2020 to 5.3% in June 2021.
- West Virginia Public Employees Insurance Agency saw a \$104 million increase in medical claims expense and drug claim expense. Medical claims increased \$75 million due to demand shifting from the fourth quarter of FY 20 to FY 21 because of elective procedures being denied at the start of the Pandemic. Drug claims increased \$32 million due to upward trend of price inflation in the pharmaceutical industry.
- Transfers out decreased primarily due to a reduction in statutory distributions of \$43 million from the Alcohol Beverage Control Administration. These distributions are paid to the State's General Revenue fund and are based on liquor sales and in FY 20 the revenue was much higher due to retail liquor license renewals.
- Other revenue increased by \$240 million primarily due to improvements in the rate of return on noncurrent investments. The Workers' Compensation Fund earned majority of the interest, increasing their fair value on investments by \$229 million.

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 \$5.4 billion, a decrease of \$997 million in comparison to that of the prior year.

There was a net increase in revenue of \$3.2 billion. This was a result of a number of factors. General fund revenue increased by \$2.4 billion. This is primarily due to intergovernmental revenue increasing by \$1.2 billion (primarily due to the increase in grant awards for Department of Health and Human Services and Education); food stamp revenue increasing \$339 million (primarily due to needs driven by the COVID-19 pandemic); and Lottery revenue increasing by \$122 million due to the reopening of all limited video lottery retailers and casinos that were temporarily shutdown in FY 2020 due to the Pandemic. This allowed Lottery to distribute surplus funds to the State in accordance with governing Legislation. Total tax revenues increased by \$571 million due to the post pandemic economic recovery in both personal income tax and business and consumer taxes. There was also an increase of \$496 million in Other revenue for Division of Transportation primarily due to increases in State appropriations and allocations from Parkways for use on construction projects located in counties adjacent to the Turnpike. Expenses were up by \$1.6 billion, primarily due to spending from many agencies to aid in the recovery of the Coronavirus pandemic.

**Governmental Fund Balances at June 30, 2021
(Expressed in Thousands)**

	General Fund	Transportation	Tobacco Settlement Finance Authority	State Road	Other Governmental Funds	Total
Nonspendable	\$ 136,684	\$ 57,735	\$ —	\$ —	\$ 1,007	\$ 195,426
Restricted	25,851	504,595	517,267	1,292,482	291,529	2,631,724
Unrestricted:						—
Committed	42,288	—	—	—	336,583	378,871
Assigned	7,950	278,485	—	—	9,997	296,432
Unassigned	1,929,793	—	—	—	—	1,929,793
Total	\$ 2,142,566	\$ 840,815	\$ 517,267	\$ 1,292,482	\$ 639,116	\$ 5,432,246

The General Fund is the chief operating fund of the State. 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 16% of total General Fund expenditures, while total fund balance represents 17% of the same amount.

Cash and cash equivalents in the General Fund were up \$629 million, primarily due to American Rescue Plan Act funds received. These funds were invested with the Board of Treasury Investments. General fund revenues increased in fiscal year 2021 from 2020 by \$2.4 billion. This increase is due primarily to intergovernmental revenue of \$1.2 billion. Food stamp revenue increased by \$339 million. Lottery revenue increased by \$122 million and tax revenue increased by \$571 million. Revenues were \$700 million more than expenditures. Expenses for general fund also increased by \$1.7 billion, with the majority of the increase relating to the Health and Human Resource and Executive function of \$1 billion in 2021.

At June 30, 2021, Transportation's total fund balance was higher by approximately \$625 million from 2020, primarily due an increase in total revenues. Intergovernmental revenues increased by \$214 million and other revenue increased by approximately \$430 million.

The Tobacco Settlement Finance Authority's fund balance decreased by \$59.6 million primarily due to the refunding of bonds. Proceeds from refunding bonds issued was \$693.5 million and payments to refund bonds was \$737 million. Required bond interest in the amount of \$14 million was paid during the year along with principal payments of \$40.3 million.

At year end, non-major governmental funds had a net increase in fund balance of approximately \$19.9 million. There was a \$51.6 million increase in investment earnings for Department of Environmental Protection, Insurance Commission and Wildlife Resources. There was an increase of \$31.4 million in construction to the state parks, capital complex, and higher education institutions. Restricted fund balance is \$292 million, of which \$61 million was available for debt service; \$33 million to fund capital projects; \$78 million for development, tourism and recreation; \$502 thousand for education; and \$118 million for public protection. Committed fund balance is \$337 million, \$7 million for general government operations and \$330 million for public protection.

Proprietary Funds

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

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

GENERAL REVENUE FUND BUDGETARY HIGHLIGHTS

The final amended budget revenues were higher than the amount originally anticipated. The general revenue fund budget to actual overall revenue variance was \$5.6 million due to changes in revenue collection in several tax categories and other revenues. Consumer sales taxes increased \$15.9 million, corporate income/business franchise taxes increased by \$10.9 million, other taxes decreased \$9.3 million, licenses, permits and fees decreased \$7.6 million, and interest income decreased \$5 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, 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 \$386.7 million.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land and Improvements	\$ 1,486,079	\$ 1,459,747	\$ 611	\$ 611	\$ 1,486,690	\$ 1,460,358
Building and Improvements	941,445	969,747	998	936	942,443	970,683
Equipment	146,643	135,912	145	243	146,788	136,155
Library Holdings	594	600	—	—	594	600
Intangibles - Software	91,519	98,095	211	211	91,730	98,306
Intangibles - Land Rights	2,752	2,752	—	—	2,752	2,752
Construction-in-Progress	2,063,133	1,752,147	—	—	2,063,133	1,752,147
Infrastructure	5,641,430	5,716,451	—	—	5,641,430	5,716,451
Totals	\$ 10,373,595	\$ 10,135,451	\$ 1,965	\$ 2,001	\$ 10,375,560	\$ 10,137,452

The total increase, net of disposals and accumulated depreciation, in the State's net investment in capital assets for the current fiscal year, approximated \$238 million. The most significant changes in capital assets during the year were in the Transportation, Administration, and Commerce functions. Transportation continues to expand the state road system, focusing primarily on upgrading existing roadways and completion of Appalachian Highway Corridors. The \$26 million increase in land and improvements was due to Transportation's land acquisitions for various road and bridge projects. The \$75 million decrease in infrastructure was due primarily to Transportation's acquisitions of \$230 million, offset by depreciation expense of \$303 million. The net decrease of \$28 million in buildings and improvements is primarily due to the General Services Division's completion of renovation projects for various buildings offset by depreciation expense of \$40 million. The net increase of \$311 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 in construction-in-progress of \$474 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 \$230 million for completed projects that were placed in service. The Division of Natural Resources increased construction by \$49 million for improvement projects to numerous state parks, while completing \$1 million in construction projects. The General Services Division had an increase of \$24 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 \$5 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 \$10.6 billion in bonds, capital leases, notes payable, claims and judgments, compensated absences, net pension and OPEB liability, and other long-term obligations outstanding, as shown in the following table. The State's general obligation bonds are rated AA by Fitch Investors Service, Moody's Investors Service rating is Aa2, and Standard & Poor's Corporation have an AA- rating.

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

Outstanding Debt at June 30 (Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 2,057,062	\$ 1,865,314	\$ —	\$ —	\$ 2,057,062	\$ 1,865,314
Revenue Bonds	1,380,364	1,445,649	158,655	165,475	1,539,019	1,611,124
Capital Leases	191,186	220,626	—	—	191,186	220,626
Notes Payable	27,210	21,472	—	—	27,210	21,472
Accrued and Other Liabilities	1,286,578	1,261,569	11,791	32,039	1,298,369	1,293,608
Insurance and Compensation Benefits	—	—	1,598,864	1,739,069	1,598,864	1,739,069
Compensated Absences	98,319	93,111	652	633	98,971	93,744
Net Pension Liability	3,447,374	2,996,887	2,714	1,075	3,450,088	2,997,962
Net OPEB Liability	284,345	1,064,703	811	3,059	285,156	1,067,762
Totals	<u>\$ 8,772,438</u>	<u>\$ 8,969,331</u>	<u>\$ 1,773,487</u>	<u>\$ 1,941,350</u>	<u>\$ 10,545,925</u>	<u>\$ 10,910,681</u>

In FY 21, Division of Highways issued the 2021 Roads to Prosperity General Obligation Bonds of \$214.1 million. The Tobacco Settlement Authority issued \$696.5 million in revenue bonds in FY 21. The Authority used the proceeds to fully refund \$612 million of the 2007A Series bonds and partially refund \$73.8 million of the 2007B Series bonds. The remaining decrease in revenue bonds was due to debt service payments. Net Pension Liability increased by \$450 million primarily due to funding the retirement system based on investment assumptions that the State would receive 7.5% return on invested assets. Due to the COVID-19 pandemic, returns in the second half of the fiscal year were at 2.12% - 2.4% substantially below expectations. Net OPEB Liability decreased by \$780 million primarily due to changes in demographics and change in actuarial assumptions and methodologies. See Notes 10 and 11 for more information relating to the State's long-term debt activity.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The general revenue estimate for FY 2022 is projected to be \$4.57 billion, or \$412 million below the FY 2021 official revenue estimate. Our current FY 2021 General Revenue actual collections are projected to be more than the official revenue estimate by as much as \$413 million. The Lottery Funds' actual revenue collections for FY 2021 are projected to be more than their original estimates. Lottery revenues are projected to remain flat in FY 2022 and remain that way through FY 2025. Personal income tax revenues are also projected to be \$15.9 million more than the original budget.

The budget for FY 2022 includes significant expenditure increases for health and human resources, education, and economic development. Health and human resources' increase in expenditures are mainly due to an increase in medical costs and prices of prescription drugs. An aging population, new and more-costly medical technologies, and expensive new generation drugs are also contributing factors to the rising health care costs. Education's increases are largely due to the yearly increase in demand for grant funding as well as cost of construction continuing to rise. Economic development expenditures increased to help improve programs related to economic development of the state.

CONTACTING THE STATES 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

*Droop Mountain Battlefield State Park * Hillsboro, WV*



Government-Wide

Major Funds

Notes 1-16

**Statement of Net Position
June 30, 2021
(Expressed in Thousands)**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets:				
Current Assets:				
Cash and Cash Equivalents	\$ 5,901,828	\$ 1,888,485	\$ 7,790,313	\$ 1,162,201
Investments	1,018,053	103,260	1,121,313	190,025
Receivables, Net	990,200	183,847	1,174,047	273,576
Capital Leases Receivable from Primary Government	—	—	—	19,296
Due from Other Governments	621,015	13,264	634,279	—
Due from Primary Government	—	—	—	44,204
Due from Fiduciary Funds	71	1,722	1,793	—
Due from Component Units	164,494	5,779	170,273	—
Internal Balances	(187,371)	187,371	—	—
Inventories	70,009	53	70,062	21,015
Other Assets	1,958	12,780	14,738	19,290
Restricted Assets:				
Cash and Cash Equivalents	7,091	166,302	173,393	284,830
Investments	—	—	—	83,275
Receivables, Net	—	1,950	1,950	3,535
Other Restricted Assets	—	251,189	251,189	4
Total Current Assets	8,587,348	2,816,002	11,403,350	2,101,251
Noncurrent Assets:				
Cash and Cash Equivalents	—	—	—	156,294
Investments	—	394,460	394,460	761,306
Receivables, Net	—	1,322,444	1,322,444	311,509
Capital Leases Receivable from Primary Government	—	—	—	171,889
Other Assets	150	—	150	79,120
Advance to Component Units	123,220	—	123,220	—
Net Pension Asset	99,169	—	99,169	—
Net OPEB Asset	—	—	—	35
Restricted Assets:				
Cash and Cash Equivalents	17,880	9,403	27,283	330,086
Investments	—	71,328	71,328	38,746
Receivables, Net	—	2,399	2,399	796,004
Other Restricted Assets	—	—	—	2,576
Land and Other Capital Assets Not Being Depreciated	3,530,066	611	3,530,677	512,680
Capital Assets, Being Depreciated (Net of Accumulated)	6,843,529	1,354	6,844,883	3,729,464
Total Noncurrent Assets	10,614,014	1,801,999	12,416,013	6,889,709
Total Assets	19,201,362	4,618,001	23,819,363	8,990,960
Deferred Outflows of Resources:				
Deferred loss on bond refundings	53,539	740	54,279	49,386
Related to Pensions	1,166,799	2,184	1,168,983	62,088
Related to OPEB	287,183	633	287,816	49,833
Total Deferred Outflows of Resources	1,507,521	3,557	1,511,078	161,307

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	356,025	9,522	365,547	118,374
Interest Payable	11,317	—	11,317	13,373
Accrued Tuition Contract Benefits	—	10,828	10,828	—
Accrued and Other Liabilities	866,756	11,791	878,547	342,047
Due to Other Governments	449,907	187,963	637,870	—
Due to Primary Government	—	—	—	170,273
Due to Fiduciary Funds	1,868	2	1,870	3,827
Due to Component Units	43,736	468	44,204	—
Unearned Revenue	1,274,075	34,922	1,308,997	114,376
Premium Deficiency	—	83,166	83,166	—
Insurance and Compensation Benefits Obligations	—	333,191	333,191	—
General Obligation Debt	66,042	—	66,042	—
Revenue Bonds Payable	65,669	7,090	72,759	191,701
Capital Leases and Other Debt	8,480	—	8,480	11,236
Capital Leases Payable to Component Units	19,296	—	19,296	—
Compensated Absences	62,207	121	62,328	57,534
Total Current Liabilities	3,225,378	679,064	3,904,442	1,022,741
Noncurrent Liabilities:				
Accrued and Other Liabilities	419,822	—	419,822	117,698
Due to Other Governments	65	—	65	—
Unearned Revenue	—	—	—	321
Insurance and Compensation Benefits Obligations	—	1,265,673	1,265,673	—
Advances from Primary Government	—	—	—	123,220
Liabilities Payable from Restricted Assets	—	—	—	339,663
General Obligation Debt	1,991,020	—	1,991,020	—
Revenue Bonds Payable	1,314,695	151,565	1,466,260	2,815,127
Capital Leases and Other Debt	18,730	—	18,730	208,439
Capital Leases Payable to Component Units	171,889	—	171,889	—
Net Pension Liability	3,447,374	2,714	3,450,088	78,404
Net OPEB Liability	284,345	811	285,156	71,737
Compensated Absences	36,112	531	36,643	16,611
Total Noncurrent Liabilities	7,684,052	1,421,294	9,105,346	3,771,220
Total Liabilities	10,909,430	2,100,358	13,009,788	4,793,961
Deferred Inflows of Resources:				
Gain on Bond Refundings	—	—	—	525
Related to Pensions	283,751	218	283,969	16,559
Related to OPEB	937,200	2,690	939,890	230,628
Service Concession Arrangements	—	—	—	37,422
Grants and Contributions	—	—	—	8,900
Total Deferred Inflows of Resources	1,220,951	2,908	1,223,859	294,034
Net Position:				
Net Investment in Capital Assets	9,139,616	1,965	9,141,581	2,951,978
Restricted for:				
Capital Projects	—	—	—	14,145
Debt Service	595,516	—	595,516	708,767
General Government Operations	28,987	3,149	32,136	—
Permanent Funds:				
Nonexpendable	1,000	—	1,000	376,433
Expendable	502	—	502	—
Lending Activities	—	1,713,168	1,713,168	103,804
Insurance Activities	—	394,411	394,411	—
Development, Tourism, and Recreation	81,050	—	81,050	—
Education	128	—	128	—
Health and Social Services	701	—	701	—
Public Protection	217,841	—	217,841	—
Transportation	504,595	—	504,595	—
Specific Fund/Component Unit Purposes	—	—	—	356,349
Unrestricted (Deficit)	(1,991,434)	405,599	(1,585,835)	(447,204)
Total Net Position	8,578,502	2,518,292	11,096,794	4,064,272

Statement of Activities
For the Fiscal Year Ended June 30, 2021

(Expressed in Thousands)

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Legislative	\$ 21,755	\$ 1,078	\$ 840	\$ —
Judicial	111,998	1,067	2,170	—
Executive	714,308	33,892	668,297	—
Administration	241,868	61,505	—	239
Commerce	233,403	48,742	94,631	—
Environmental Protection	88,978	63,051	84,963	—
Employment Programs	211,110	—	149,770	—
Education	3,064,713	—	582,884	—
Health and Human Resources	6,880,969	61,783	5,531,583	—
Homeland Security	515,711	—	91,125	—
Revenue	126,387	45,958	2,740	—
Transportation	1,325,447	170,990	50,000	505,348
Veterans Assistance	17,407	183	7,050	2,634
Senior Services	53,919	2	26,193	—
Regulatory Boards and Commissions	141,343	19,667	55,435	—
Interest on Long-Term Debt	143,228	—	—	—
Total Governmental Activities	13,892,544	507,918	7,347,681	508,221
Business-type Activities:				
Water Pollution Control Revolving Fund	11,291	5,763	—	—
Workers' Compensation Fund	62,049	2,604	—	—
Unemployment Compensation	1,063,978	200,836	—	—
West Virginia Infrastructure and Jobs Development Council	31,795	4,749	—	—
Public Employees' Insurance Agency	701,087	571,567	—	—
Board of Risk and Insurance Management	88,562	78,692	—	—
Other Activities	116,405	144,406	—	—
Total Business-type Activities	2,075,167	1,008,617	—	—
Total Primary Government	15,967,711	1,516,535	7,347,681	508,221
Component Units:				
West Virginia Lottery	1,251,378	1,177,971	—	—
Economic Development Authority	5,245	8,614	—	—
Housing Development Authority	112,152	41,692	84,161	—
Parkways Authority	528,104	167,262	—	38,075
Water Development Authority	7,263	10,943	—	—
Higher Education	2,011,038	842,743	600,004	124,151
Regional Jail Authority	411,117	128,797	39,634	—
School Building Authority	99,385	—	5	—
Other Component Units	65,018	10,622	4,221	—
Total Component Units	\$ 4,490,700	\$ 2,388,644	\$ 728,025	\$ 162,226
General Revenues:				
Taxes:				
Personal Income				
Consumer Sales				
Business				
Medicaid				
Transportation				
Other				
Grants and Contributions not Restricted to Specific				
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 (Deficit), Beginning of Year				
Net Position, End of Year				

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (19,837)	\$ —	\$ (19,837)	\$ —
(108,761)	—	(108,761)	—
(12,119)	—	(12,119)	—
(180,124)	—	(180,124)	—
(90,030)	—	(90,030)	—
59,036	—	59,036	—
(61,340)	—	(61,340)	—
(2,481,829)	—	(2,481,829)	—
(1,287,603)	—	(1,287,603)	—
(424,586)	—	(424,586)	—
(77,689)	—	(77,689)	—
(599,109)	—	(599,109)	—
(7,540)	—	(7,540)	—
(27,724)	—	(27,724)	—
(66,241)	—	(66,241)	—
(143,228)	—	(143,228)	—
(5,528,724)	—	(5,528,724)	—
—	(5,528)	(5,528)	—
—	(59,445)	(59,445)	—
—	(863,142)	(863,142)	—
—	(27,046)	(27,046)	—
—	(129,520)	(129,520)	—
—	(9,870)	(9,870)	—
—	28,001	28,001	—
—	(1,066,550)	(1,066,550)	—
(5,528,724)	(1,066,550)	(6,595,274)	—
—	—	—	(73,407)
—	—	—	3,369
—	—	—	13,701
—	—	—	(322,767)
—	—	—	3,680
—	—	—	(444,140)
—	—	—	(242,686)
—	—	—	(99,380)
—	—	—	(50,175)
—	—	—	(1,211,805)
2,194,829	—	2,194,829	—
1,668,378	—	1,668,378	—
777,371	—	777,371	—
266,706	—	266,706	—
701,541	—	701,541	—
379,286	—	379,286	—
—	—	—	3,913
130,414	301,195	431,609	169,002
61,812	—	61,812	—
—	—	—	1,043,377
389,012	46,000	435,012	—
628,007	1,020,205	1,648,212	164,969
(48,118)	48,118	—	—
7,149,238	1,415,518	8,564,756	1,381,261
1,620,514	348,968	1,969,482	169,456
6,957,988	2,169,324	9,127,312	3,894,816
\$ 8,578,502	\$ 2,518,292	\$ 11,096,794	\$ 4,064,272



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 232.

Balance Sheet
Governmental Funds
June 30, 2021
(Expressed in Thousands)

	General	Transportation	Tobacco Settlement Finance Authority	State Road	Other Governmental Funds	Total
Assets:						
Cash and Cash Equivalents	\$ 3,271,675	\$ 722,771	\$ 54,709	\$ 1,307,734	\$ 515,208	\$ 5,872,097
Investments	845,046	—	—	—	173,007	1,018,053
Receivables, Net	702,680	233,530	28,532	—	15,456	980,198
Due from Other Governments	613,110	—	—	—	7,905	621,015
Due from Other Funds	2,776	473	—	—	60	3,309
Due from Component Units	157,860	788	—	4,726	1,055	164,429
Advances to Component Units	123,220	—	—	—	—	123,220
Inventories	11,425	57,735	—	—	7	69,167
Other Assets	1,665	186	—	—	—	1,851
Restricted Assets:						
Cash and Cash Equivalents	—	—	—	—	1,694	1,694
Total Assets	5,729,457	1,015,483	83,241	1,312,460	714,392	8,855,033
Deferred Outflows of Resources:						
Deferred Payments to Tobacco Settlement Finance Authority	—	—	462,558	—	—	462,558
Total Deferred Outflows of Resources	—	—	462,558	—	—	462,558
Total Assets and Deferred Outflows of Resources	5,729,457	1,015,483	545,799	1,312,460	714,392	9,317,591
Liabilities:						
Accounts Payable	219,928	58,365	—	19,978	35,441	333,712
Accrued and Other Liabilities	916,524	23,663	—	—	20,525	960,712
Unearned Revenue	1,270,766	3,309	—	—	—	1,274,075
Due to Other Governments	419,470	11,453	—	—	18,655	449,578
Due to Other Funds	195,349	9,527	—	—	641	205,517
Due to Component Units	43,601	121	—	—	14	43,736
Total Liabilities	3,065,638	106,438	—	19,978	75,276	3,267,330
Deferred Inflows of Resources:						
Tax Revenue	58,695	—	—	—	—	58,695
Tobacco Settlement Revenue	—	—	28,532	—	—	28,532
Advances to Tobacco Settlement Finance Authority	462,558	—	—	—	—	462,558
Unavailable Revenue	—	68,230	—	—	—	68,230
Total Deferred Inflows of Resources	521,253	68,230	28,532	—	—	618,015

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	11,425	57,735	—	—	7	69,167
Permanent Fund	—	—	—	—	1,000	1,000
Receivables	125,259	—	—	—	—	125,259
Restricted for:						
Capital Projects	—	—	—	1,292,482	33,397	1,325,879
Debt Service	—	—	517,267	—	61,034	578,301
Government Operations	21,896	—	—	—	—	21,896
Development, Tourism, and Recreation	2,769	—	—	—	78,281	81,050
Education	128	—	—	—	502	630
Health and Social Services	701	—	—	—	—	701
Public Protection	357	—	—	—	118,315	118,672
Transportation	—	504,595	—	—	—	504,595
Committed to:						
General Government Operations	11,182	—	—	—	6,508	17,690
Development, Tourism, and Recreation	4,106	—	—	—	—	4,106
Education	11,458	—	—	—	—	11,458
Health and Social Services	13,652	—	—	—	—	13,652
Public Protection	1,890	—	—	—	330,075	331,965
Assigned to:						
Government Operations	5,545	—	—	—	—	5,545
Development, Tourism, and Recreation	811	—	—	—	—	811
Education	362	—	—	—	—	362
Health and Social Services	907	—	—	—	3,904	4,811
Public Protection	325	—	—	—	6,093	6,418
Transportation	—	278,485	—	—	—	278,485
Unassigned	1,929,793	—	—	—	—	1,929,793
Total Fund Balances	2,142,566	840,815	517,267	1,292,482	639,116	5,432,246
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,729,457	\$ 1,015,483	\$ 545,799	\$ 1,312,460	\$ 714,392	\$ 9,317,591

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2021
(Expressed in Thousands)**

Total Fund Balances - Governmental Funds \$ 5,432,246

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	\$	1,449,848	
Construction-in-Progress		2,017,639	
Infrastructure Assets		13,433,814	
Buildings, Equipment, and Other Depreciable Assets		1,937,078	
Intangibles		52,116	
Accumulated Depreciation		<u>(8,816,822)</u>	
Total Capital Assets			10,073,673

The Net Pension Asset is not recognized at the fund level. 99,169

Certain tax and other revenues are earned but not available and therefore are deferred inflows of resources in the funds. 155,457

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. (1,213,528)

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. 270,599

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. 150

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. 1,500,297

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		(2,057,062)	
Revenue Bonds		(1,380,364)	
Capital Leases		(145,849)	
Compensated Absences		(96,147)	
Net Pension Liability		(3,441,243)	
Net OPEB Liability		(282,641)	
Accrued Interest Payable and Other Liabilities		<u>(336,255)</u>	
Total Long-Term Liabilities			(7,739,561)

Net Position of Governmental Activities \$ 8,578,502

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, 2021
(Expressed in Thousands)

	General	Transportation	Tobacco Settlement Finance Authority	State Road	Other Governmental Funds	Total
Revenues:						
Taxes:						
Personal Income	\$ 2,196,298	\$ —	\$ —	\$ —	\$ —	\$ 2,196,298
Consumer Sales and Use	1,668,804	—	—	—	—	1,668,804
Severance	326,363	—	—	—	—	326,363
Corporate Net Income	317,670	—	—	—	—	317,670
Business and Occupation	131,541	—	—	—	—	131,541
Medicaid	267,979	—	—	—	—	267,979
Gasoline and Motor Carrier	—	404,425	—	—	—	404,425
Automobile Privilege	—	297,116	—	—	—	297,116
Other	375,308	3,986	—	—	—	379,294
Intergovernmental	6,014,234	555,348	—	—	283,834	6,853,416
Licenses, Permits, and Fees	116,963	6,802	—	—	119,606	243,371
Motor Vehicle Registration	—	146,836	—	—	—	146,836
Charges for Services	173,157	—	—	—	—	173,157
Lottery Revenues	373,462	—	—	—	10,656	384,118
Food Stamp Revenue	872,884	—	—	—	—	872,884
Investment Earnings	87,999	283	14	2,014	65,349	155,659
Other	228,004	449,640	63,563	—	7,718	748,925
Total Revenues	13,150,666	1,864,436	63,577	2,014	487,163	15,567,856
Expenditures:						
Current:						
Legislative	24,440	—	—	—	1,463	25,903
Judicial	135,586	—	—	—	—	135,586
Executive	843,107	—	—	—	—	843,107
Administration	99,863	—	5,232	—	4	105,099
Commerce	289,378	—	—	—	—	289,378
Environmental Protection	305	—	—	—	126,859	127,164
Employment Programs	11,910	—	—	—	201,250	213,160
Education	3,109,129	—	—	—	1,969	3,111,098
Health and Human Resources	7,018,893	—	—	—	—	7,018,893
Homeland Security	568,532	—	—	—	—	568,532
Revenue	117,699	—	—	—	23,519	141,218
Transportation	13,002	726,914	—	—	—	739,916
Veterans Assistance	21,024	—	—	—	1	21,025
Senior Services	54,576	—	—	—	—	54,576
Regulatory Boards and Commissions	112,056	—	—	—	22,735	134,791
Capital Outlay	—	522,104	—	352,063	29,438	903,605
Debt Service:						
Principal	—	70,895	40,290	—	55,565	166,750
Interest	—	84,451	14,024	—	25,752	124,227
Total Expenditures	12,419,500	1,404,364	59,546	352,063	488,555	14,724,028
Excess of Revenues Over (Under) Expenditures	731,166	460,072	4,031	(350,049)	(1,392)	843,828
Other Financing Sources (Uses):						
Face Value of Long-Term Debt Issued	—	14,085	—	200,000	—	214,085
Tobacco Settlement Bond Issuance of Refunding Bonds	—	—	693,515	—	—	693,515
Premiums on Bonds Issued	—	860	—	62,511	—	63,371
Payments to Refunded Bond Escrow Agent	—	—	(737,172)	—	—	(737,172)
Transfers In	55,713	149,807	—	—	73,241	278,761
Transfers Out	(287,260)	—	(20,023)	—	(51,940)	(359,223)
Total Other Financing Sources (Uses)	(231,547)	164,752	(63,680)	262,511	21,301	153,337
Net Change in Fund Balance	499,619	624,824	(59,649)	(87,538)	19,909	997,165
Fund Balances, Beginning of Year	1,642,947	215,991	576,916	1,380,020	619,207	4,435,081
Fund Balances, End of Year	\$ 2,142,566	\$ 840,815	\$ 517,267	\$ 1,292,482	\$ 639,116	\$ 5,432,246

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, 2021
(Expressed in Thousands)**

Net Change in Fund Balances - Total Governmental Funds	\$	997,165
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	\$	580,420
Depreciation Expense		<u>(358,263)</u>
Excess of Capital Outlay Over Depreciation Expense		222,157
Accretion of interest related to capital appreciation bonds is an expense of the governmental activities.		(985,434)
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		19,215
Capital Lease Payments		<u>835,870</u>
Total Long-Term Debt Repayment		855,085
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 position in net position of the Internal Service Funds is reported with governmental activities.		23,323
Revenues in the statement of activities that do provide current financial resources are not reported as revenues in the funds.		65,100
Loss on issuance of new refunding bonds in the current fiscal year but was deferred on the statement of activities.		49,364
Retirement contributions (excluding Internal Service Funds) to defined benefit pension plans in the current fiscal year are not included on the statement of activities.		502,984
OPEB contributions (excluding Internal Service Funds) to defined benefit OPEB plan in the current fiscal year are not included on the statement of activities.		122,092
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 of Accrued Interest (Asset)	(8)	
Increase of Compensated Absences	(5,083)	
Decrease of Accrued and Other Liabilities	30,351	
Increase of Net Pension Liability (Asset), net of deferrals	(424,137)	
Increase of Net OPEB Liability, net of deferrals	144,455	
Amortization of Bond Premiums/Discounts	<u>23,100</u>	
Total Change in Expenditures		<u>(231,322)</u>
Change in Net Position of Governmental Activities	\$	<u><u>1,620,514</u></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, establish a new utility, or clean 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 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 253.

West Virginia

Statement of Net Position Proprietary Funds June 30, 2021 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Water Pollution Control Revolving Fund	Workers' Compensation Fund	Unemployment Compensation	West Virginia Infrastructure and Jobs Development Council
Assets:				
Current Assets:				
Cash and Cash Equivalents	\$ 176,081	\$ 1,452,789	\$ 81,532	\$ 38,277
Investments	—	—	—	101,018
Receivables, Net	36,239	220	51,247	26,705
Due from Other Governments	—	—	13,217	—
Due from Other Funds	—	—	185,239	—
Due from Component Units	—	—	287	—
Inventories	—	—	—	—
Other Assets	—	—	—	—
Restricted Assets:				
Cash and Cash Equivalents	—	—	—	155,082
Receivables, Net	—	—	—	—
Other Restricted Assets	—	—	—	—
Total Current Assets	212,320	1,453,009	331,522	321,082
Noncurrent Assets:				
Investments	—	—	—	—
Receivables, Net	650,810	—	—	537,146
Restricted Assets:				
Cash and Cash Equivalents	—	—	—	—
Investments	—	—	—	—
Receivables, Net	—	—	—	—
Capital Assets, Net	—	—	—	—
Total Noncurrent Assets	650,810	—	—	537,146
Total Assets	863,130	1,453,009	331,522	858,228
Deferred Outflows of Resources:				
Deferred loss on bond refundings	—	—	—	740
Related to Pensions	301	—	—	111
Related to OPEB	72	—	—	15
Total Deferred Outflows of Resources	373	—	—	866
Liabilities:				
Current Liabilities:				
Accounts Payable	134	—	—	49
Accrued Tuition Contract Benefits	—	—	—	—
Accrued and Other Liabilities	—	3,223	3,050	2,427
Premium Deficiency	—	—	—	—
Unearned Revenue	4,954	—	—	—
Due to Other Governments	—	—	187,963	—
Due to Other Funds	—	—	366	—
Due to Component Units	60	—	—	320
Insurance and Compensation Benefits Obligations	—	135,000	33,578	—
Revenue Bonds Payable	—	—	—	7,090
Capital Leases and Other Debt	—	—	—	—
Capital Leases Payable to Component Units	—	—	—	—
Compensated Absences	81	—	—	—
Total Current Liabilities	5,229	138,223	224,957	9,886
Noncurrent Liabilities:				
Insurance and Compensation Benefits Obligations	—	1,120,900	—	—
Revenue Bonds Payable	—	—	—	151,565
Capital Leases and Other Debt	—	—	—	—
Capital Leases Payable to Component Units	—	—	—	—
Compensated Absences	58	—	—	—
Net Pension Liability	397	—	—	133
Net OPEB Liability	143	—	—	12
Total Noncurrent Liabilities	598	1,120,900	—	151,710
Total Liabilities	5,827	1,259,123	224,957	161,596
Deferred Inflows of Resources:				
Related to Pensions	34	—	—	13
Related to OPEB	454	—	—	41
Total Deferred Inflows of Resources	488	—	—	54
Net Position:				
Net Investment in Capital Assets	—	—	—	—
Restricted for:				
Capital Projects	—	—	—	—
General Government Operations	—	—	—	—
Lending Activities	857,188	—	—	659,591
Insurance Activities	—	193,886	106,565	—
Unrestricted (Deficit)	—	—	—	37,853
Total Net Position	\$ 857,188	\$ 193,886	\$ 106,565	\$ 697,444

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
\$ 30,387	\$ 18,911	\$ 90,508	\$ 1,888,485	\$ 29,731
—	—	2,242	103,260	—
58,361	1,672	9,403	183,847	10,002
47	—	—	13,264	—
4,882	—	—	190,121	13,619
5,492	—	—	5,779	65
—	—	53	53	842
—	—	12,780	12,780	107
—	11,220	—	166,302	7,091
—	1,184	766	1,950	—
—	251,189	—	251,189	—
<u>99,169</u>	<u>284,176</u>	<u>115,752</u>	<u>2,817,030</u>	<u>61,457</u>
270,948	123,512	—	394,460	—
—	—	134,488	1,322,444	—
9,403	—	—	9,403	16,186
—	71,328	—	71,328	—
—	—	2,399	2,399	—
66	—	1,899	1,965	299,922
<u>280,417</u>	<u>194,840</u>	<u>138,786</u>	<u>1,801,999</u>	<u>316,108</u>
<u>379,586</u>	<u>479,016</u>	<u>254,538</u>	<u>4,619,029</u>	<u>377,565</u>
—	—	—	740	—
468	438	866	2,184	4,791
232	111	203	633	2,433
<u>700</u>	<u>549</u>	<u>1,069</u>	<u>3,557</u>	<u>7,224</u>
2,865	1,443	5,031	9,522	22,313
—	—	10,828	10,828	—
2,448	359	284	11,791	928
83,166	—	—	83,166	—
19,889	10,079	—	34,922	—
—	—	—	187,963	394
660	2	2	1,030	579
28	17	43	468	—
98,087	61,326	5,200	333,191	—
—	—	—	7,090	—
—	—	—	—	8,133
—	—	—	—	1,865
—	—	40	121	—
<u>207,143</u>	<u>73,226</u>	<u>21,428</u>	<u>680,092</u>	<u>34,212</u>
9,403	128,270	7,100	1,265,673	—
—	—	—	151,565	—
—	—	—	—	12,978
—	—	—	—	49,570
—	172	301	531	2,172
566	533	1,085	2,714	6,131
186	113	357	811	1,704
<u>10,155</u>	<u>129,088</u>	<u>8,843</u>	<u>1,421,294</u>	<u>72,555</u>
<u>217,298</u>	<u>202,314</u>	<u>30,271</u>	<u>2,101,386</u>	<u>106,767</u>
38	35	98	218	713
576	347	1,272	2,690	6,710
<u>614</u>	<u>382</u>	<u>1,370</u>	<u>2,908</u>	<u>7,423</u>
66	—	1,899	1,965	232,852
—	—	—	—	14,508
—	—	3,149	3,149	7,091
—	—	196,389	1,713,168	—
—	80,155	13,805	394,411	—
<u>162,308</u>	<u>196,714</u>	<u>8,724</u>	<u>405,599</u>	<u>16,148</u>
<u>\$ 162,374</u>	<u>\$ 276,869</u>	<u>\$ 223,966</u>	<u>\$ 2,518,292</u>	<u>\$ 270,599</u>

**Statement of Revenues, Expenses, and
Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	Business-type Activities – Enterprise Funds			
	Water Pollution Control Revolving Fund	Workers' Compensation Fund	Unemployment Compensation	West Virginia Infrastructure and Jobs Development Council
Operating Revenues:				
Charges for Services and Sales	\$ —	\$ —	\$ 200,835	\$ 4,749
Insurance Premiums	—	2,604	—	—
Investment Earnings	2,733	—	—	—
Licenses, Permits, and Fees	3,030	—	—	—
Other	—	33	1,013,850	—
Total Operating Revenues	5,763	2,637	1,214,685	4,749
Operating Expenses:				
Cost of Sales and Services	—	—	—	—
Insurance Claims and Claims Adjustment Provisions	—	55,173	—	—
Tuition Contract Benefits and Expenses	—	—	—	—
Infrastructure and Economic Development	—	—	—	24,113
Unemployment Insurance Benefits	—	—	1,063,978	—
General and Administration	11,370	6,876	—	1,297
Pension Expense	110	—	—	45
OPEB Expense	(174)	—	—	21
Depreciation and Amortization	—	—	—	—
Provisions for Uncollectible Loans	—	—	—	300
Other	—	—	—	—
Total Operating Expenses	11,306	62,049	1,063,978	25,776
Operating Income (Loss)	(5,543)	(59,412)	150,707	(21,027)
Nonoperating Revenues (Expenses):				
Gain (Loss) on Sale of Equipment	—	—	—	—
Interest and Other Investment Income	1,833	228,709	851	290
Interest Expense	—	—	—	(6,019)
Lottery Revenues	—	—	—	46,000
Other Nonoperating Revenues	14	1	—	1
Other Nonoperating Expenses	—	—	—	—
Total Nonoperating Revenues (Expenses), Net	1,847	228,710	851	40,272
Income (Loss) Before Capital Contributions and Transfers	(3,696)	169,298	151,558	19,245
Capital Contributions and Transfers:				
Capital Contributions	—	—	—	—
Transfers In	29,728	20,000	—	14
Transfers Out	—	—	—	(2,202)
Total Capital Contributions and Transfers	29,728	20,000	—	(2,188)
Change in Net Position	26,032	189,298	151,558	17,057
Net Position (Deficit), Beginning of Year	831,156	4,588	(44,993)	680,387
Net Position (Deficit), End of Year	\$ 857,188	\$ 193,886	\$ 106,565	\$ 697,444

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
\$ —	\$ —	\$ 129,432	\$ 335,016	\$ 145,189
571,575	78,800	8,930	661,909	—
—	—	—	2,733	—
—	—	6,090	9,120	—
4,915	—	111	1,018,909	34
576,490	78,800	144,563	2,027,687	145,223
—	—	97,083	97,083	121,824
677,841	70,259	8,330	811,603	—
—	—	1,640	1,640	—
—	—	—	24,113	—
—	—	—	1,063,978	—
19,491	4,588	6,779	50,401	14,801
147	143	280	725	1,349
(115)	80	(349)	(537)	(1,386)
52	—	176	228	20,911
—	—	—	300	—
3,719	—	2,212	5,931	—
701,135	75,070	116,151	2,055,465	157,499
(124,645)	3,730	28,412	(27,778)	(12,276)
—	—	—	—	(92)
40,617	28,845	50	301,195	1
—	—	—	(6,019)	(2,168)
—	—	—	46,000	4,894
—	11	1,269	1,296	381
—	(13,500)	(344)	(13,844)	—
40,617	15,356	975	328,628	3,016
(84,028)	19,086	29,387	300,850	(9,260)
—	—	—	—	239
21,000	—	8,115	78,857	37,844
—	—	(28,537)	(30,739)	(5,500)
21,000	—	(20,422)	48,118	32,583
(63,028)	19,086	8,965	348,968	23,323
225,402	257,783	215,001	2,169,324	247,276
\$ 162,374	\$ 276,869	\$ 223,966	\$ 2,518,292	\$ 270,599

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Water Pollution Control Revolving Fund	Workers' Compensation Fund	Unemployment Compensation	West Virginia Infrastructure and Jobs Development Council
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 40,912	\$ 2,551	\$ 169,795	\$ 29,191
Receipts from State Agencies	—	—	—	—
Payments to Suppliers	—	(13,032)	—	(707)
Payments to Employees	(1,400)	(2)	—	(578)
Payments to Beneficiaries	—	—	—	—
Payments for Loans Originated	(42,199)	—	—	(60,436)
Payments for Premiums	—	—	—	—
Payments to Claimants	—	(135,473)	(954,785)	—
Other Operating Cash Receipts	—	33	850,832	—
Other Operating Cash Payments	(10,095)	—	—	—
Net Cash Provided by (Used For)				
Operating Activities	(12,782)	(145,923)	65,842	(32,530)
Cash Flows from Noncapital Financing Activities:				
Repayment of Operating Debt	—	—	—	(5,985)
Interest Paid on Operating Debt	—	—	—	(6,874)
Transfers In	34,708	20,000	—	14
Transfers Out	—	—	—	—
Entitlements and Grants	—	—	—	—
Distributions or Subsidies from (to) Other Organizations	—	—	—	46,000
Receipts from Notes Receivable	—	—	—	—
Provided from Issuing Liquor Licenses	—	—	—	—
Net Cash Provided by (Used for) Noncapital Financing Activities	34,708	20,000	—	33,155
Cash Flows from Capital and Related Financing Activities:				
Proceeds from Sale of Capital Bonds and Other Debts	—	—	—	—
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	—	—	—	—
Cash Flows from Investing Activities:				
Purchase of Investments	—	—	—	(183,414)
Proceeds from Sale of Investments	—	—	—	172,408
Investment Earnings	1,833	228,709	851	779
Net Cash Provided by (Used for) Investing Activities	1,833	228,709	851	(10,227)
Net Increase (Decrease) in Cash and Cash Equivalents	23,759	102,786	66,693	(9,602)
Cash and Cash Equivalents, Beginning of Year	152,322	1,350,003	14,839	202,961
Cash and Cash Equivalents, End of Year	\$ 176,081	\$ 1,452,789	\$ 81,532	\$ 193,359

Public Employees' Insurance Agency	Board of Risk and Insurance Management	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
\$ 567,098	\$ 80,544	\$ 159,035	\$ 1,049,126	\$ —
—	—	—	—	145,457
(21,340)	(2,960)	(99,029)	(137,068)	(107,598)
(1,917)	(2,066)	(4,989)	(10,952)	(27,384)
(698,401)	(85,459)	(5,230)	(789,090)	—
—	—	(10,149)	(112,784)	—
—	—	(8,267)	(8,267)	—
—	—	(8,188)	(1,098,446)	—
81,912	—	1,622	934,399	—
—	12,826	(288)	2,443	—
(72,648)	2,885	24,517	(170,639)	10,475
—	—	—	(5,985)	—
—	—	—	(6,874)	—
4,735	—	7,772	67,229	37,844
—	(13,500)	(28,537)	(42,037)	(5,500)
—	—	71	71	—
26,000	—	—	72,000	4,894
—	—	715	715	—
—	—	1,165	1,165	—
30,735	(13,500)	(18,814)	86,284	37,238
—	—	—	—	6,498
—	—	—	—	(10,988)
—	—	—	—	(2,167)
(17)	—	(175)	(192)	(36,533)
(17)	—	(175)	(192)	(43,190)
(138,575)	(39,517)	(7)	(361,513)	—
128,014	39,515	3,742	343,679	—
40,617	(1,331)	97	271,555	1
30,056	(1,333)	3,832	253,721	1
(11,874)	(11,948)	9,360	169,174	4,524
51,664	42,079	81,148	1,895,016	48,484
\$ 39,790	\$ 30,131	\$ 90,508	\$ 2,064,190	\$ 53,008

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)
(Continued)

	Business-type Activities – Enterprise Funds			
	Water Pollution Control Revolving Fund	Workers' Compensation Fund	Unemployment Compensation	West Virginia Infrastructure and Jobs Development Council
Reconciliation of Operating Income (Loss) to Net Cash				
Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ (5,543)	\$ (59,412)	\$ 150,707	\$ (21,027)
Adjustments to Reconcile Operating Income (Loss) to Net Cash				
Provided by (Used for) Operating Activities:				
Bad Debt Expense	—	—	—	—
Depreciation and Amortization	—	—	—	—
Provisions for Uncollectible Loans	—	—	—	300
Pension Expense	110	—	—	45
OPEB Expense	(174)	—	—	21
Changes in Assets and Liabilities and Deferred Outflows and Inflows of Resources:				
Receivables	(7,049)	(63)	(11,383)	(9,678)
Inventories	—	—	—	—
Other Assets	—	—	—	—
Accounts Payable and Accrued Liabilities	54	(80,300)	109,193	(2,184)
Tuition Contracts Benefits and Expenses	—	—	—	—
Unearned Revenue	—	—	—	—
Escrow Deposits	—	—	—	—
Due to/from Other Funds	—	—	(182,675)	42
Unpaid Claims Liabilities	—	—	—	—
Other Liabilities	—	(6,148)	—	—
Compensated Absences	(8)	—	—	—
Net Pension Liability	—	—	—	—
Deferred Outflows of Resources Related to Pensions/ OPEB	(172)	—	—	(49)
Deferred Inflows of Resources Related to Pensions/ OPEB	—	—	—	—
	<u>\$ (12,782)</u>	<u>\$ (145,923)</u>	<u>\$ 65,842</u>	<u>\$ (32,530)</u>
Schedule of Noncash Capital and Financing Activities:				
Loans Originated with Principal Foregivenss Features	\$ —	\$ —	\$ —	\$ —
Unrealized Gain (Loss) on Investments	—	—	—	—
On Behalf OPEB Payments	14	—	—	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
\$ (124,645)	\$ 3,730	\$ 28,412	\$ (27,778)	\$ (12,276)
—	—	—	—	2,891
52	—	176	228	20,911
—	—	—	300	—
147	143	280	725	1,349
(115)	80	(349)	(537)	(1,386)
(9,569)	1,330	1,058	(35,354)	233
—	—	(10)	(10)	52
—	—	—	—	(73)
23,580	—	(1,034)	49,309	977
—	—	(3,346)	(3,346)	—
6,035	(244)	—	5,791	—
—	12,825	—	12,825	—
—	—	—	(182,633)	—
—	(15,200)	—	(15,200)	—
32,127	415	(160)	26,234	248
—	—	6	(2)	—
—	—	(453)	(453)	—
(260)	(194)	(381)	(1,056)	(2,451)
—	—	318	318	—
<u>\$ (72,648)</u>	<u>\$ 2,885</u>	<u>\$ 24,517</u>	<u>\$ (170,639)</u>	<u>\$ 10,475</u>
\$ —	\$ —	\$ 2,051	\$ 2,051	\$ —
40,561	30,176	—	70,737	—
—	—	33	48	163



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 Custodial Funds descriptions and financial statements begin on page 260.

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021
(Expressed in Thousands)**

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	SMART 529	Custodial Funds
Assets:				
Cash and Cash Equivalents	\$ 84,663	\$ 631,801	\$ —	\$ 162,052
Investments:				
Equity Pooled Investments	22,221,143	—	—	11,769
Mutual Funds	703,293	—	3,202,110	—
Receivables, Net:				
Contributions	35,560	—	2,831	—
Participant Loans	1,866	—	—	—
Accrued Interest	—	—	—	72
Accounts	7,097	—	—	—
Due from Other Funds	2,108	—	—	391
Due from Component Units	3,827	—	—	—
Total Assets	23,059,557	631,801	3,204,941	174,284
Deferred Outflows of Resources:				
Related to Pensions	249	—	—	—
Related to OPEB	118	—	—	—
Total Deferred Outflows of Resources	367	—	—	—
Liabilities:				
Accounts Payable	110	—	2,484	—
Accrued and Other Liabilities	31,911	—	594	—
Due to Other Governments	—	—	—	96,755
Due to Other Funds	2,422	—	—	—
Due to Component Units	—	—	—	—
Insurance Claims Payable	8,613	—	—	—
Custodial Liabilities	—	—	—	15,363
Net Pension Liability	305	—	—	—
Net OPEB Liability	100	—	—	—
Total Liabilities	43,461	—	3,078	112,118
Deferred Inflows of Resources:				
Related to Pensions	21	—	—	—
Related to OPEB	310	—	—	—
Total Deferred Inflows of Resources	331	—	—	—
Net Position:				
Restricted for:				
Pension Benefits	21,343,108	—	—	—
Other Postemployment Benefits	1,673,024	—	—	—
Held in Trust for:				
External Investment Pool Participants	—	631,801	—	—
Individuals and Organizations	—	—	3,201,863	62,166
Total Net Position	\$ 23,016,132	\$ 631,801	\$ 3,201,863	\$ 62,166

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, 2021
(Expressed in Thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	SMART 529	Custodial Funds
Additions:				
Contributions:				
Members	\$ 196,954	\$ —	\$ —	\$ —
Employer	425,941	—	—	—
Account Holder Contributions	—	—	201,982	—
Deposits, Pool Participants	—	952,272	—	—
Other	381,818	—	—	—
Total Contributions	<u>1,004,713</u>	<u>952,272</u>	<u>201,982</u>	<u>—</u>
Investment Income (Loss):				
Net Appreciation (Depreciation) in				
Fair Value of Investments	5,461,872	586	499,741	—
Interest	124,395	—	133,615	—
Investment Expense	—	—	(5,163)	—
Net Investment Income	<u>5,586,267</u>	<u>586</u>	<u>628,193</u>	<u>—</u>
Other	6,055	—	—	—
Funds Received for Local Government	—	—	—	1,336,234
Grants Received for Local Governments	—	—	—	76,855
Funds Received for Individuals and Organizations	—	—	—	214,056
Collateral Received and Related Additions	—	—	—	169,478
Funds Received from Local Governments for Bond Payments	—	—	—	779,034
Total Additions	<u>6,597,035</u>	<u>952,858</u>	<u>830,175</u>	<u>2,575,657</u>
Deductions:				
Benefits Expense	1,519,230	—	—	—
Forfeitures	766	—	—	—
Payments in Accordance with Trust Agreements	—	—	266,147	—
Refunds of Contributions	42,462	—	—	—
Withdrawals	—	783,467	—	—
Pension Expense	76	—	—	—
OPEB Expense	77	—	—	—
Administrative Expenses	16,835	—	6,114	—
Funds Disbursed to Local Governments	—	—	—	1,336,234
Grants Disbursed to Local Governments	—	—	—	76,855
Funds Disbursed to Individuals and Organizations	—	—	—	214,056
Collateral Disbursed and Related Deductions	—	—	—	167,698
Funds Disbursed to Bond Escrow Agents	—	—	—	779,034
Total Deductions	<u>1,579,446</u>	<u>783,467</u>	<u>272,261</u>	<u>2,573,877</u>
Change in Net Position Restricted for:				
Individuals and Organizations	—	—	—	1,780
Change in Net Position Held in Trust For:				
Pension Benefits	4,569,207	—	—	—
Other Postemployment Benefits	448,382	—	—	—
External Investment Pool Participants	—	169,391	—	—
Individuals and Organizations	—	—	557,914	—
Net Position, Beginning of Year, as Restated	<u>17,998,543</u>	<u>462,410</u>	<u>2,643,949</u>	<u>60,386</u>
Net Position, End of Year	<u>\$ 23,016,132</u>	<u>\$ 631,801</u>	<u>\$ 3,201,863</u>	<u>\$ 62,166</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 the debt of the State.

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

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

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

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

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

Nonmajor component units are presented beginning on page 274.

**Combining Statement of Net Position
Discretely Presented Component Units
June 30, 2021
(Expressed in Thousands)**

	West Virginia Lottery	Economic Development Authority	Housing Development Fund	Parkways Authority
Assets:				
Current Assets:				
Cash and Cash Equivalents	\$ 198,583	\$ 72,795	\$ 10,510	\$ 18,390
Investments	—	—	—	—
Receivables, Net	35,058	14,146	4,583	12,534
Capital Leases Receivable from Primary Government	—	19,296	—	—
Due from Primary Government	6	—	—	2
Due from Component Units	13	—	—	—
Inventories	911	—	—	4,460
Other Assets	1,806	—	—	463
Restricted Assets:				
Cash and Cash Equivalents	—	302	113,921	122,202
Investments	—	—	—	83,275
Receivables, Net	—	—	2,924	—
Other Restricted Assets	—	—	—	—
Total Current Assets	<u>236,377</u>	<u>106,539</u>	<u>131,938</u>	<u>241,326</u>
Noncurrent Assets:				
Cash and Cash Equivalents	—	—	—	—
Investments	—	1,661	—	—
Receivables, Net	—	178,331	89,805	—
Capital Leases Receivable from Primary Government	—	171,889	—	—
Other Assets	—	—	—	—
Net OPEB Asset	—	—	35	—
Restricted Assets:				
Cash and Cash Equivalents	—	6,322	307,628	—
Investments	—	—	38,746	—
Receivables, Net	—	—	645,523	—
Other Restricted Assets	—	—	2,132	—
Capital Assets, Net	42,420	31,125	8,132	554,051
Total Noncurrent Assets	<u>42,420</u>	<u>389,328</u>	<u>1,092,001</u>	<u>554,051</u>
Total Assets	<u>278,797</u>	<u>495,867</u>	<u>1,223,939</u>	<u>795,377</u>
Deferred Outflows of Resources:				
Loss on bond refundings	—	—	—	—
Related to Pensions	2,096	159	1,561	4,510
Related to Other Post-Employment Benefits	441	32	789	1,075
Total Deferred Outflows of Resources	<u>2,537</u>	<u>191</u>	<u>2,350</u>	<u>5,585</u>

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

Water Development Authority	Higher Education	Division of Corrections & Rehabilitation	School Building Authority	Other Component Units	Total
\$ 38,977	\$ 498,762	\$ 39,346	\$ 219,697	\$ 65,141	\$ 1,162,201
—	186,453	—	—	3,572	190,025
18,119	185,297	2,877	—	962	273,576
—	—	—	—	—	19,296
423	37,747	53	—	5,973	44,204
—	4,884	—	—	—	4,897
—	3,539	12,089	—	16	21,015
11	16,181	771	—	58	19,290
—	—	28,626	—	19,779	284,830
—	—	—	—	—	83,275
—	—	—	—	611	3,535
4	—	—	—	—	4
<u>57,534</u>	<u>932,863</u>	<u>83,762</u>	<u>219,697</u>	<u>96,112</u>	<u>2,106,148</u>
—	156,294	—	—	—	156,294
—	757,234	—	—	2,411	761,306
7,891	33,051	—	—	2,431	311,509
—	—	—	—	—	171,889
—	79,113	—	—	7	79,120
—	—	—	—	—	35
15,386	—	—	—	750	330,086
—	—	—	—	—	38,746
149,543	—	—	—	938	796,004
70	—	—	—	374	2,576
3,907	3,399,882	156,790	591	45,246	4,242,144
<u>176,797</u>	<u>4,425,574</u>	<u>156,790</u>	<u>591</u>	<u>52,157</u>	<u>6,889,709</u>
<u>234,331</u>	<u>5,358,437</u>	<u>240,552</u>	<u>220,288</u>	<u>148,269</u>	<u>8,995,857</u>
6,043	39,710	—	3,633	—	49,386
137	2,673	46,253	152	4,547	62,088
40	36,302	10,037	31	1,086	49,833
<u>6,220</u>	<u>78,685</u>	<u>56,290</u>	<u>3,816</u>	<u>5,633</u>	<u>161,307</u>

**Combining Statement of Net Position
Discretely Presented Component Units
June 30, 2021
(Expressed in Thousands)
(Continued)**

	West Virginia Lottery	Economic Development Authority	Housing Development Fund	Parkways Authority
Liabilities:				
Current Liabilities:				
Accounts Payable	23,644	46	—	5,954
Interest Payable	—	—	1,350	991
Accrued and Other Liabilities	32,065	169	17,308	7,696
Unearned Revenue	—	—	—	—
Due to Primary Government	157,124	450	—	4,728
Due to Component Units	4,884	13	—	—
Revenue Bonds Payable	—	19,296	22,285	8,940
Capital Leases and Other Debt	—	195	—	—
Compensated Absences	836	43	659	1,378
Total Current Liabilities	218,553	20,212	41,602	29,687
Noncurrent Liabilities:				
Unearned Revenue	—	282	—	—
Advances from Primary Government	—	123,220	—	—
Liabilities Payable from Restricted Assets	—	—	323,886	—
Accrued and Other Liabilities	—	—	—	—
Revenue Bonds Payable	—	171,889	290,250	584,891
Capital Leases and Other Debt	—	1,878	386	—
Net Pension Liability	2,740	208	1,957	5,768
Net OPEB Liability	654	56	163	1,770
Compensated Absences	—	46	—	—
Total Noncurrent Liabilities	3,394	297,579	616,642	592,429
Total Liabilities	221,947	317,791	658,244	622,116
Deferred Inflows of Resources:				
Gain on bond refundings	—	—	—	—
Related to Pensions	214	25	171	381
Related to OPEB	2,141	277	924	5,632
Service Concession Arrangements	—	—	—	—
Grants and Contributions	—	—	—	—
Total Deferred Inflows of Resources	2,355	302	1,095	6,013
Net Position:				
Net Investment in Capital Assets	42,420	31,125	7,888	554,051
Restricted for:				
Capital Projects	—	—	—	—
Debt Service	—	—	387,784	196,829
Nonexpendable	—	—	—	—
Lending Activities	—	6,022	76,547	—
Specific Component Unit Purposes	—	—	—	—
Unrestricted	14,612	140,818	94,731	(578,047)
Total Net Position (Deficit)	\$ 57,032	\$ 177,965	\$ 566,950	\$ 172,833

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

Water Development Authority	Higher Education	Corrections and Rehabilitation	School Building Authority	Other Component Units	Total
\$ 12	\$ 64,754	\$ 20,060	\$ —	\$ 3,904	\$ 118,374
1,266	9,664	102	—	—	13,373
—	264,040	13,550	6,550	669	342,047
—	113,886	—	—	490	114,376
—	6,688	4,292	—	818	174,100
—	—	—	—	—	4,897
9,563	115,777	—	15,840	—	191,701
—	9,997	1,044	—	—	11,236
—	54,138	—	90	390	57,534
<u>10,841</u>	<u>638,944</u>	<u>39,048</u>	<u>22,480</u>	<u>6,271</u>	<u>1,027,638</u>
—	—	—	—	39	321
—	—	—	—	—	123,220
—	—	—	—	15,777	339,663
—	117,498	—	—	200	117,698
143,266	1,283,114	—	341,717	—	2,815,127
5,756	192,698	7,721	—	—	208,439
169	11,620	49,569	425	5,948	78,404
35	54,245	13,393	35	1,386	71,737
94	5,028	10,132	—	1,311	16,611
<u>149,320</u>	<u>1,664,203</u>	<u>80,815</u>	<u>342,177</u>	<u>24,661</u>	<u>3,771,220</u>
<u>160,161</u>	<u>2,303,147</u>	<u>119,863</u>	<u>364,657</u>	<u>30,932</u>	<u>4,798,858</u>
525	—	—	—	—	525
16	5,821	9,168	38	725	16,559
125	172,616	43,900	117	4,896	230,628
—	37,422	—	—	—	37,422
—	8,900	—	—	—	8,900
<u>666</u>	<u>224,759</u>	<u>53,068</u>	<u>155</u>	<u>5,621</u>	<u>294,034</u>
3,907	2,118,732	148,025	591	45,239	2,951,978
—	14,145	—	—	—	14,145
—	27,137	9,023	87,994	—	708,767
—	376,059	—	—	374	376,433
21,235	—	—	—	—	103,804
—	322,126	—	—	34,223	356,349
54,582	51,017	(33,137)	(229,293)	37,513	(447,204)
<u>\$ 79,724</u>	<u>\$ 2,909,216</u>	<u>\$ 123,911</u>	<u>\$ (140,708)</u>	<u>\$ 117,349</u>	<u>\$ 4,064,272</u>

**Combining Statement of Activities
Discretely Presented Component Units
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	<u>Program Revenues</u>				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Component Units:					
West Virginia Lottery	\$ 1,251,450	\$ 1,177,971	\$ —	\$ —	\$ (73,479)
Economic Development Authority	5,245	8,614	—	—	3,369
Housing Development Fund	112,152	41,692	84,161	—	13,701
Parkways Authority	528,104	167,262	—	38,075	(322,767)
Water Development Authority	7,263	10,943	—	—	3,680
Higher Education	2,011,038	842,812	600,004	124,151	(444,071)
Division of Corrections & Rehabilitation	411,116	128,797	39,634	—	(242,685)
School Building Authority	99,385	—	5	—	(99,380)
Other Component Units	65,016	10,622	4,221	—	(50,173)
Total Component Units	\$ 4,490,769	\$ 2,388,713	\$ 728,025	\$ 162,226	\$ (1,211,805)

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

General Revenue

Unrestricted Investment Earnings	Grants and Contributions Not Restricted for Specific Programs	Miscellaneous	Payments from the State of West Virginia	Total General Revenues and Special Item	Change in Net Position	Net Position, (Deficit) Beginning of Year	Net Position (Deficit) End of Year
\$ 622	\$ —	\$ 74,300	\$ —	\$ 74,922	\$ 1,443	\$ 55,589	\$ 57,032
371	—	3,447	—	3,818	7,187	170,778	177,965
262	—	—	—	262	13,963	552,987	566,950
123	—	168	—	291	(322,476)	495,309	172,833
30	—	3	—	33	3,713	76,011	79,724
166,556	—	86,421	573,569	826,546	382,475	2,526,741	2,909,216
22	—	—	294,242	294,264	51,579	72,332	123,911
119	—	3	126,760	126,882	27,502	(168,210)	(140,708)
897	3,913	627	48,806	54,243	4,070	113,279	117,349
<u>\$ 169,002</u>	<u>\$ 3,913</u>	<u>\$ 164,969</u>	<u>\$ 1,043,377</u>	<u>\$ 1,381,261</u>	<u>\$ 169,456</u>	<u>\$ 3,894,816</u>	<u>\$ 4,064,272</u>



**STATE OF WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 13-member Board of Trustees. The IMB was created as a public corporation by West Virginia Code §12-6-1 to serve as the administrator, investor, and manager of the State's pension, Workers' Compensation, Pneumoconiosis, and other state funds. The Governor, the State Auditor, and the State Treasurer are members of the Board, and the other members are appointed by the Governor. Because there is a financial benefit-burden relationship between the State and the

IMB, and assets of the State and its component units comprise over 90% of the assets managed by the IMB, it is blended in the internal service funds of the State.

West Virginia Board of Treasury Investments

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

Tobacco Settlement Finance Authority

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

Blended Component Unit Financial Statements

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

Administrative Offices:

Transportation 1900 Kanawha Blvd., East Building 5, Room A-109 Charleston, WV 25305	West Virginia Investment Management Board 500 Virginia St. East, Suite 200 Charleston, WV 25301
Board of Treasury Investments 1900 Kanawha Blvd., East Building 1, Room E-122 Charleston, WV 25305	Tobacco Settlement Finance Authority 1900 Kanawha Blvd., East Building 1, Room E-119 Charleston, WV 25305

Discretely Presented Component Units

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

external parties) component units. The component units are presented in a single column on the government-wide statements.

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

West Virginia Lottery

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

Economic Development Authority

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

Housing Development Fund

The Housing Development Fund (HDF) is governed by an 11-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 12 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 composed of the following entities:

Educational Broadcasting Authority

The Educational Broadcasting Authority (EBA) consists of 11 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 13 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

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

Educational Broadcasting Authority
600 Capitol Street
Charleston, WV 25301

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

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

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

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

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

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

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

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

Racing Commission
900 Pennsylvania Avenue, Ste. 553
Charleston, WV 25302

Municipal Pension Oversight Board
301 Eagle Mountain Road, Suite 251
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 and fiduciary 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.

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 12 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.

Types of Fiduciary Funds

Additionally, the State reports the following types of fiduciary funds:

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.

Custodial Funds report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. These funds are taxes that will be remitted to respective local governments, hospital patient and inmate funds, performance bonds, 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 the State Code, which requires that the first 50% of all surplus General Revenue funds accrued during the fiscal year just ended must be deposited into the fund until the aggregate amount of the fund exceeds 13% of the total appropriations from the General Revenue Fund for the fiscal year just ended.

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, 2021, the fund contained \$441.7 million, which amounted to almost 10% of FY 2021 total appropriations. The Rainy Day Fund is reported in the General Fund as part of the unassigned fund balance

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, 2021, the balance in the Rainy Day Fund—Part B was \$5.6 billion, and it is reported in the General Fund as part of the unassigned fund balance.

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. On June 30, 2021, the balance in the Income Tax Refund Reserve Fund was \$45 million, and it is reported in the General Fund as part of the unassigned fund balance.

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. 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, 2021, of approximately \$191.2 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, 2021, is approximately \$123 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 (\$123 million outstanding) to be reloaned for economic development purposes, with interest equal to the 12-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 to provide loan insurance for broadband projects, with interest equal to the 12-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, 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. 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.

Other Postemployment Benefits (OPEB) – The State OPEB plan covers all employees of the State as set forth in the West Virginia Code. 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.

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 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 Legislature, 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. 84, “Fiduciary Activities,” which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The State implemented this GASB as of July 1, 2020. Net position was restated in Custodial Funds for the Consolidated Escrow Fund. See Footnote 2 for additional discussion.

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. 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. 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 2023, 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 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.

The GASB issued Statement No. 98, “The Annual Comprehensive Financial Report,” which establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This statement is effective for fiscal year 2022, and management has determined that there will be no financial statement impact of the pronouncement.

NOTE 2**RESTATEMENT AND RESTRICTED BALANCES****Restatement of Beginning Balances**

As reflected in the separately presented financial statements, the Consolidated Public Retirement Board has restated beginning net position, restricted for pensions of the TDCRS as of July 1, 2020, to record forfeiture activity, which was not reported in accordance with GAAP in prior periods.

Due to the implementation of GASB 84, Custodial Funds has restated beginning net position, restricted for Individuals and Organizations for the Consolidated Escrow Fund.

The effects of the adjustment is as follows (expressed in thousands):

Entity /Reporting Unit	Fund Balances or Net Position		
	As Previously Reported	Adjustment	As Restated
Pension, Trust, and Other Employee Benefit Trust:			
Teachers' Defined Contribution Retirement System	\$ 584,349	\$ (13,983)	\$ 570,366
Total Pension, Trust, and Other Employee Benefit Trust Funds	\$ 18,012,526	\$ (13,983)	\$ 17,998,543
Custodial Funds:			
Held in Trust for Individuals and Organizations	\$ —	\$ 60,386	\$ 60,386
Total Custodial Funds	\$ —	\$ 60,386	\$ 60,386

Restricted Net Position

The following table summarizes the restricted net position of funds included in “other” columns at June 30, 2021 (expressed in thousands):

Fund Type/Fund	Total Reporting Entity	Restricted for:					
		Capital Projects	Lending Activities	Insurance Activities	General Government Operations	Non-Expendable	Other Specific Fund Purposes
Enterprise Funds:							
Drinking Water Treatment Revolving Fund	\$ 193,222	\$ —	\$ 193,222	\$ —	\$ —	\$ —	\$ —
Alcohol Beverage Control Administration	3,167		3,167				
West Virginia Prepaid College Plan	3,149	—	—		3,149	—	—
State Entities Worker's Compensation	13,805	—	—	13,805	—	—	—
	<u>213,343</u>	<u>—</u>	<u>196,389</u>	<u>13,805</u>	<u>3,149</u>	<u>—</u>	<u>—</u>
Internal Service Funds:							
State Building Fund	14,508	14,508	—	—	—	—	—
Travel Management	7,091	—	—	—	—	—	7,091
	<u>21,599</u>	<u>14,508</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,091</u>
Discretely Presented Component Units:							
Educational Broadcasting Authority	374	—	—	—	—	374	—
Solid Waste Management Board	4,577	—	—	—	—	—	4,577
Municipal Pensions Oversight Board	29,646	—	—	—	—	—	29,646
	<u>34,597</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>374</u>	<u>34,223</u>
Total	<u>\$ 269,539</u>	<u>\$ 14,508</u>	<u>\$ 196,389</u>	<u>\$ 13,805</u>	<u>\$ 3,149</u>	<u>\$ 374</u>	<u>\$ 41,314</u>

The government-wide statement of net position reports \$3.6 million of restricted net position for the primary government, of which \$1.6 million 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, 2021 (expressed in thousands):

Fund Type/Fund	Total Reporting Entity	Capital Projects	Debt Service	Development, Tourism, and Recreation	Education	Public Protection
Governmental Funds:						
Special Revenue Funds:						
Environmental Protection	\$ 108,275	\$ —	\$ —	\$ —	\$ —	\$ 108,275
Public Service Commission	10,040	—	—	—	—	10,040
Wildlife Resources	78,281	—	—	78,281	—	—
	<u>196,596</u>	<u>—</u>	<u>—</u>	<u>78,281</u>	<u>—</u>	<u>118,315</u>
Capital Projects Funds:						
State Road	—	—	—	—	—	—
Education, Arts, Sciences, and Tourism Fund	2,275	2,275	—	—	—	—
Cacapon Project Fund	2,084	2,084	—	—	—	—
State Parks Projects	18,298	18,298	—	—	—	—
Lease Purchase Accounts	10,740	10,740	—	—	—	—
	<u>33,397</u>	<u>33,397</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Debt Service:						
Lease Purchase Accounts	6,291	—	6,291	—	—	—
Education, Arts, Sciences, and Tourism Fund	1,012	—	1,012	—	—	—
Economic Development Project Fund	49,125	—	49,125	—	—	—
Cacapon Project Fund	1,483	—	1,483	—	—	—
State Parks Projects	3,123	—	3,123	—	—	—
	<u>61,034</u>	<u>—</u>	<u>61,034</u>	<u>—</u>	<u>—</u>	<u>—</u>
Permanent Funds:						
Irreducible School	502	—	—	—	502	—
Total	<u>\$ 291,529</u>	<u>\$ 33,397</u>	<u>\$ 61,034</u>	<u>\$ 78,281</u>	<u>\$ 502</u>	<u>\$ 118,315</u>

NOTE 3

NET POSITION/FUND DEFICITS

Individual funds with net position/fund balance deficits at June 30, 2021, were as follows (expressed in thousands):

	<u>Net Position/ Fund Balance Deficit</u>
Enterprise Funds:	
West Virginia College Prepaid Tuition and Savings Program	\$ 4,157
Discretely Presented Component Units:	
School Building Authority	140,708
Racing Commission	<u>353</u>
Total Deficits	<u>\$ 145,218</u>

Enterprise Funds

West Virginia College Prepaid Tuition and Savings Program (the Program) has a net position deficiency of \$4.2 million as of June 30, 2021. 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.

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 April 2021, the West Virginia Legislature passed Senate Bill 294, which authorized the early closure of the Prepaid Tuition Trust Fund. As of September 30, 2021, any account owner having remaining semester units were paid \$4,808 for each remaining plan unit. Funds available in the Prepaid Trust Fund and the Escrow Account were used to make terminating payments totaling \$9.6 million to 560 account holders on September 30, 2021.

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 \$4.6 million for the 17 years ended June 30, 2021, leaving the account with a balance of \$27.8 million at June 30, 2021. There was \$1 million transferred in fiscal year 2021 because of the actuarial unfunded liability at the end of fiscal year 2020, in accordance with the provisions enacted by the Legislature.

Discretely Presented Component Units

The School Building Authority of West Virginia's (the SBA) combined net position deficiency at June 30, 2021, is approximately \$140.7 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 \$357.6 million in bonds outstanding, compared to \$374.2 million at June 30, 2020, a decrease of 4.43%. This decrease of \$16.6 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, 2021, is \$353 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, 2021, the reported amount of the primary government's deposits was (\$198,603,000) and the bank balance was \$203,988,000. Of that bank balance, \$4,454,000 was uninsured and collateralized with securities held by the pledging financial institution but not in the name of the State, and (\$356,000) 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.

Component Units

At June 30, 2021, the reported amount of the component units' deposits was \$711,701,000 and the bank balance was \$403,834,000. Of that bank balance, \$24,702,000 was uninsured and collateralized with securities held by the pledging financial institution but not in the name of the State, and \$2,001,000 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.
- 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 credit & income funds, private equity partnerships, real estate limited partnerships and funds, and other private funds are not securities for which market quotations are readily available. The IMB has concluded that the net asset value reported by the general partners or fund administrators approximates the fair value of these investments, and, consequently, these investments are carried at net asset value as a practical expedient for fair 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, 2021.
- Investments in alternative risk premia 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 value. These investments are redeemable with the fund at net asset value under the original terms of the agreements and operations of the underlying fund. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. 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. The IMB believes that the net asset value of such investments is a reasonable estimate of fair value at June 30, 2021.
- 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 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 value. These investments are redeemable with the fund at net asset value under the original terms of the agreement and operations of the underlying fund. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. 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, 2021.

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

The BTI is an investment vehicle of the State and its component units, all of which are government entities. The investments of the WV Money Market, WV Government Money Market, WV Bank, Loan, and Reserve pools and accounts are carried at amortized cost. The pools transact with their participants at a stable net asset value per share and meet the requirements for portfolio maturity, portfolio quality, portfolio diversification, portfolio liquidity, and shadow pricing. The BTI does not place any limitations or restrictions on participant withdrawals from the WV Money Market and WV Government Money Market pools, such as redemption notice periods, maximum transaction amounts, and any authority to impose liquidity fees or redemption gates. The specific exceptions to fair value reporting for the other pools as defined in professional standards are as follows:

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

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

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

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

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

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

Repurchase Agreements

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

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

Derivatives

The State's investment strategy includes the use of derivatives as a tool in managing market risk and providing an opportunity for enhanced return. The IMB invests in derivative financial investments as authorized by its Board of Trustees. As of June 30, 2021, 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, Northern Trust, on the following basis:

- Fair 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. Through November 2020, the IMB, through its lending agent, Northern Trust, lent securities of the pool to various brokers on a temporary basis. The IMB receive 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, 2021, 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, \$201.9 million was received as cash. The collateral received as cash is invested in the West Virginia Custom Account.

	Fair Value of Securities on Loan	Collateral Held
Non-Large Cap Domestic Equity Pool	\$ 105,771	\$ 109,264
International Equity Pool	130,621	141,121
Total Return Fixed Income Pool	289,255	295,605
Core Fixed Income Pool	151,189	154,733
Private Markets Pool	22,974	23,665
Total	<u>\$ 699,810</u>	<u>\$ 724,388</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, 2021 (expressed in thousands):

	Portable Alpha Pool	Large Cap Domestic Equity	Non-Large Cap Domestic Equity	International		Equity
				Qualified	Nonqualified	
Primary Government:						
Revenue Shortfall Reserve Fund	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Revenue Shortfall Reserve Fund B	—	58,820	10,147	—	17,763	42,650
Workers' Compensation Old Fund	—	153,094	26,839	—	46,570	110,905
Workers' Compensation Self-Insured Employer Guaranty Risk Pool	—	5,639	975	—	1,675	4,126
Workers' Compensation Self-Insured Employer Security Risk Pool	—	7,906	1,382	—	2,405	5,803
Workers' Compensation Uninsured	—	2,392	412	—	687	1,767
Pneumoconiosis	—	35,133	6,144	—	10,659	25,552
Wildlife Endowment Fund	17,708	—	3,018	—	5,275	12,935
State Parks and Recreation Endowment Fund	—	—	—	—	—	—
Board of Risk & Insurance Management	—	27,605	4,738	—	8,061	20,241
Public Employees' Insurance Agency	—	32,032	5,426	—	9,573	23,308
WV Department of Environmental Protection Trust	—	3,556	619	—	1,033	2,640
WV Department of Environmental Protection Agency	—	46,111	7,901	—	13,191	34,298
Total Primary Government	17,708	372,288	67,601	—	116,892	284,225
Percentage of Ownership	0.35 %	99.84 %	7.30 %	— %	53.35 %	7.26 %
Fiduciary Funds:						
Judges' Retirement System	64,243	—	10,830	19,676	—	46,199
Emergency Medical Services Retirement System	27,136	—	4,567	8,263	—	19,566
Public Employees' Retirement System	2,014,704	—	341,413	621,044	—	1,437,612
Teachers' Retirement System	2,248,941	—	381,614	696,272	—	1,602,687
Municipal Police Officers and Firefighters' Retirement System	5,251	—	878	1,571	—	3,889
Municipal Policemen's or Firefighter's Pension and Relief Funds	1,703	589	390	708	—	1,644
Natural Resources Police Officer Retirement System	5,665	—	944	1,704	—	4,115
State Police Retirement System	68,297	—	11,510	20,792	—	49,684
State Police Death, Disability and Retirement Fund	190,006	—	32,539	59,755	—	135,397
Retiree Health Benefit Trust	368,871	—	61,930	—	101,668	275,089
Deputy Sheriff's Retirement System	71,732	—	12,113	21,986	—	51,592
Total Fiduciary Funds	5,066,549	589	858,728	1,451,771	101,668	3,627,474
Percentage of Ownership	99.61 %	0.16 %	92.67 %	100.00 %	46.40 %	92.70 %
Other Participants:						
Berkeley County Development Authority	1,928	—	325	—	544	1,431
Total Amount	\$ 5,086,185	\$ 372,877	\$ 926,654	\$ 1,451,771	\$ 219,104	\$ 3,913,130
State Percentage of Ownership	99.96 %	100.00 %	99.97 %	100.00 %	99.75 %	99.96 %

Short-Term Fixed Income	Total Return Fixed Income	Core Fixed Income	TIPS	Private Equity	Hedge Funds	Total (Memorandum Only)
\$ —	\$ 102,505	\$ 44,017	\$ 147,016	\$ —	\$ —	\$ 293,538
—	211,778	90,670	125,630	—	—	557,458
47,573	302,382	129,061	109,547	—	160,637	1,086,608
1,831	9,668	4,142	4,000	—	7,716	39,772
2,415	13,733	5,880	5,672	—	11,005	56,201
1,694	3,515	1,506	1,693	—	3,243	16,909
9,634	60,700	25,989	25,097	—	48,755	247,663
521	7,690	3,297	—	20,733	7,104	78,281
6,465	—	—	—	—	—	6,465
9,591	47,257	20,252	19,529	—	37,565	194,839
—	75,232	32,254	40,744	—	52,379	270,948
—	1,221	524	—	—	2,244	11,837
—	67,800	29,074	—	—	47,017	245,392
79,724	903,481	386,666	478,928	20,733	377,665	3,105,911
41.47 %	29.48 %	29.39 %	100.00 %	0.35 %	15.72 %	12.25 %
452	27,516	11,811	—	74,355	25,588	280,670
239	11,687	5,018	—	31,488	10,805	118,769
15,975	860,124	369,817	—	2,341,876	804,530	8,807,095
74,745	953,290	409,963	—	2,619,894	899,252	9,886,658
770	2,267	974	—	6,164	2,052	23,816
121	1,387	595	—	1,994	684	9,815
315	2,435	1,050	—	6,591	2,244	25,063
1,738	29,691	12,753	—	79,519	27,172	301,156
17,265	80,271	34,451	—	224,877	76,959	851,520
—	160,742	69,018	—	427,762	146,684	1,611,764
878	31,074	13,352	—	83,255	28,651	314,633
112,498	2,160,484	928,802	—	5,897,775	2,024,621	22,230,959
58.53 %	70.49 %	70.59 %	— %	99.61 %	84.25 %	87.71 %
—	838	359	—	2,236	767	8,428
\$ 192,222	\$ 3,064,803	\$ 1,315,827	\$ 478,928	\$ 5,920,744	\$ 2,403,053	\$ 25,345,298
100.00 %	99.97 %	99.98 %	100.00 %	99.96 %	99.97 %	99.96 %

Investment Pool Descriptions

Portable Alpha Pool

On July 1, 2020, the IMB created the Portable Alpha Pool. Portable alpha is an investment strategy that uses derivatives to obtain market index returns (beta). Cash that is not needed to support the derivative investments is invested in a separate investment strategy designed to provide additional return (alpha). The pool's objective is to exceed, net of external investment management fees, the S&P 500 Index over three-year to five-year periods.

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, 2021, the money market mutual fund has a weighted-average maturity (WAM) of 41 days.

The following table provides credit ratings for the pool's fixed income investments as of June 30, 2021:

<u>Rating</u>	<u>Fair Value</u>
<i>Long-Term</i>	
AAA	\$ 365,241
AA	25,419
A	68,428
BBB	17,563
<i>Short-Term</i>	
A-1	192,091
A-2	7,098
Total Investments	<u>\$ 675,840</u>

The Portable Alpha Pool invests in asset-backed securities. The cash flows from these securities are based on the payment of the underlying collateral. The modified duration and yield to maturity of these securities are dependent on the 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, 2021, Portable Alpha Pool held \$22,397,000 of these securities. This represents approximately 3% of the value of the pool's fixed-income securities and less than 0.5% of the value of the pool's total investments.

The following table provides the weighted average modified for the various asset types in the pool as of June 30, 2021:

Investment Type	Fair Value	Effective Duration (years)
Certificates of Deposit	\$ 20,003	0.2
Commercial Paper	179,186	0.1
Corporate Asset Backed Issues	22,397	0.4
Foreign Corporate Bonds	69,371	0.3
U.S. Corporate Bonds	35,764	0.5
U.S. Government Agency Bonds	6,275	2.9
U.S. Treasury Bonds	228,071	6.7
U.S. Treasury Inflation Protected Security	114,773	7.1
Total	<u>\$ 675,840</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 alternative risk premia 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 Portable Alpha Pool's asset categories can be found on pages 84-85, 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, 2021 (expressed in thousands):

Assets	Level 1	Level 2	Level 3	Total
Certificate of Deposit	\$ —	\$ 20,003	\$ —	\$ 20,003
Commercial Paper	—	179,186	—	179,186
Commingled Equity Fund	2,852,933	—	—	2,852,933
Corporate Asset-Backed Issues	—	22,397	—	22,397
Foreign Corporate Bonds	—	69,371	—	69,371
Futures Contracts	32,308	—	—	32,308
Money Market Mutual Fund	427,319	—	—	427,319
U.S. Corporate Bonds	—	35,764	—	35,764
U.S. Government Agency Bond	—	6,275	—	6,275
U.S. Treasury Bonds	—	228,071	—	228,071
U.S. Treasury Inflation-Protected Securities	—	114,773	—	114,773
Total	<u>\$ 3,312,560</u>	<u>\$ 675,840</u>	<u>\$ —</u>	3,988,400
Investments in Other Funds				<u>1,186,123</u>
Total				<u>\$ 5,174,523</u>

The following table presents information on investments measured at the NAV as of June 30, 2021 (expressed in thousands):

ARP Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional (a)	\$ 149,016	Monthly	10 days
Multi-Premia (b)	1,037,107	Weekly, Semimonthly, Monthly	3 to 30 days
Total Investment Measured at NAV	<u>\$ 1,186,123</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) Multi-premia strategies 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 allocation adjustments based on market opportunities. Risk is managed through a variety of quantitative constraints, including, but not limited to, active risk, liquidity risk, currency risk, manager risk, derivatives risk, and leverage risk. Investments representing approximately 15% of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.

Large Cap Domestic Equity Pool

On July 1, 2020, IMB created the Large Cap Domestic Equity Pool to invest in U.S. equities of large cap growth and value stocks. The pool's objective is to exceed, net of external management fees, the S&P 500 Stock Index over three-year to five-year periods. Large Cap Domestic Equity Pool invests in the BlackRock Equity Index Fund B. BlackRock uses a replication indexing approach to achieve investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P 500 Stock Index.

Credit Risk and Interest Rate Risk

The pool is exposed to credit risk from the money market mutual fund investment. As of June 30, 2021, the money market mutual fund has the highest credit rating and has a weighted average maturity (WAM) of 41 days. The pool is not exposed to concentration of credit risk, custodial risk, or foreign currency 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, 2021 (expressed in thousands):

Assets	Level 1	Level 2	Level 3	Total
Commingled Equity Fund	\$ 367,198	\$ —	\$ —	\$ 367,198
Money Market Mutual Fund	5,700	—	—	5,700
Total	<u>\$ 372,898</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 372,898</u>

The fair value measurement valuation techniques used for the investments in the Large Cap Domestic Equity Pool can be found on pages 84-85.

Non-Large Cap Domestic Equity Pool

On July 1, 2020, IMB created the Non-Large Cap Domestic Equity Pool to invest in U.S. equities of small and mid-cap growth and value stocks. The pool's objective is to exceed, net of external management fees, the Russell 2500 Index over three-year to five-year periods.

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, 2021, the money market mutual fund has a WAM of 41 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 and as of June 30, 2021, the WAM for cash collateral was 1 day.

Foreign Currency Risk

The pool is exposed to foreign currency risk through a foreign common stock denominated in Canadian Dollars with a fair value, in U.S. dollars, of \$6,561 as of June 30, 2021.

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, 2021 (expressed in thousands):

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Domestic Common Stock	\$ 753,773	\$ —	\$ —	\$ 753,773
Foreign Common Stock	62,032	—	—	62,032
Money Market Mutual Fund	125,371	—	—	125,371
Securities Lending Collateral	54,346	—	—	54,346
Total	<u>\$ 995,522</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 995,522</u>

The fair value measurement valuation techniques used for the investments in the Non-Large Cap Domestic Equity Pool can be found on pages 84-85.

International Qualified

Funds of this pool are invested in Silchester International Investors' International Value Equity Group Trust. 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. Silchester invests in a diversified developed country, non-U.S. equity, bottom-up value oriented portfolio of securities with limited exposure to emerging markets and no unreasonable concentration exposure to any single issuer or country. Redemptions from Silchester can be made monthly with ten days advance written notice. Redemptions will generally be made within seven business days following month-end. The value of this investment at June 30, 2021, was \$1,451,822. 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.

International Nonqualified

Funds of this pool are invested in Silchester International Investors' International Value Equity Group Trust. 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." Silchester invests in a diversified developed country, non-U.S. equity, bottom-up value oriented portfolio of securities with limited exposure to emerging markets and no unreasonable concentration exposure to any single issuer or country. Redemptions from Silchester can be made monthly with ten days advance written notice. Redemptions will generally be made within seven business days following month-end. The value of this investment at June 30, 2021, was \$219,112. 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.

International Equity

This pool invests in the equities of international companies. 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, 2021, the money market mutual fund has a weighted-average maturity (WAM) of 41 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, 2021, the WAM for the cash collateral account was 1 day.

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, 2021, consisted of the following (expressed in thousands):

Currency	Equity Investments	Cash	Foreign Currency Spot Contracts	Total
Australian Dollar	\$ 104,378	\$ 30	\$ —	\$ 104,408
Brazil Real	70,455	233	—	70,688
British Pound	268,235	179	—	268,414
Canadian Dollar	140,558	120	—	140,678
Chilean Peso	4,312	—	—	4,312
Chinese Yuan	65,675	2,068	—	67,743
Danish Krone	17,419	5	—	17,424
Emirati Dirham	5,243	—	—	5,243
Euro Currency Unit	467,252	172	—	467,424
Hong Kong Dollar	405,762	1,167	—	406,929
Hungarian Forint	15,976	166	—	16,142
Indian Rupee	115,465	5,632	—	121,097
Indonesian Rupiah	33,103	1	1	33,105
Israeli Shekel	542	(1)	—	541
Japanese Yen	383,698	1,535	—	385,233
Malaysian Ringgit	10,160	1	—	10,161
Mexican Peso	54,171	11	—	54,182
New Taiwan Dollar	177,597	32	—	177,629
New Zealand Dollar	384	35	—	419
Norwegian Krone	34,169	14	—	34,183
Philippine Peso	5,102	4	—	5,106
Polish Zloty	3,913	15	—	3,928
Qatar Riyal	159	11	—	170
Singapore Dollar	25,575	160	—	25,735
South African Rand	18,783	7	—	18,790
South Korean Won	258,055	—	(5)	258,050
Swedish Krona	100,537	33	—	100,570
Swiss Franc	101,305	52	—	101,357
Thailand Baht	42,631	9	—	42,640
Turkish Lira	4,720	108	—	4,828
Subtotal	2,935,334	11,799	(4)	2,947,129
United States Currency	877,326	—	—	877,326
Total Assets	<u>\$ 3,812,660</u>	<u>\$ 11,799</u>	<u>\$ (4)</u>	<u>\$ 3,824,455</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, 2021 (expressed in thousands):

Assets	Level 1	Level 2	Level 3	Total
Common Stock	\$ 3,232,533	\$ —	\$ —	\$ 3,232,533
Money Market Mutual Funds	79,084	—	—	79,084
Preferred Stock	43,947	—	—	43,947
Securities Lending Collateral	45,134	—	—	45,134
Total	<u>\$ 3,400,698</u>	<u>\$ —</u>	<u>\$ —</u>	3,400,698
Commingled Equity Fund				536,180
Total				<u>\$ 3,936,878</u>

The Pool's commingled equity fund investments was measured at the NAV as of June 30, 2021. 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 30 days following the withdrawal date.

The fair value measurement valuation techniques used for the investments in the International Equity Pool can be found on pages 84-85.

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 while earning a small return on investment. For purposes of evaluating investment returns, net of external investment management fees, this pool is expected to meet or exceed the FTSE 3 Month 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 10% of its assets in United States Treasury issues. All the pool's investments had the highest credit rating as of June 30, 2021. The pool is exposed to interest rate risk from its fixed income investments and money market mutual fund investments. The IMB monitors interest rate risk of the pool by limiting the weighted average maturity (WAM) of the investments of the pool to 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, 2021, of the Short-Term Fixed Income pool's investments (expressed in thousands):

Investment Type	Carrying Value	WAM Days
Commercial Paper	\$ 26,920	55
Money Market Mutual Fund	39,753	1
U.S. Treasury Bills	102,887	44
Repurchase Agreements (Underlying Securities):		
U.S. Treasury Issues*	47,669	1
Total Investments	\$ 217,229	28

* 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, 2021 (expressed in thousands):

Assets	Level 1	Level 2	Level 3	Total
Commercial Paper	\$ —	\$ 26,920	\$ —	\$ 26,920
Money Market Mutual Fund	39,753	—	—	39,753
Repurchase Agreement*	—	47,669	—	47,669
U.S. Treasury Bonds	—	102,887	—	102,887
Total	\$ 39,753	\$ 177,476	\$ —	\$ 217,229

*Underlying Securities:
U.S. Treasury Issues \$47,669

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 fair value, and would not ordinarily be expected to fluctuate significantly in value. The pool values its securities at amortized cost so long as the deviation between the amortized cost and current market value remains minimal and results in the computation of a share price that represents fairly the current net asset value per share of the fund.

Total Return Fixed Income

The main objective of the Total Return Fixed Income Pool is to generate investment income and provide stability and diversification, but not at the expense of total return. The pool's investment objective is to outperform the Bloomberg Barclays U.S. Universal bond index over three-year to five-year periods, net of investment management fees.

Credit Risk and Interest Rate Risk

The pool is exposed to credit risk from its fixed income investments, money market mutual fund investment, and cash collateral account investment. 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, Moody's, and Fitch, and reports the rating indicative of the greatest degree

of risk. The pool holds some securities that have not received a rating from the aforementioned rating organizations. These securities have been listed as not rated in the table below. The absence or lack of a rating does not necessarily indicate a greater degree of risk. The money market mutual fund has the highest credit rating. The cash collateral account is not rated.

The following table provides credit ratings for the pool's fixed income investments as of June 30, 2021 (expressed in thousands):

Rating	Fair Value
AAA	\$ 15,315
AA	1,231,457
A	98,223
BBB	580,929
BB	388,622
B	360,429
CCC	24,868
CC	4,947
D	3,992
Withdrawn	701
Total Rated	2,709,483
Not Rated	82,383
Total fixed income investments	<u>\$ 2,791,866</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, 2021, the Total Return Fixed Income Pool held \$712,895,000 of these securities. This represents approximately 26% of the value of the pool's securities.

The pool is exposed to interest rate risk from its fixed income investments, money market mutual fund investment, and cash collateral account investment. As of June 30, 2021, the money market mutual fund has a WAM of 41 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, 2021, the WAM for the cash collateral account was 1 day.

The following table provides the weighted average effective duration for the various asset types in the pool as of June 30, 2021 (expressed in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration (years)</u>
Commingled Debt Funds	\$ 415,969	2.7
Corporate Asset-Backed Issues	88,145	0.9
Corporate CMO	68,170	1.3
Corporate CMO Interest-Only	6	—
Foreign Asset-Backed Issues	45,895	0.5
Foreign Corporate Bonds	294,249	5.5
Foreign Government Bonds	331,607	6.7
Municipal Bonds	28,917	8.8
U.S. Corporate Bonds	406,148	8.4
U.S. Government Agency Bonds	170	0.3
U.S. Government Agency CMO	62,411	1.3
U.S. Government Agency CMO Interest-Only	5,866	3.5
U.S. Government Agency MBS	379,822	4.1
U.S. Government Agency TBA	62,580	4.3
U.S. Treasury Bonds	601,911	11.9
Total	<u>\$ 2,791,866</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. Additionally, the pool has indirect exposure to foreign currency risk through its ownership interests in certain of the commingled debt funds. Approximately \$82,977, or 20%, of the commingled debt funds hold substantially all of their investments in securities denominated in foreign currencies. This represents approximately 3% of the value of the pool's fixed income securities.

The amounts at fair value (in U.S. dollars) of investments and cash denominated in foreign currencies as of June 30, 2021, are as follows:

Currency	Foreign Fixed Income	Common Stock	Cash	Total
Argentine Peso	\$ 3,547	\$ —	\$ 1,420	\$ 4,967
Australian Dollar	—	—	2,751	2,751
Belarusian Ruble	1,638	—	—	1,638
Brazil Real	22,293	—	698	22,991
British Pound	—	739	3,065	3,804
Canadian Dollar	—	—	1,105	1,105
Colombian Peso	4,703	—	—	4,703
Deutsche Mark	230	—	—	230
Dominican Peso	4,018	—	—	4,018
Egyptian Pound	3,039	—	—	3,039
Euro Currency Unit	8,685	—	6,776	15,461
Georgia Lari	2,275	—	—	2,275
Ghana Cedi	2,327	—	—	2,327
Indonesian Rupiah	21,388	—	—	21,388
Japanese Yen	5,292	—	4,620	9,912
Kazakhstani Tenge	3,311	—	9	3,320
Kenyan Shilling	3,347	—	—	3,347
Mexican Peso	63,982	—	593	64,575
New Zealand Dollar	—	—	823	823
Peruvian Nuevo Sol	146	—	—	146
Russian Ruble	75,397	—	—	75,397
South African Rand	13,536	—	—	13,536
Swedish Krona	—	—	515	515
Turkish Lira	3,106	—	—	3,106
Uruguayan Peso	6,875	—	—	6,875
Uzbekistan Som	995	—	—	995
Total foreign-denominated investments	\$ 250,130	\$ 739	\$ 22,375	\$ 273,244
U.S. Dollar	421,621	—	(3,013)	418,608
Total	\$ 671,751	\$ 739	\$ 19,362	\$ 691,852

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 pages 84-85, 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, 2021 (expressed in thousands):

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate ABS Residual	\$ —	\$ 1,637	\$ —	\$ 1,637
Corporate Asset-Backed Issues	—	88,145	—	88,145
Corporate Collateralized Mortgage Obligations	—	68,170	—	68,170
Corporate CMO Interest-Only	—	6	—	6
Corporate Preferred Security	10,851	—	—	10,851
Foreign Asset-Backed Issues	—	45,895	—	45,895
Foreign Corporate Bonds	—	294,249	—	294,249
Foreign Currency Forward Contracts	—	803	—	803
Foreign Equity Investments	739	—	—	739
Foreign Government Bonds	—	331,607	—	331,607
Futures Contracts	7,001	—	—	7,001
Money Market Mutual Fund	304,104	—	—	304,104
Municipal Bonds	—	28,917	—	28,917
Options Contracts Purchased	1,318	135	—	1,453
Securities Lending Collateral	62,253	—	—	62,253
Swaps	—	42,292	—	42,292
U.S. Corporate Bonds	—	406,148	—	406,148
U.S. Government Agency Bond	—	170	—	170
U.S. Government Agency CMO	—	62,411	—	62,411
U.S. Government Agency CMO Interest-Only	—	5,866	—	5,866
U.S. Government Agency MBS	—	379,822	—	379,822
U.S. Government Agency TBAs	—	62,580	—	62,580
U.S. Treasury Bonds	—	601,911	—	601,911
Total	<u>\$ 386,266</u>	<u>\$ 2,420,764</u>	<u>\$ —</u>	<u>2,807,030</u>
Investments in Other Funds				415,969
Total				<u>\$ 3,222,999</u>

<u>Liabilities</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Foreign Currency Forward Contracts	\$ —	\$ (2,456)	\$ —	\$ (2,456)
Futures Contracts	(8,416)	—	—	(8,416)
Options Contracts Written	(1,850)	(61)	—	(1,911)
Securities Sold Short	—	(2,274)	—	(2,274)
Swaps	—	(25,987)	—	(25,987)
Total	<u>\$ (10,266)</u>	<u>\$ (30,778)</u>	<u>\$ —</u>	<u>\$ (41,044)</u>

The pool's investments in commingled debt funds were measured at the net asset value (NAV) as of June 30, 2021. These commingled debt funds invest in certain niche sectors, particularly ones that are not a significant percentage to the pool, to provide economies of scale and efficiencies in establishing and managing a diversified portfolio that would otherwise be difficult to achieve.

The pool can redeem these investments daily.

Core Fixed Income Pool

The main objective of the Core Fixed Income Pool is to generate investment income 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, net of external management fees.

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 a nationally recognized statistical rating organization. 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 and the cash collateral account is not rated.

The following table provides the credit ratings in the Core Fixed Income Pool's fixed income investments as of June 30, 2021 (expressed in thousands):

<u>Rating</u>	<u>Fair Value</u>
AAA	\$ 39,264
AA	616,520
A	111,180
BBB	328,988
BB	21,582
B	869
CCC	172
D	57
Withdrawn	13,036
Total Rated	<u>1,131,668</u>
Not Rated	<u>106,192</u>
Total Investments	<u>\$ 1,237,860</u>

The pool is exposed to interest rate risk from its fixed income investments, money market mutual fund investment, and cash collateral account investment. As of June 30, 2021, the money market mutual fund has a WAM of 41 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, 2021, the WAM for the cash collateral account was 1 day.

The IMB monitors interest 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, 2021 (expressed in thousands):

Investment Type	Fair Value	Effective Duration (years)
Corporate Asset-Backed Issues	\$ 122,533	2.5
Corporate CMO	96,489	2.4
Corporate CMO Interest-Only	197	(1.7)
Corporate CMO Principal-Only	47	3.0
Foreign Asset-Backed Issues	3,508	1.1
Foreign Corporate Bonds	116,081	6.2
Foreign Government Bonds	6,606	11.8
Municipal Bonds	12,058	13.8
U.S. Corporate Bonds	295,067	8.4
U.S. Government Agency CMO	108,672	3.8
U.S. Government Agency CMO Interest-Only	3,402	6.2
U.S. Government Agency CMO Principal-Only	3,225	5.5
U.S. Government Agency MBS	175,912	4.4
U.S. Government Agency TBAs	32,366	4.2
U.S. Treasury Bonds	261,215	8.7
U.S. Treasury Inflation-Protected Security	482	0.5
Total	<u>\$ 1,237,860</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, 2021 (expressed in thousands):

Assets	Level 1	Level 2	Level 3	Total
Corporate Asset-Backed Issues	\$ —	\$ 122,533	\$ —	\$ 122,533
Corporate CMO	—	96,489	—	96,489
Corporate CMO Interest-Only	—	197	—	197
Corporate CMO Principal-Only	—	47	—	47
Corporate Preferred Securities	—	1,226	—	1,226
Foreign Asset-Backed Issues	—	3,508	—	3,508
Foreign Corporate Bonds	—	116,081	—	116,081
Foreign Government Bonds	—	6,606	—	6,606
Money Market Mutual Fund	112,553	—	—	112,553
Municipal Bonds	—	12,058	—	12,058
Securities Lending Collateral	33,706	—	—	33,706
U.S. Corporate Bonds	—	295,067	—	295,067
U.S. Government Agency CMO	—	108,672	—	108,672
U.S. Government Agency CMO Interest-Only	—	3,402	—	3,402
U.S. Government Agency CMO Principal-Only	—	3,225	—	3,225
U.S. Government Agency MBS	—	175,912	—	175,912
U.S. Government Agency TBAs	—	32,366	—	32,366
U.S. Treasury Bonds	—	261,215	—	261,215
U.S. Treasury Inflation-Protected Security	—	482	—	482
Total	<u>\$ 146,259</u>	<u>\$ 1,239,086</u>	<u>\$ —</u>	<u>\$ 1,385,345</u>

The fair value measurement valuation techniques used for the Core Fixed Income Pool can be found on pages 84-85.

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% change in interest rates. As of June 30, 2021, the commingled bond fund has an effective duration of 7.51 years.

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, 2021 (expressed in thousands):

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Commingled Bond Funds	\$ 478,962	\$ —	\$ —	\$ 478,962
Total	<u>\$ 478,962</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 478,962</u>

The fair value measurement valuation techniques used for the TIPS Pool can be found on pages 84-85.

Private Markets Pool

The objective of the pool is to enhance the diversification and stability of the portfolio, while generating a higher level of income than generally available in the public fixed income markets and to provide for long-term growth of participants' assets and risk-reduction through diversification. The pool primarily holds the IMB's investments in private credit & income funds, private equity funds, real estate investment trusts (REITs), and real estate limited partnerships and funds.

Credit Risk and Interest Rate Risk

The pool is exposed to credit risk from its fixed income investments, money market fund investments, investments in unrated opportunistic income funds, and certain investments made with cash collateral for securities loaned. The IMB limits the exposure to credit risk in the pool by maintaining at least an average rating of investment grade as defined by a Nationally Recognized Statistical Rating Organization. The IMB reviews available ratings from Standard & Poor's and Moody's, and reports the rating indicative of the greatest degree of risk. The money market fund has the highest credit rating. Credit risk associated with the unrated opportunistic

income funds is limited by requiring that underlying fund holdings are at least 90% collateralized by one or more assets of the issuer.

The following table provides the credit ratings in the Private Markets Pool's fixed income investments as of June 30, 2021 (expressed in thousands):

Rating	Fair Value
A	\$ 334
BBB	12,582
BB	351
Total Investments	\$ 13,267

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% 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, 2021, the effective duration for U.S. corporate bonds was 5.5 years. The IMB manages interest rate risk of the private credit and income funds by investing primarily in funds that originate or invest in loans that have a variable or floating interest rates, most of these investments have relatively short durations, and final maturities are within three-years to five-years. As of June 30, 2021, the money market mutual fund has a weighted average maturity (WAM) of 41 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, 2021, 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.

The amounts at fair value (U.S. dollars) if investments and cash denominated in foreign currencies as of June 30, 2021, are as follows:

Currency	Foreign Common Stock	Real Estate Limited Partnerships and Funds	Cash	Total
Australian Dollar	\$ 5,212	\$ —	\$ —	\$ 5,212
British Pound	4,961	—	—	4,961
Canadian Dollar	1,949	41,385	—	43,334
Euro Currency Unit	10,311	138,485	—	148,796
Hong Kong Dollar	6,273	—	—	6,273
Japanese Yen	10,605	—	13	10,618
Singapore Dollar	3,103	—	—	3,103
Swedish Krona	2,285	—	—	2,285
Total foreign-denominated investments	\$ 44,699	\$ 179,870	\$ 13	\$ 224,582
U.S. Dollar	3,417	1,776,105	—	1,779,522
Total	\$ 48,116	\$ 1,955,975	\$ 13	\$ 2,004,104

Fair Value Measurements

The fair value measurement valuation techniques for the Private Markets Pool's asset categories can be found on pages 84-85, except for private credit and income funds, 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, 2021. 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, 2021 (expressed in thousands):

Assets	Level 1	Level 2	Level 3	Total
Foreign Common Stock	\$ 48,116	\$ —	\$ —	\$ 48,116
Money Market Mutual Fund	165,668	—	—	165,668
Securities Lending Collateral	6,501	—	—	6,501
U.S. Common Stock	110,101	—	—	110,101
U.S. Corporate Bonds	—	13,267	—	13,267
U.S. Preferred Stock	14,545	—	—	14,545
Total	\$ 344,931	\$ 13,267	\$ —	358,198
Private Credit & Income Funds				690,713
Private Equity Partnerships				2,910,517
Real Estate Limited Partnership and Funds				1,955,975
Total				\$ 5,915,403

The following table presents information on investments measured at the NAV as of June 30, 2021 (expressed in thousands):

Strategies	Fair Value	Unfunded Commitments	Contractual Termination Date Range (a)	Redemption Frequency	Redemption Notice Period
Private Credit & Income Funds:					
Commercial Debt Funds (b)	\$ 303,471	\$ 186,027	2026	N/A	N/A
Real Estate Debt Funds (c)	387,242	114,319	2022 to 2031	Quarterly	45 days
Private Equity Partnerships:					
Corporate Finance – Buyout (d)	1,733,330	677,787	2021 to 2035	N/A	N/A
Corporate Finance – Distressed Debt (e)	59,018	16,249	2021 to 2022	N/A	N/A
Corporate Finance – Growth Equity (f)	136,154	88,435	2021 to 2030	N/A	N/A
Corporate Finance – Hard Assets (g)	124,205	35,980	2021 to 2028	N/A	N/A
Corporate Finance – Mezzanine (h)	1,679	480	2021	N/A	N/A
Corporate Finance – Structured Capital (i)	73,407	38,358	2023 to 2028	N/A	N/A
Corporate Finance – Turnaround (j)	107,199	84,759	2021 to 2032	N/A	N/A
Venture Capital (k)	675,525	82,362	2023 to 2034	N/A	N/A
Real Estate Limited Partnerships and Funds:					
Core Funds (l)	1,060,410	38,218	2022	Quarterly	30-60 days
Opportunistic Funds (m)	313,101	158,719	2021 to 2029	N/A	N/A
Value Funds (n)	582,464	493,586	2021 to 2031	N/A	N/A
Total	\$ 5,557,205	\$ 2,015,279			

- (a) Investments without standard redemption frequencies cannot be redeemed until termination of the partnership.
- (b) Commercial Debt Funds seek to generate current income while preserving capital through investments primarily in senior-secured loans to business enterprises.
- (c) Real Estate Debt funds seek to generate income while preserving capital through investments in real estate mortgages 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 - Structured Capital funds combine common equity, preferred equity, fixed income, and/or customized debt instruments to off capital appreciation with downside protection.
- (j) 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.
- (k) Venture Capital funds make investments in early-stage through late-stage companies, frequently start-ups in technology or healthcare.
- (l) 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.
- (m) 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.
- (n) 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. The objective of this pool is to reduce risk through diversification of participants' assets. The primary performance benchmark is the Hedge Funds Research, Inc. Fund of Fund Composite index plus 100 basis points. The secondary benchmark is the FTSE 3 Month US T-Bill Index plus 500 basis points. This pool holds shares in hedge funds and shares of a money market fund. As of June 30, 2021, the money market mutual fund is highest rated and has a WAM of 41 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.

Assets	Level 1	Level 2	Level 3	Total
Money Market Mutual Fund	\$ 85,669	\$ —	\$ —	\$ 85,669
Hedge Funds				2,231,493
Total				\$ 2,317,162

The following table presents information on investments measured at the NAV as of June 30, 2021 (expressed in thousands):

Hedge Fund Strategies	Fair Value	Redemption Frequency	Redemption Notice Period
Directional (a)	\$ 232,059	Monthly, Quarterly	5 to 30 days
Equity Long/Short (b)	410,931	Monthly, Quarterly	30 to 90 days
Event-Driven (c)	97,398	Quarterly	180 days
Long-Biased (d)	77,353	Monthly	90 days
Multi-Strategy (e)	1,153,207	Monthly, Quarterly, Semiannually, Annually	45 to 95 days
Relative-Value (f)	229,993	Weekly, Quarterly	5 to 60 days
	<u>2,200,941</u>		
In liquidation (g)	30,552		
Total Investment Measured at NAV	\$ <u>2,231,493</u>		

- (a) Directional strategies employ various techniques to forecast the direction of segments of the market and then invest in either short or long positions to take advantage of that. The segments may be geographic economies, industry sectors, currency, or asset class. The investments may be in physical securities or derivatives. The strategies may be trend-following or mean-reverting and may be specific to that segment or universally applied across them.
- (b) An equity long/short strategy involves taking long positions in stocks that are expected to increase in value and short positions in stocks that are expected to decrease in value. Investments representing approximately 66% of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.
- (c) Event-driven funds 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 on 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 funds 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 78% of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.
- (f) Relative-value funds maintain positions in which the investment thesis is predicated on the realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment insights, and security types range broadly across equity, fixed income, derivative, or other security types. Fixed income strategies are typically quantitatively driven to measure the existing relationship between investments and, in some cases, identify attractive positions in which the risk-adjusted spread between these instruments represents an attractive opportunity. Investments representing approximately 60% of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.
- (g) Funds currently in liquidation are no longer managed to a defined strategy. As the remaining underlying assets of these funds are monetized, their proceeds are distributed to shareholders. The timing of these future distributions is unknown.

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 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, 2021.

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 Hermes 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, 2021, of the WV Money Market Pool's investments (expressed in thousands):

Security Type	Credit Rating		Carrying Value	Percent of Pool Assets
	Moody's	S&P		
U.S. Treasury Notes *	Aaa	AA+	\$ 37,505	0.55%
U.S. Treasury Bills *	P-1	A-1+	354,997	5.19%
Commercial Paper	P-1	A-1+	1,302,573	19.04%
	P-1	A-1	2,634,701	38.50%
Negotiable Certificates of Deposit	P-1	A-1+	138,500	2.02%
	P-1	A-1	812,504	11.88%
Money Market Funds	Aaa	AAAm	1,600	0.02%
	NR	AAAm	217,022	3.17%
Repurchase Agreements (Underlying Securities):				
U.S. Treasury Bonds and Notes *	Aaa	AA+	1,325,680	19.37%
U.S. Agency Bonds and Notes	Aaa	AA+	17,920	0.26%
Total			<u>\$ 6,843,002</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, 2021 (expressed in thousands):

Security Type	Total Carrying Value	Primary Government	Investment Trust Funds	Custodial Funds	Component Units	WAM (Days)
U.S. Treasury Notes	\$ 37,505	\$ 30,499	\$ 2,164	\$ 296	\$ 4,546	1
U.S. Treasury Bills	354,997	288,684	20,483	2,804	\$ 43,026	13
Commercial Paper	3,937,274	3,201,791	227,181	31,104	477,198	73
Negotiable Certificates of Deposit	951,004	773,356	54,873	7,513	115,262	65
Repurchase Agreements						6
(Underlying Securities):						
U.S. Treasury Bonds and Notes	1,325,680	1,078,043	76,492	10,473	160,672	
U.S. Agency Bonds and Notes	17,920	14,572	1,034	142	2,172	
Money Market Funds	218,622	177,784	12,614	1,727	26,497	1
Total	<u>\$ 6,843,002</u>	<u>\$ 5,564,729</u>	<u>\$ 394,841</u>	<u>\$ 54,059</u>	<u>\$ 829,373</u>	52
Percentage of Ownership	100%	81.32%	5.77%	0.79%	12.12%	

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, 2021 (expressed in thousands):

Security Type	Credit Rating		Carrying Value	Percent of Pool Assets
	Moody's	S&P		
U.S. Treasury Bills *	P-1	A-1+	\$ 102,496	45.87%
U.S. Agency Bonds and Notes	Aaa	AA+	47,124	21.08%
U.S. Agency Discount Notes	P-1	A-1+	52,697	23.58%
Money Market Funds	Aaa	AAAm	149	0.07%
Repurchase Agreements (Underlying Securities):				
U.S. Treasury Bonds and Notes *	Aaa	AA+	21,000	9.40%
Total			<u>\$ 223,466</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, 2021 (expressed in thousands):

Security Type	Carrying Value	Primary Government	Investment Trust Fund	Component Units	WAM (Days)
U.S. Treasury Bills	\$ 102,496	\$ 1,794	\$ 98,181	\$ 2,521	54
U.S. Agency Bonds and Notes	47,124	825	45,140	1,159	50
U.S. Agency Discount Notes	52,697	923	50,478	1,296	41
Repurchase Agreements (Underlying Securities):					1
U.S. Treasury Notes	21,000	367	20,116	517	
Money Market Funds	149	2	143	4	1
Total	<u>\$ 223,466</u>	<u>\$ 3,911</u>	<u>\$ 214,058</u>	<u>\$ 5,497</u>	45
Percentage of Ownership	100%	1.75%	95.79%	2.46%	

WV Short-Term Bond

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

Credit Risk

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

The following table provides information on the credit ratings of the WV Short-Term Bond Pool's investments as of June 30, 2021 (expressed in thousands):

Security Type	Credit Rating		Carrying Value	Percent of Pool Assets
	Moody's	S&P		
U.S. Treasury Notes *	Aaa	AA+	\$ 123,066	15.08%
U.S. Agency Collateralized Mortgage Obligations:				
U.S. Government Guaranteed*	Aaa	AA+	16,295	2.00%
Non-U.S. Government Guaranteed	Aaa	AAA	6,779	0.83%
Corporate Bonds and Notes				
	Aaa	AA+	6,684	0.82%
	Aa1	AA	2,549	0.31%
	Aa2	AA+	1,354	0.17%
	Aa2	AA	5,665	0.69%
	Aa2	AA-	4,019	0.49%
	Aa2	A+	4,400	0.54%
	Aa2	NR	5,858	0.72%
	Aa3	AA+	5,258	0.64%
	Aa3	AA-	21,288	2.61%

*U.S. Treasury issues and certain U.S. agency collateralized mortgage obligations are explicitly guaranteed by the U.S. Government and are not considered to have credit risk.

	Aa3	A+	7,793	0.96%
	Aa3	A	4,168	0.51%
	A1	AA	1,623	0.20%
	A1	AA-	8,860	1.09%
	A1	A+	28,261	3.46%
	A1	A	14,323	1.76%
	A1	A-	10,621	1.30%
	A1	BBB+	8,103	0.99%
	A2	A+	15,952	1.96%
	A2	A	48,388	5.93%
	A2	A-	28,214	3.46%
	A2	BBB+	27,127	3.32%
	A3	AA-	2,329	0.29%
	A3	A+	9,145	1.12%
	A3	A	9,351	1.15%
	A3	A-	21,011	2.58%
	A3	BBB+	24,656	3.02%
	Baa1	A-	5,451	0.67%
	Baa1	BBB+	19,851	2.43%
	Baa1	BBB	3,115	0.38%
	Baa1	NR	1,976	0.24%
	Baa2	A-	6,101	0.75%
	Baa2	BBB+	11,436	1.40%
	Baa2	BBB	27,925	3.42%
	Baa2	BBB-	10,177	1.25%
	Baa3	BBB	17,015	2.09%
	Baa3	BBB-	22,599	2.77%
	Baa3	NR	5,846	0.72%
	Ba1	BBB-	6,703	0.82%
	NR	A+	6,290	0.77%
	NR	A-	5,935	0.73%
	NR	BBB+	4,507	0.55%
	NR	BBB	7,927	0.97%
	NR	BBB-	1,588	0.19%
	NR	AAA	79	0.01%
Collateralized Mortgage Obligations	Aa1	AAA	2,484	0.30%
Municipal Securities	Aa1	AA+	11,211	1.37%
	Aa1	AA	2,789	0.34%
	Aa2	AA+	6,630	0.81%
	Aa2	AA	15,973	1.96%
	Aa2	AA-	8,230	1.01%
	Aa2	NR	8,556	1.05%
	Aa3	AA-	2,233	0.27%
	NR	AAA	2,876	0.35%
	NR	AA+	3,172	0.39%
Asset-Backed Securities	Aaa	AAA	19,696	2.41%
	Aaa	NR	27,153	3.33%
	Aa1	NR	8,183	1.00%
	NR	AAA	49,648	6.09%
Money Market Funds	Aaa	AAAm	5,756	0.71%
Total			<u>\$ 815,878</u>	<u>100%</u>
NR = Not Rated				

Interest Rate Risk

The overall effective duration of the investments of the WV Short-Term Bond Pool is limited to a +/- 20% band around the effective duration of the portfolio's benchmark (the ICE BofAML 1-3 US Corporate & Government Index.) As of June 30, 2021, the effective duration of the benchmark was 664 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, 2021 (expressed in thousands):

Security Type	Total Carrying Value	Primary Government	Investment Trust Funds	Component Units	Effective Duration (Days)
U.S. Treasury Bonds and Notes	\$ 123,066	\$ 109,590	\$ 3,803	\$ 9,673	638
U.S. Agency Collateralized Mortgage Obligations	23,074	20,547	713	1,814	213
Corporate Fixed-Rate Bonds and Notes	461,933	411,351	14,274	36,308	720
Corporate Floating-Rate Bonds and Notes	33,136	29,508	1,024	2,604	(6)
Collateralized Mortgage Obligations	79	71	2	6	752
Municipal Securities	64,154	57,129	1,982	5,043	608
Asset-Backed Securities	104,680	93,217	3,235	8,228	626
Money Market Funds	5,756	5,126	178	452	—
Total	\$ 815,878	\$ 726,539	\$ 25,211	\$ 64,128	638
Percentage of Ownership	100%	89.05%	3.09%	7.86%	

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, 2021 (expressed in thousands):

Investment Type	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	\$ 123,066	\$ —	\$ —	\$ 123,066
U.S. Agency Collateralized Mortgage Obligations	—	23,074	—	23,074
Corporate Fixed-Rate Bonds and Notes	—	461,933	—	461,933
Corporate Floating-Rate Bonds and Notes	—	33,136	—	33,136
Collateralized Mortgage-Backed Obligations	—	79	—	79
Municipal Securities	—	64,154	—	64,154
Asset-Backed Securities	—	104,680	—	104,680
Money Market Funds	5,756	—	—	5,756
Total	\$ 128,822	\$ 687,056	\$ —	\$ 815,878

The fair value measurement valuation techniques used for the WV Short-Term Bond Pool can be found on pages 84-85.

WV Bank Pool

This pool consists of certificates of deposit purchased by the State through the West Virginia CD program. The program purchases CDs from eligible banks and depositories to make state investment funds available for consumer and business loans within the State. The non-negotiable certificates of deposit in this pool total approximately \$60.1 million, with maturities

ranging from July 2021 to December 2021, and an interest in a money market mutual fund valued at approximately \$114,000.

Loan Pool

This pool is composed of loans made by the State. The \$1 unit price is utilized for accounting purposes only. The State is the sole participant in this pool. This pool primarily holds intergovernmental loans and an investment in a money market mutual fund in the amount of approximately \$25,000 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 \$19,938,000 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.

Municipal Bond Commission

This account only holds three securities issued by the State and Local Government Series (SLGS) with a weighted average maturity of 302 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 \$28,916,000. SLGS are special purpose securities the U.S. Department of the Treasury issues to state and local government entities, upon request by the 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 million 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, 2021 (expressed in thousands):

Security Type	Carrying Value	Investment Maturities			
		Less than 1	1-5	6-10	More than 10
Governmental Activities:					
Money Market	\$ 1,000	\$ 1,000	\$ —	\$ —	\$ —

EDA-AW

This account holds a U.S. Treasury bond valued at \$1,627,000 using Level 1 inputs that mature on August 15, 2023. The EDA's investment policy limits this account to holding only U.S. Treasury securities with 20 year maturities at time of purchase as of June 30, 2021 (expressed in thousands):

Security Type	Carrying Value	Investment Maturities			
		Less than 1	1-5	6-10	More than 10
Component Unit Activities:					
U.S. Treasury Bond	\$ 1,627	\$ —	\$ 1,627	\$ —	\$ —

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, 2021 (expressed in thousands):

IMB Pools	Disclosed Value	Pool Receivables/ (Payables)	Net Asset Values
Portable Alpha Pool	\$ 1,186,123	\$ 3,900,062	\$ 5,086,185
Large Cap Domestic Equity Pool	367,198	5,679	372,877
Non-Large Cap Domestic Equity Pool	815,805	110,849	926,654
International Qualified	1,451,822	(51)	1,451,771
International Nonqualified	219,112	(8)	219,104
International Equity**	3,812,660	100,470	3,913,130
Short-Term Fixed Income	102,887	89,335	192,222
Total Return Fixed Income**	2,791,866	272,937	3,064,803
Core Fixed Income	1,237,860	77,967	1,315,827
TIPS Pool	478,962	(34)	478,928
Private Markets Pool	5,557,205	363,539	5,920,744
Hedge Fund	2,231,493	171,560	2,403,053
BTI Pools			
WV Money Market Pool	6,843,002	(382)	6,842,620
WV Government Money Market Pool	223,466	(34)	223,432
WV Short-Term Bond Pool	815,878	2,404	818,282
WV Bank Pool	60,214	29	60,243
Loan Pool	123,245	162	123,407
Reserve Pool	19,940	2	19,942
Municipal Bond Commission Account	28,916	80	28,996
School Fund Account	1,000	—	1,000
EDA-AW	1,628	34	1,662
Total Pooled Investments	<u>28,370,282</u>	<u>5,094,600</u>	<u>33,464,882</u>
Less EDA	123,220	—	123,220
Less MBC	28,916	80	28,996
Less Nonnegotiable Certificates of Deposit	60,100	29	60,129
Less Reserve Pool in Depository	19,938	2	19,940
Total for Disclosure	<u>\$ 28,138,108</u>	<u>\$ 5,094,489</u>	<u>\$ 33,232,597</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, 2021 (expressed in thousands):

Security Type	Carrying	Credit Rating	
		S&P	Moody's
Primary Government:			
Money Market/Mutual Funds	\$ 352,062	AAAm	Aaa-mf
Money Market/Mutual Funds	4,451	AAA	Aaa
Corporate Bonds	14,788	Unrated	P-1
U.S. Government and Agency Obligations	86,229	AA+	Aaa
Total Primary Government	<u>\$ 457,530</u>		
Pension & Private Purpose Trust Funds:			
Money Market/Mutual Funds	\$ 3,330,886	Unrated	Unrated
Guaranteed Investment Contract	574,517	Unrated	Unrated
Total Pension & Private Purpose Trust Funds	<u>\$ 3,905,403</u>		
Component Units:			
Common and Preferred Stocks	\$ 205,259	Unrated	Unrated
Corporate Bonds	6,276	AAA-BBB	AAA-Baa3
Corporate Bonds	35,243	Unrated	Unrated
Corporate Stock	3,250	Unrated	Unrated
Fixed Income Fund	2,661	Unrated	Unrated
Fixed Income Fund	172	AAA	Unrated
Fixed Income Fund	13,280	Unrated	Aa2
Fixed Income Fund	14,066	Unrated	Aaa
Fixed Income Fund	8,120	Unrated	Ba2
Money Market/Mutual Funds	302,445	AAAm	Aaa-mf
Money Market/Mutual Funds	8,988	Unrated	A3
Money Market/Mutual Funds	22,131	AA+	Aaa
Money Market/Mutual Funds	7	AAA	Aaa
Money Market/Mutual Funds	448,971	Unrated	Unrated
Mortgages Held for Investment	9,084	Unrated	Unrated
Other Investments	302	AAA	Unrated
Other Investments	86,338	Unrated	A+
Other Investments	190,459	Unrated	Unrated
Repurchase Agreements *	3,008	Unrated	Unrated
State and Local Government Securities	492	AAA	Aaa
U.S. Government and Agency Obligations	38,388	AAA	Aaa
U.S. Government and Agency Obligations	4,513	AA+	Aaa
U.S. Government and Agency Obligations	5,554	AAAm	Aaa-mf
U.S. Government and Agency Obligations	32,877	Unrated	Unrated
Total Component Units	<u>\$ 1,441,884</u>		

Underlying Securities:

* Component Units:

The \$3,008 is invested in U.S. Government National Mortgage Association Securities.

Concentration of Credit Risk

As of June 30, 2021, 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):

Security Type	Carrying Value	Issuer	Percentage of Concentration
Component Units:			
Other Investments	\$ 190,137	The \$96,634,000 of the \$190,137,000 is invested by the Foundations at the Higher Education institutions, which are reported under FASB and the information is not available.	13.2%
Common & Preferred Stock	202,848	Common Stock	14.1%

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, 2021 (expressed in thousands):

Security Type	Carrying Value	Investment Maturities (Years)				N/A
		Less Than 1	1-5	6-10	More Than 10	
Primary Government:						
Money Market/Mutual Funds	\$ 356,513	\$ 356,513	\$ —	\$ —	\$ —	\$ —
Corporate Bonds	14,788	14,788	—	—	—	—
U.S. Government and Agency Obligations	86,229	86,229	—	—	—	—
Total Primary Government	457,530	457,530	—	—	—	—
Pension & Private Purpose Trust Funds:						
Money Market/Mutual Funds	3,330,886	3,330,886	—	—	—	—
Guaranteed Investment Contract	574,517	574,517	—	—	—	—
Total Pension & Private Purpose Trust Funds	3,905,403	3,905,403	—	—	—	—
Component Units:						
Common and Preferred Stocks	205,259	—	—	—	2,411	202,848
Corporate Bonds	41,519	862	12,220	—	—	28,437
Corporate Stock	3,250	3,250	—	—	—	—
Fixed Income Fund	38,299	2,128	18,911	14,765	2,495	—
Money Market/Mutual Funds	782,542	443,425	40,142	8,988	6	289,981
Mortgages Held for Investment	9,084	—	525	793	7,766	—
Other Investments	277,099	624	100	—	—	276,375
Repurchase Agreements*	3,008	3,008	—	—	—	—
State and Local Government Securities	492	—	—	118	374	—
U.S. Government and Agency Obligations	81,332	6,786	27,555	20,634	2,333	24,024
Total Component Units	1,441,884	460,083	99,453	45,298	15,385	821,665
Total Outside Investments	\$ 5,804,817	\$ 4,823,016	\$ 99,453	\$ 45,298	\$ 15,385	\$ 821,665

Underlying Securities:

*Component Units:

The \$3,800 is invested in U.S. Government National Mortgage Association Securities.

Fair Value Measurements

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, 2021 (expressed in thousands):

Security Type	Investment Amount	Level Amounts		
		1	2	3
Primary Government:				
Money Market/Mutual Funds	\$ 356,513	\$ 356,513	\$ —	\$ —
Corporate Bonds	14,788	—	14,788	—
U.S. Government & Agency Obligations	86,229	—	86,229	—
Total Primary Government	457,530	356,513	101,017	—
Pension & Private Purpose Trust Funds:				
Money Market/Mutual Funds	3,330,886	3,330,886	—	—
Guaranteed Investment Contract	574,517	—	574,517	—
Total Pension & Private Purpose Trust Funds	3,905,403	3,330,886	574,517	—
Component Units:				
Common and Preferred Stocks	75,943	73,359	173	2,411
Corporate Bonds	41,519	9,968	31,551	—
Corporate Stock	3,250	3,250	—	—
Fixed Income Fund	38,299	4,596	33,703	—
Money Market/Mutual Funds	751,673	719,397	31,936	340
Mortgages Held for Investment	9,084	—	—	9,084
Other Investments	195,999	91,451	99,955	4,593
Repurchase Agreements*	3,008	3,008	—	—
State & Local Government Securities	492	—	492	—
U.S. Government & Agency Obligations	81,332	66,700	14,632	—
Total Component Units	1,200,599	971,729	212,442	16,428
Outside Investments @ Fair Value	5,563,532	\$ 4,659,128	\$ 887,976	\$ 16,428
FV Investments @ Net Asset Value	241,285			
Total Outside Investments	\$ 5,804,817			

Underlying Securities:

*Component Units

The \$3,800 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, 2021 (expressed in thousands):

Deposits:

Cash and Cash Equivalents as Reported on the Statement of Net Position	\$	9,108,808
Cash and Cash Equivalents as Reported on the Statement of Fiduciary Net Position		878,516
Add:		
Restricted Cash and Cash Equivalents as Reported on the Statement of Net Position		815,592
Less:		
Cash Equivalents and Restricted Cash Disclosed as Investments		(10,208,504)
Cash with U.S. Treasury for Unemployment Programs		(81,314)
Reported Value of Deposits as Disclosed in this Footnote	\$	<u>513,098</u>

Investments:

Investments as Reported on the Statement of Net Position	\$	2,467,104
Investments as Reported on the Statement of Fiduciary Net Position		26,138,315
Add:		
Restricted Investments as Reported on the Statement of Net Position		193,349
Cash Equivalents and Restricted Cash Disclosed as Investments		10,208,504
Mortgages Held for Investment Disclosed as Investments		9,084
Accrued Interest Disclosed as Investments		72,182
Reported Value of Investments as Disclosed in this Footnote	\$	<u>39,088,538</u>



NOTE 5

RECEIVABLES

(Expressed in Thousands)

Receivables at June 30, 2021, consisted of the following:

	Governmental Funds				
	General	Transportation	Tobacco Settlement Finance Authority	Other Governmental	Total Governmental Receivables
Taxes	\$ 500,740	\$ 83,184	\$ —	\$ —	\$ 583,924
Accounts	524,061	150,346	28,532	13,163	716,102
Loans	2,404	—	—	—	2,404
Accrued Interest	5,719	—	—	3,722	9,441
Total Receivables	1,032,924	233,530	28,532	16,885	1,311,871
Allowance for doubtful accounts	(330,244)	—	—	(1,429)	(331,673)
Receivables, net	<u>\$ 702,680</u>	<u>\$ 233,530</u>	<u>\$ 28,532</u>	<u>\$ 15,456</u>	<u>\$ 980,198</u>
As reported on the financial statements					
Current receivables	\$ 702,680	\$ 233,530	\$ 28,532	\$ 15,456	\$ 980,198
Noncurrent receivables	—	—	—	—	—
Total receivables (net)	<u>\$ 702,680</u>	<u>\$ 233,530</u>	<u>\$ 28,532</u>	<u>\$ 15,456</u>	<u>\$ 980,198</u>

Fiduciary Funds

	Pension and Other Benefit Trust Funds			Custodial Funds
	SMART 529			
Accounts	\$ 7,097	\$ —	\$ —	—
Loans	1,866	—	—	—
Leases	-	—	—	—
Contributions	35,737	2,831	—	—
Accrued Interest	-	—	72	—
Total Receivables	44,700	2,831	72	—
Allowance for Doubtful Accounts	(177)	—	—	—
Receivables, Net	<u>\$ 44,523</u>	<u>\$ 2,831</u>	<u>\$ 72</u>	<u>—</u>
As reported on the Fund/Component Units Financial Statements:				
Current Receivables, Net	\$ 44,523	\$ 2,831	\$ 72	—
Noncurrent Receivables, Net	—	—	—	—
Total Receivables, Net	<u>\$ 44,523</u>	<u>\$ 2,831</u>	<u>\$ 72</u>	<u>—</u>

Enterprise Fund

Water Pollution Control Revolving Fund	Workers' Compensation	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
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
474	220	51,247	16	58,427	2,856	963	114,203	10,002
686,575	—	—	561,684	—	—	146,020	1,394,279	—
—	—	—	2,151	—	—	73	2,224	~
687,049	220	51,247	563,851	58,427	2,856	147,056	1,510,706	10,002
—	—	—	—	(66)	—	—	(66)	—
<u>\$ 687,049</u>	<u>\$ 220</u>	<u>\$ 51,247</u>	<u>\$ 563,851</u>	<u>\$ 58,361</u>	<u>\$ 2,856</u>	<u>\$ 147,056</u>	<u>\$ 1,510,640</u>	<u>\$ 10,002</u>
\$ 36,239	\$ 220	\$ 51,247	\$ 26,705	\$ 58,361	\$ 2,856	\$ 10,169	\$ 185,797	\$ 10,002
650,810	—	—	537,146	—	—	136,887	1,324,843	—
<u>\$ 687,049</u>	<u>\$ 220</u>	<u>\$ 51,247</u>	<u>\$ 563,851</u>	<u>\$ 58,361</u>	<u>\$ 2,856</u>	<u>\$ 147,056</u>	<u>\$ 1,510,640</u>	<u>\$ 10,002</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
\$ 35,058	\$ —	\$ 756,738	\$ 12,534	\$ —	\$ 211,058	\$ 2,877	\$ —	\$ 1,175	\$ 1,019,440
—	146,616	105,090	—	172,920	51,067	—	—	3,507	479,200
—	48,294	—	—	—	—	—	—	—	48,294
—	—	—	—	—	—	—	—	—	—
—	5,167	596	—	2,633	—	—	—	260	8,656
35,058	200,077	862,424	12,534	175,553	262,125	2,877	—	4,942	1,555,590
-	(7,600)	(119,589)	—	—	(43,777)	—	—	—	(170,966)
<u>\$ 35,058</u>	<u>\$ 192,477</u>	<u>\$ 742,835</u>	<u>\$ 12,534</u>	<u>\$ 175,553</u>	<u>\$ 218,348</u>	<u>\$ 2,877</u>	<u>\$ —</u>	<u>\$ 4,942</u>	<u>\$ 1,384,624</u>
\$ 35,058	\$ 14,146	\$ 7,507	\$ 12,534	\$ 18,119	\$ 185,297	\$ 2,877	\$ —	\$ 1,573	\$ 277,111
—	178,331	735,328	—	157,434	33,051	—	—	3,369	1,107,513
<u>\$ 35,058</u>	<u>\$ 192,477</u>	<u>\$ 742,835</u>	<u>\$ 12,534</u>	<u>\$ 175,553</u>	<u>\$ 218,348</u>	<u>\$ 2,877</u>	<u>\$ —</u>	<u>\$ 4,942</u>	<u>\$ 1,384,624</u>

Taxes Receivable

Taxes receivable at June 30, 2021, consisted of the following:

	Governmental Funds		Total
	General	Transportation	
Taxes Receivable:			
Consumer Sales & Use	\$ 141,395	\$ —	\$ 141,395
Personal Income	179,913	—	179,913
Severance	67,839	—	67,839
Business & Occupation	9,899	—	9,899
Automobile Privilege Taxes	—	24,767	24,767
Gasoline Excise	—	56,077	56,077
Registration Fees	—	1,977	1,977
Insurance	40,790	—	40,790
Corporate Net Income	13,536	—	13,536
Medicaid	37,895	—	37,895
Other	9,473	363	9,836
Subtotal for Taxes Receivable	<u>500,740</u>	<u>83,184</u>	<u>583,924</u>
Refunds Allowance	<u>(25,220)</u>	<u>—</u>	<u>(25,220)</u>
Total	<u>\$ 475,520</u>	<u>\$ 83,184</u>	<u>\$ 558,704</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:

Year Ending June 30	Direct Financing Leases Amount Due
2022	\$ 8,336
2023	8,331
2024	5,948
2025	4,908
2026	4,853
2027-2042	<u>24,551</u>
Total Minimum Amount Due	56,927
Less Amount Representing Interest	<u>(8,633)</u>
Present Value of Minimum Lease Amount Due	<u>\$ 48,294</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, 2021 (expressed in thousands):

Due To	Due From				
	Governmental			Proprietary	
	General	Transportation	Other Nonmajor	Water Pollution Control Revolving Fund	West Virginia Infrastructure and Jobs Development Council
Governmental Funds:					
General	\$ —	\$ 1,756	\$ 184	\$ —	\$ —
Transportation	463	—	—	—	—
Other Nonmajor Governmental	—	—	—	—	—
Total Governmental Funds	463	1,756	184	—	—
Proprietary Funds:					
Unemployment Compensation	185,170 (a)	63	6	—	—
Public Employees Insurance Agency	11	2,627	—	—	—
Internal Service Funds	8,832	4,090	447	—	—
Total Proprietary Funds	194,013	6,780	453	—	—
Fiduciary Funds:					
Pension and Other Employee Benefit Trust Funds	873	600	4	—	—
Custodial Funds	—	391	—	—	—
Total Fiduciary Funds	873	991	4	—	—
Discretely Presented Component Units					
Major:					
West Virginia Lottery	—	—	—	—	—
Parkways & Economic Development	—	—	—	—	—
Water Development Authority	—	—	—	60	320
Higher Education	37,645	71	14	—	—
Corrections and Rehabilitation	—	50	—	—	—
Nonmajor:					
Educational Broadcasting Authority	4,900	—	—	—	—
State Rail Authority	1,056	—	—	—	—
Total Discretely Presented Component Units	43,601	121	14	60	320
Total	\$ 238,950	\$ 9,648	\$ 655	\$ 60	\$ 320

(a) Due from general includes \$184.9 million from the Office of the Governor to repay funds that were drawn on a loan to continue paying unemployment claims.

(b) Due from discretely presented component units includes \$156 million from the Lottery. The General Fund received \$120.4 million to be appropriated at a later date. The Legislature also approved the following distributions from the Lottery to the Senior Services (\$17.8 million), Library Commission (\$4.6 million), Department of Education – Public Education (\$5.7 million), and various other general purposes.

Due From

Proprietary								Total	Discretely Presented Component Units
Unemployment Compensation	Public Employees Insurance Agency	Board of Risk and Insurance Management	Other Nonmajor Enterprise	Internal Service Funds	Pension and Other Employee Benefit Trust Funds				
\$ 355	\$ 378	\$ —	\$ —	\$ 32	\$ 71	\$ 2,776	\$ 157,860		
—	10	—	—	—	—	473	788		
11	49	—	—	—	—	60	5,781		
<u>366</u>	<u>437</u>	<u>—</u>	<u>—</u>	<u>32</u>	<u>71</u>	<u>3,309</u>	<u>164,429</u>		
—	—	—	—	—	—	185,239	287		
—	—	—	—	522	1,722	4,882	5,492		
—	223	2	—	25	—	13,619	65		
<u>—</u>	<u>223</u>	<u>2</u>	<u>—</u>	<u>547</u>	<u>1,722</u>	<u>203,740</u>	<u>5,844</u>		
—	—	—	2	—	629	2,108	3,827		
—	—	—	—	—	—	391	—		
<u>—</u>	<u>—</u>	<u>—</u>	<u>2</u>	<u>—</u>	<u>629</u>	<u>2,499</u>	<u>3,827</u>		
—	6	—	—	—	—	6	13		
—	2	—	—	—	—	2	—		
—	—	—	43	—	—	423	—		
—	—	17	—	—	—	37,747	4,884		
—	3	—	—	—	—	53	—		
—	11	—	—	—	—	4,911	—		
—	6	—	—	—	—	1,062	—		
<u>—</u>	<u>28</u>	<u>17</u>	<u>43</u>	<u>—</u>	<u>—</u>	<u>44,204</u>	<u>4,897</u>		
<u>\$ 366</u>	<u>\$ 688</u>	<u>\$ 19</u>	<u>\$ 45</u>	<u>\$ 579</u>	<u>\$ 2,422</u>	<u>\$ 253,752</u>	<u>\$ 178,997</u>		

(b)

NOTE 7

INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2021, consisted of the following (expressed in thousands):

	Transfers From		
	Governmental		
Transfers To	General	Tobacco Settlement Finance Authority	Other Nonmajor
Governmental Funds:			
General	\$ —	\$ 20,023 ^(a)	\$ 8,153
Transportation	149,807 ^(c)	—	—
Other Nonmajor Governmental	67,741 ^(b)	—	—
Total Governmental Funds	<u>217,548</u>	<u>20,023</u>	<u>8,153</u>
Proprietary Funds:			
Water Pollution Control Revolving Fund	4,955	—	24,773 ^(d)
West Virginia Infrastructure and Jobs Development Council	—	—	14
Workers' Compensation Fund	—	—	19,000
Public Employees Insurance Agency	21,000 ^(e)	—	—
Other Nonmajor Proprietary	5,913	—	—
Internal Service Funds	37,844	—	—
Total Proprietary Funds	<u>69,712</u>	<u>—</u>	<u>43,787</u>
Total	<u>\$ 287,260</u>	<u>\$ 20,023</u>	<u>\$ 51,940</u>

(a) The deferred charge of the amortization of the future tobacco settlement revenue of the Tobacco Settlement Finance Authority resulted in a transfer of \$20 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 \$150 million transferred from the General Fund to Transportation is miscellaneous legislative appropriations.

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

(e) PEIA received a \$21 million State Appropriation from the General Fund.

(f) Alcohol Beverage Control Administration transferred \$27.5 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
\$ —	\$ —	\$ 27,537 (f)	\$ —	\$ 55,713
—	—	—	—	149,807
—	—	—	5,500	73,241
—	—	27,537	5,500	278,761
—	—	—	—	29,728
—	—	—	—	14
—	—	—	—	19,000
—	—	—	—	21,000
—	2,202	—	—	8,115
—	—	—	—	37,844
—	2,202	—	—	115,701
\$ —	\$ 2,202	\$ 27,537	\$ 5,500	\$ 394,462



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, 2021, are as follows (expressed in thousands):

	<u>Cash</u>	<u>Investments</u>	<u>Other</u>	<u>Totals</u>
Special Revenue:				
Environmental Programs	\$ 251	\$ —	\$ —	\$ 251
Public Service Commission	1,443	—	—	1,443
Total Special Revenue	<u>1,694</u>	<u>—</u>	<u>—</u>	<u>1,694</u>
Enterprise:				
Public Employees Insurance Agency	9,403	—	—	9,403
Board of Risk and Insurance Management	11,220	71,328	252,373	334,921
Alcohol Beverage Control Administration	—	—	3,165	3,165
Total Enterprise	<u>20,623</u>	<u>71,328</u>	<u>255,538</u>	<u>347,489</u>
Internal Service:				
State Building Fund	16,186	—	—	16,186
Travel Management	7,091	—	—	7,091
Total Internal Services	<u>23,277</u>	<u>—</u>	<u>—</u>	<u>23,277</u>
Discretely Presented Component Units:				
Economic Development Authority	6,624	—	—	6,624
Housing Development Authority	421,549	38,746	650,579	1,110,874
Parkways Authority	122,202	83,275	—	205,477
Water Development Authority	15,386	—	149,617	165,003
Corrections and Rehabilitation	28,626	—	—	28,626
Solid Waste Management Board	3,701	—	1,076	4,777
Educational Broadcasting Authority	1,051	—	374	1,425
Racing Commission	15,777	—	473	16,250
Total Discretely Presented Component Units	<u>614,916</u>	<u>122,021</u>	<u>802,119</u>	<u>1,539,056</u>
Total Restricted Assets	<u>\$ 660,510</u>	<u>\$ 193,349</u>	<u>\$ 1,057,657</u>	<u>\$ 1,911,516</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 \$252 million and \$1.2 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 service 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 \$651 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 \$150 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)

	Beginning Balance July 1, 2020	Increases	Decreases	Ending Balance June 30, 2021
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,435,638	\$ 28,543	\$ —	\$ 1,464,181
Construction-in-Progress	1,752,147	548,776	(237,790)	2,063,133
Intangibles	2,752	—	—	2,752
Total Capital Assets, Not Being Depreciated	<u>3,190,537</u>	<u>577,319</u>	<u>(237,790)</u>	<u>3,530,066</u>
Capital Assets, Being Depreciated:				
Building and Improvements	1,664,800	12,520	(57)	1,677,263
Equipment	554,516	39,854	(11,779)	582,591
Infrastructure	13,204,035	229,864	—	13,433,899
Library Holdings	17,419	362	(311)	17,470
Land Improvements	49,574	100	—	49,674
Intangibles	176,473	2,693	—	179,166
Total Capital Assets, Being Depreciated	<u>15,666,817</u>	<u>285,393</u>	<u>(12,147)</u>	<u>15,940,063</u>
Less Accumulated Depreciation for:				
Building and Improvements	(695,053)	(40,822)	57	(735,818)
Equipment	(418,604)	(28,893)	11,549	(435,948)
Infrastructure	(7,487,584)	(304,885)	—	(7,792,469)
Library Holdings	(16,819)	(368)	311	(16,876)
Land Improvements	(25,465)	(2,311)	—	(27,776)
Intangibles	(78,378)	(9,269)	—	(87,647)
Total Accumulated Depreciation	<u>(8,721,903)</u>	<u>(386,548)</u>	<u>11,917</u>	<u>(9,096,534)</u>
Total Capital Assets, Being Depreciated, Net	<u>6,944,914</u>	<u>(101,155)</u>	<u>(230)</u>	<u>6,843,529</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,135,451</u>	<u>\$ 476,164</u>	<u>\$ (238,020)</u>	<u>\$ 10,373,595</u>
Depreciation expense was charged to function as follows:				
Legislative	\$ 92			
Judicial	302			
Executive	2,025			
Administration	26,738			
Commerce	7,479			
Environmental Protection	115			
Employment Programs	10			
Education	2,800			
Health and Human Resources	4,440			
Military Affairs and Public Safety	4,028			
Revenue	251			
Transportation	321,724			
Veterans Assistance	95			
Regulatory Boards and Commissions	16,449			
Total Governmental Activities Depreciation Expense	<u>\$ 386,548</u>			

Business-type Activities

(Expressed in Thousands)

	Beginning Balance July 1, 2020	Increases	Decreases	Ending Balance June 30, 2021
Business-type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 611	\$ —	\$ —	\$ 611
Total Capital Assets, Not Being Depreciated	611	—	—	611
Capital Assets, Being Depreciated:				
Buildings and Improvements	2,400	148	(6)	2,542
Equipment	3,174	44	(13)	3,205
Intangibles	9,026	—	—	9,026
Total Capital Assets, Being Depreciated	14,600	192	(19)	14,773
Less Accumulated Depreciation for:				
Building and Improvements	(1,464)	(86)	6	(1,544)
Equipment	(2,931)	(142)	13	(3,060)
Intangibles	(8,815)	—	—	(8,815)
Total Accumulated Depreciation	(13,210)	(228)	19	(13,419)
Total Capital Assets, Being Depreciated, Net	1,390	(36)	—	1,354
Business-type Activities Capital Assets, Net	<u>\$ 2,001</u>	<u>\$ (36)</u>	<u>\$ —</u>	<u>\$ 1,965</u>
Depreciation expense was charged to function as follows:				
Public Employees Insurance Agency	\$ 52			
Alcohol Beverage Control Administration	176			
Total Business-type Activities Depreciation Expense	<u>\$ 228</u>			

Discretely Presented Component Units

(Expressed in Thousands)

	Beginning Balance July 1, 2020	Increases	Decreases	Ending Balance June 30, 2021
Discretely Presented Component Units:				
Capital Assets, Not Being Depreciated:				
Land	\$ 268,189	\$ 4,219	\$ (1,461)	\$ 270,947
Construction-in-Progress	157,945	189,407	(105,619)	241,733
Total Capital Assets, Not Being Depreciated	<u>426,134</u>	<u>193,626</u>	<u>(107,080)</u>	<u>512,680</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	4,363,211	108,877	(33,062)	4,439,026
Equipment	568,649	50,977	(17,942)	601,684
Infrastructure	1,706,588	30,523	(71)	1,737,040
Library Holdings	209,249	4,367	(379)	213,237
Land Improvements	110,945	4,832	(2,165)	113,612
Intangibles	208,348	71,432	(224)	279,556
Total Capital Assets, Being Depreciated	<u>7,166,990</u>	<u>271,008</u>	<u>(53,843)</u>	<u>7,384,155</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(1,459,119)	(89,876)	55,443	(1,493,552)
Equipment	(415,591)	(71,055)	16,884	(469,762)
Infrastructure	(1,145,627)	(55,478)	62	(1,201,043)
Library Holdings	(187,885)	(6,010)	301	(193,594)
Land Improvements	(72,349)	(5,955)	1,890	(76,414)
Intangibles	(201,923)	(18,627)	224	(220,326)
Total Accumulated Depreciation	<u>(3,482,494)</u>	<u>(247,001)</u>	<u>74,804</u>	<u>(3,654,691)</u>
Total Capital Assets, Being Depreciated, Net	<u>3,684,496</u>	<u>24,007</u>	<u>20,961</u>	<u>3,729,464</u>
Discrete Component Unit Activities Capital Assets, Net	<u>\$ 4,110,630</u>	<u>\$ 217,633</u>	<u>\$ (86,119)</u>	<u>\$ 4,242,144</u>
Depreciation expense charged to functions as follows:				
Economic Development Authority	\$ 998			
Housing Development Fund	314			
Parkways Authority	47,991			
Water Development Authority	145			
Higher Education	183,729			
Corrections and Rehabilitation	9,099			
Lottery	1,659			
School Building Authority	27			
Other Nonmajor Component Units	3,039			
Total Discrete Component Unit Depreciation Expense	<u>\$ 247,001</u>			



NOTE 10

LONG-TERM OBLIGATIONS

Primary Government:

Long-term obligations at June 30, 2021, and changes for the fiscal year then ended, are as follows (expressed in thousands):

Governmental Activities:

	Balance June 30, 2020	Additions	Accretions	Reductions	Balance June 30, 2021	Amount Due Within One Year
General Obligation Bonds:						
Transportation	\$ 1,465,285	\$ 214,085	\$ —	\$ (51,920)	\$ 1,627,450	\$ 38,110
Premium/(Discount)	258,657	63,371	—	(16,208)	305,820	15,773
Total Transportation	1,723,942	277,456	—	(68,128)	1,933,270	53,883
WV Infrastructure and Jobs						
Development Council	131,720	—	2,647	(18,645)	115,722	10,420
Premium/(Discount)	9,652	—	—	(1,582)	8,070	1,739
Total WV Infrastructure and Jobs Development Council	141,372	—	2,647	(20,227)	123,792	12,159
Total General Obligation Bonds	1,865,314	277,456	2,647	(88,355)	2,057,062	66,042
Revenue Bonds:						
Transportation	265,720	—	—	(18,975)	246,745	19,930
Premium/(Discount)	41,423	—	—	(4,170)	37,253	4,171
Total Transportation	307,143	—	—	(23,145)	283,998	24,101
Economic Development Project Fund	97,910	—	—	(13,130)	84,780	13,840
Premium/(Discount)	(280)	—	—	70	(210)	(70)
Total Economic Development Project Fund	97,630	—	—	(13,060)	84,570	13,770
Economic Development Project DNR	78,895	—	—	(2,556)	76,339	2,678
Premium/(Discount)	10,426	—	—	(576)	9,850	575
Total Economic Development DNR	89,321	—	—	(3,132)	86,189	3,253
Education, Arts, Sciences, & Tourism Fund	133,780	—	—	(4,185)	129,595	4,395
Premium/(Discount)	12,708	—	—	(635)	12,073	635
Tourism Fund	146,488	—	—	(4,820)	141,668	5,030
Total Revenue Bonds	640,582	—	—	(44,157)	596,425	46,154
Revenue Bonds:						
Direct Borrowings & Direct Placements Tobacco Settlement Finance Authority	805,067	693,515	11,816	(726,459)	783,939	19,515
Notes Payable	21,472	5,960	—	(8,474)	18,958	8,002
Total Direct Borrowings & Direct Placements	826,539	699,475	11,816	(734,933)	802,897	27,517
Capital Leases – Governmental	8,589	—	—	(2,490)	6,099	347
Capital Leases – Internal Service Funds	2,307	—	—	(154)	2,153	131
Capital Leases Payable to Component Units	209,730	—	—	(18,545)	191,185	19,296
Total Capital Leases (see Note 11)	220,626	—	—	(21,189)	199,437	19,774
Other Obligations:						
Medicaid	415,819	42,576	—	(11,812)	446,583	446,011
Tax Refunds	328,074	336,321	—	(328,074)	336,321	283,507
Claims and Judgments (see Note 15)	357,289	55,919	—	(86,587)	326,621	29,144
Other	160,387	270,369	—	(253,703)	177,053	108,094
Total Accrued and Other Liabilities	1,261,569	705,185	—	(680,176)	1,286,578	866,756
Compensated Absences	93,111	20,419	—	(15,211)	98,319	62,207
Net Pension Liability, including ISF	2,996,887	450,487	—	—	3,447,374	—
Net OPEB Liability, including ISF	1,064,703	—	—	(780,358)	284,345	—
Total Other Obligations	5,416,270	1,176,091	—	(1,475,745)	5,116,616	928,963
Total Governmental Activities						
Long-Term Obligations	\$ 8,969,331	\$ 2,153,022	\$ 14,463	\$ (2,364,379)	\$ 8,772,437	\$ 1,088,450

Business-type Activities:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amount Due Within One Year
Revenue Bonds					
WV Infrastructure and Jobs					
Development Council Revenue Bonds	\$ 151,545	\$ —	\$ (5,985)	\$ 145,560	\$ 6,255
Premium/(Discount)	13,930	—	(835)	13,095	835
Total WV Infrastructure and Jobs Development Council Revenue Bonds	165,475	—	(6,820)	158,655	7,090
Other Obligations					
Accrued Tuition Contract Benefits	14,174	2,104	(5,450)	10,828	10,828
Insurance and Compensation Benefits	1,739,069	701,350	(841,555)	1,598,864	331,191
Compensated Absences	633	66	(47)	652	121
Net Pension Liability (see Note 12)	1,075	1,639	—	2,714	—
Net OPEB Liability (See Note 13)	3,060	—	(2,249)	811	—
Accrued and Other	17,865	349	(6,423)	11,791	11,791
Total Business-type Activities Long Term	\$ 1,941,351	\$ 705,508	\$ (862,544)	\$ 1,784,315	\$ 361,021

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

Compliance – Various debt agreements governing the State’s bonds contain a number of covenants, including continuing disclosure requirements, debt service coverage ratio, and maintaining debt service reserve and maintenance reserve funds. It is required that debt service reserve funds and maintenance reserve funds are to be held with a trustee. As of June 30, 2020, the debt service reserve funds approximated \$43.2 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 at June 30, 2021, were as follows (expressed in thousands):

	Final Maturity Date	Interest Rate(s)%	Balance
Transportation Bonds:			
Payable from State Road Fund to build roads, issued under:			
1996 SAFE Roads Amendment	2025	4.00%-5.00%	\$ 77,747
2019 Roads to Prosperity Bonds	2043	2.00%-5.00%	745,795
2020 Roads to Prosperity Bonds	2044	2.00%-5.00%	834,384
2021 Roads to Prosperity Bonds	2045	2.00%-5.00%	275,344
Infrastructure Bonds:			
Payable from dedicated severance tax revenues to fund water, wastewater, and economic development projects	2027	2.00%-7.625%	123,792
Total			<u>\$ 2,057,062</u>

Future amounts required to pay principal and interest on general obligation bonds at June 30, 2021, were as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2022	\$ 48,530	\$ 82,853	\$ 131,383
2023	66,431	80,298	146,729
2024	72,084	77,065	149,149
2025	78,150	73,450	151,600
2026	58,885	69,672	128,557
2027-2031	284,165	306,615	590,780
2032-2036	347,600	230,418	578,018
2037-2041	444,830	133,177	578,007
2042-2046	295,325	25,870	321,195
Total	1,696,000	1,079,418	2,775,418
Premium	313,890	—	313,890
Total	\$ 2,009,890	\$ 1,079,418	\$ 3,089,308

Capital Appreciation Bonds

Year Ending June 30	Principal, Net of Accreted Amounts	Future Accreted Amounts	Total
2022	\$ 8,568	\$ 157	\$ 8,725
2023	8,092	608	8,700
2024	8,282	1,118	9,400
2025	7,844	1,556	9,400
2026	7,312	1,939	9,251
2027-2031	7,074	2,375	9,449
Total	\$ 47,172	\$ 7,753	\$ 54,925
Total General Obligation Bonds	\$ 2,057,062		

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

Revenue bonds outstanding (including premium or discount) at June 30, 2021, were as follows (expressed in thousands):

	Issue Date	Final Maturity Date	Interest Rate(s) %	Balance
Transportation	2019	2043	5.00	\$ 283,998
Economic Development Project Fund	2004	2027	1.20-6.07	84,570
Economic Development Project Fund DNR	2018	2038	1.20-6.07	26,365
Economic Development DNR Parks Projects	2019	2039	1.20-6.07	59,824
Education, Arts, Sciences, and Tourism Fund	2010/2018	2040	2.00-5.00	141,668
Subtotal Governmental				<u>596,425</u>
WV Infrastructure and Jobs Development Council	2006-2016	2046	2.00-5.00	158,655
Total Governmental and Business-Type Activities				<u><u>\$ 755,080</u></u>

Future amounts required to pay principal and interest on revenue bonds at June 30, 2021 were as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2022	\$ 47,075	\$ 32,912	\$ 79,987
2023	49,570	30,380	79,950
2024	52,155	27,715	79,870
2025	54,915	24,927	79,842
2026	57,615	22,009	79,624
2027-2031	213,520	71,370	284,890
2032-2036	126,430	32,165	158,595
2037-2041	74,565	9,233	83,798
2042-2046	7,175	763	7,938
	<u>683,020</u>	<u>251,474</u>	<u>934,494</u>
Premium	72,060	—	72,060
Total	<u><u>\$ 755,080</u></u>	<u><u>\$ 251,474</u></u>	<u><u>\$ 1,006,554</u></u>

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

The following describes the purpose and dedicated revenue source of revenue bonds outstanding at June 30, 2021:

Agency	Purpose	Revenue Source
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 \$105.3 million, leaving \$272.6 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 \$84.8 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 \$18.9 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 \$55.2 million in bonds in conjunction with the Division of Natural Resources for state park projects. The funds will be used for capital improvement projects at any state park. The bonds are payable solely from the special revenue fund named the “State Parks Lottery Revenue Debt Service Fund” within the State Treasury. The bonds bear interest at 3.125% to 5.00% and are payable through 2040.

EAST Fund

New Education, Arts, Sciences, and Tourism Fund (EAST) bonds were issued by the EDA in FY 2018 in the amount of \$142.6 million to provide financing for capital projects which promote education and tourism, payable through 2040. The State has committed to appropriate each year, from the Lottery’s net profits, amounts sufficient to cover the principal and interest requirements on the EDA debt. EDA has pledged these revenues as the sole security for the bonds. Total principal and interest remaining on the debt is \$129.6 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, 2021:

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

Tobacco Settlement Finance Authority

The Taxable Tobacco Settlement Asset-Backed Bonds, Series 2007 are composed of two series of turbo term bonds, the Taxable Tobacco Settlement Asset-Backed Bonds, Series 2007A, which are current interest bonds issued in the amount of \$845.8 million, and the Taxable Tobacco Settlement Asset-Backed Bonds, Series 2007B, which are capital appreciation bonds in the amount of \$65.3 million. 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. These were partially defeased in 2021 leaving only \$130.7 million of the Asset-Backed Bonds Series 2007B.

On October 28, 2020, the Authority issued Taxable Tobacco Settlement Asset-Backed Refunding Bonds, Series 2020 Senior Bonds, consisting of \$528.3 million Series 2020A (Fixed Amortization Serial/Term bonds) Class 1 Senior Current Interest Bonds as Class 1 Senior Bonds to fully refund \$612.3 million of the Taxable Tobacco Settlement Asset-Backed Bonds, Series 2007A through redemption and defeasance and partially refund \$738 million of the Series 2007B through payment of the purchase price thereof and cancellation. The proceeds were also used to establish Maintenance Reserve Accounts to comply with the bond covenants in the amount of \$42.9 million. Bond issuance costs for this refunding were \$5.3 million.

Direct placement revenue bonds outstanding at June 30, 2021, 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	\$ 130,714
Tobacco Settlement Finance Authority	2020	2053	7.47-8.50	\$ 653,225
				\$ 783,939

Future amounts required to pay principal and interest on direct placement revenue bonds at June 30, 2021, were as follows (expressed in thousands):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 19,515	\$ 22,918	\$ 42,433
2023	18,405	22,733	41,138
2024	18,320	22,514	40,834
2025	17,770	22,240	40,010
2026	17,815	21,947	39,762
2027-2031	91,480	103,913	195,393
2032-2036	128,525	89,627	218,152
2037-2041	96,405	67,491	163,896
2042-2046	88,590	48,037	136,627
2047-2051	156,400	19,692	176,092
	<u>\$ 653,225</u>	<u>\$ 441,112</u>	<u>\$ 1,094,337</u>
Premium	—	—	—
Total	<u>\$ 653,225</u>	<u>\$ 441,112</u>	<u>\$ 1,094,337</u>

Capital Appreciation Bond

<u>Year Ending June 30</u>	<u>Principal, Net of Accreted Amounts</u>	<u>Future Accreted Amounts</u>	<u>Total</u>
2022	\$ —	\$ 11,350	\$ 11,350
2023	—	12,329	12,329
2024	—	13,411	13,411
2025	—	14,560	14,560
2026	—	15,836	15,836
2027-2031	—	102,310	102,310
2032-2036	—	155,133	155,133
2037-2041	—	235,210	235,210
2042-2046	—	356,635	356,635
2047-2051	130,714	90,937	221,651
Total	<u>\$ 130,714</u>	<u>\$ 1,007,711</u>	<u>\$ 1,138,425</u>
Total Revenue Bonds	<u>\$ 783,939</u>		

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.

Direct Borrowings	Final Maturity Date	Interest Rate(s)%	Balance
Travel Management	2017-2021	0.99-2.65	18,958
Total Notes Payable			<u>\$ 18,958</u>

Future amounts required to pay principal and interest on direct borrowings notes payable at June 30, 2021, were as follows (expressed in thousands):

Notes from Direct Borrowings			
Year Ending June 30	Principal	Interest	Total
2022	\$ 8,002	\$ 217	\$ 8,219
2023	6,195	102	6,297
2024	3,628	29	3,657
2025	1,133	4	1,137
Total Notes Payable	<u>\$ 18,958</u>	<u>\$ 352</u>	<u>\$ 19,310</u>

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

	Balance June 30, 2020	Additions/ Debt Issued	Reductions/ Debt Paid	Other Changes	Balance June 30, 2021	Amount Due Within One Year
Revenue Bonds:						
Housing Development Fund	\$ 333,040	\$ 74,940	\$ (26,785)	\$ (68,660)	\$ 312,535	\$ 22,285
Parkways Authority	174,915	421,701	(2,785)	—	593,831	8,940
Water Development Authority	154,866	—	(8,912)	—	145,954	9,207
Higher Education	1,377,595	94,143	(72,847)	—	1,398,891	115,777
Corrections and Rehabilitation	8,420	—	(8,420)	—	—	—
School Building Authority	374,150	—	(16,593)	—	357,557	15,840
Total Discretely Presented						
Component Unit Revenue Bonds	<u>\$ 2,422,986</u>	<u>\$ 590,784</u>	<u>\$ (136,342)</u>	<u>\$ (68,660)</u>	<u>\$ 2,808,768</u>	<u>\$ 172,049</u>
Capital Leases:						
Higher Education	<u>\$ 95,828</u>	<u>\$ 1,550</u>	<u>\$ (25,438)</u>	<u>\$ —</u>	<u>\$ 71,940</u>	<u>\$ 3,420</u>
Direct Borrowings & Direct Placements Revenue Bonds:						
Economic Development Authority	\$ 209,730	\$ —	\$ (18,545)	\$ —	\$ 191,185	\$ 19,296
Water Development Authority	7,219	—	(344)	—	6,875	356
Total Discretely Presented Component Units Direct Borrowings & Direct Placements Revenue Bonds	<u>\$ 216,949</u>	<u>\$ —</u>	<u>\$ (18,889)</u>	<u>\$ —</u>	<u>\$ 198,060</u>	<u>\$ 19,652</u>
Notes Payable:						
Housing Development Fund	\$ 507	\$ —	\$ (121)	\$ —	386	\$ —
Economic Development Authority	2,945	—	(872)	—	2,073	195
Correction and Rehabilitation	9,785	—	(1,020)	—	8,765	1,044
Water Development Authority	4,111	1,645	—	—	5,756	—
Higher Education	97,922	43,297	(10,464)	—	130,755	6,577
Total Discretely Presented Component Notes Payable	<u>\$ 115,270</u>	<u>\$ 44,942</u>	<u>\$ (12,477)</u>	<u>\$ —</u>	<u>147,735</u>	<u>\$ 7,816</u>
Other Debt-Related Items:						
Accrued and Other	\$ 441,585	\$ 22,899	\$ (4,739)	\$ —	\$ 459,745	\$ 342,047
Compensated Absences	73,429	3,572	(2,856)	—	74,145	57,534
Net Pension Liability (see Note 12)	38,067	63,040	(22,703)	—	78,404	—
Other Postemployment Benefits	269,614	13,536	(211,413)	—	71,737	—
Total Discretely Presented Component Unit Other Items	<u>\$ 822,695</u>	<u>\$ 103,047</u>	<u>\$ (241,711)</u>	<u>\$ —</u>	<u>\$ 684,031</u>	<u>\$ 399,581</u>

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

	Issue Date	Final Maturity Date	Interest Rate(s)%	Balance
Housing Development Fund	2007-2019	2050	1.05-4.35	\$ 312,535
Parkways Authority	2002-2018	2048	3.75-5.25	593,831
Water Development Authority	2005-2016	2044	2.00-5.125	145,954
Higher Education	1998-2016	2045	0.58-7.65	1,398,891
Corrections and Rehabilitation	1998	2021	5.12-5.35	—
School Building Authority	2007-2016	2032	2.00-6.92	357,557
Total Revenue Bonds				<u>\$ 2,808,768</u>

Future amounts required to pay principal and interest on revenue bonds of the discretely presented component units at June 30, 2021, were as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2022	\$ 171,337	\$ 95,303	\$ 266,640
2023	103,374	92,648	196,022
2024	133,199	89,895	223,094
2025	111,241	86,286	197,527
2026	161,579	82,513	244,092
2027-2031	622,414	350,905	973,319
2032-2036	426,765	228,794	655,559
2037-2041	385,690	148,397	534,087
2042-2046	350,604	69,204	419,808
2047-2051	161,090	17,264	178,354
2052-2056	220	3	223
	<u>2,627,513</u>	<u>1,261,212</u>	<u>3,888,725</u>
Discount	(745)	—	(745)
Premium	182,000	—	182,000
Total	<u>\$ 2,808,768</u>	<u>\$ 1,261,212</u>	<u>\$ 4,069,980</u>

Parkways Authority

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

Direct Borrowing & Direct Placements

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

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

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate(s)%</u>	<u>Balance</u>
Economic Development Authority	1999-2016	2040	2.07-5.23	\$ 191,185
Water Development Authority	2005-2016	2044	2.00-5.125	6,875
Total Revenue Bonds				<u>\$ 198,060</u>

Future amounts required to pay principal and interest on direct placement revenue bonds of the discretely presented component units at June 30, 2021, were as follows (expressed in thousands):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 19,652	\$ 8,646	\$ 28,298
2023	19,237	7,888	27,125
2024	17,168	7,238	24,406
2025	17,932	6,356	24,288
2026	18,628	5,501	24,129
2027-2031	69,411	14,693	84,104
2032-2036	21,747	5,438	27,185
2037-2041	14,285	1,456	15,741
Total	<u>\$ 198,060</u>	<u>\$ 57,216</u>	<u>\$ 255,276</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, 2021 (expressed in thousands):

	Issue Date	Final Maturity Date	Interest Rate(s)%	Balance
Economic Development Authority	2007 & 2017	2029	3.00	\$ 2,073
Water Development Authority	2019	2022	2.24	5,756
Higher Education	2008-2014	2033	1.90-6.65	130,755
Housing Development Fund	2008-2014	N/A	0.00	386
Division of Corrections & Rehabilitation	2015	2020	1.23	8,765
Total Notes Payable				<u>\$ 147,735</u>

Future amounts required to pay principal and interest on direct borrowings notes payable of the discretely presented component units at June 30, 2021, were as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2022	\$ 7,816	\$ 3,262	\$ 11,078
2023	11,682	3,413	15,095
2024	8,328	3,227	11,555
2025	5,687	3,053	8,740
2026	5,613	2,910	8,523
2027-2031	42,349	12,494	54,843
2032-2036	18,626	9,721	28,347
2037-2041	15,809	7,260	23,069
2042-2046	11,213	5,407	16,620
2047-2051	7,689	3,801	11,490
2052-2056	9,601	1,889	11,490
2057-2061	3,322	126	3,448
Total	<u>\$ 147,735</u>	<u>\$ 56,563</u>	<u>\$ 204,298</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, 2021, 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, 2021, is approximately \$2.8 billion and \$3.9 billion for HFA and EDA, respectively.

Prior Defeasances

In prior years, the State defeased certain revenue bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payment on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in these financial statements. At June 30, 2021, the following outstanding bonds are considered defeased (expressed in thousands):

Outstanding Amount	
Primary Government	\$ 701,030
Discretely Presented Component Units	20,630
Total	<u>\$ 721,660</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 \$197 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, 2021 (expressed in thousands):

Asset Type	Primary Government Governmental Activities	
	Assets Acquired By Capital Lease	Accumulated Depreciation
Land	\$ 2,362	\$ 2,362
Buildings and Improvements	401,852	153,347
Infrastructure	1,175	1,175
Total	<u>\$ 405,389</u>	<u>\$ 156,884</u>

Future minimum commitments under capital leases as of June 30, 2021, were as follows (expressed in thousands):

Year Ending June 30	Capital Leases		
	Governmental Activities, Including Payable to EDA	Discretely Presented Component Units	Total
2022	\$ 28,611	\$ 7,034	\$ 35,645
2023	27,403	6,063	33,466
2024	24,657	6,073	30,730
2025	23,114	5,132	28,246
2026	24,398	4,641	29,039
2027-2031	85,461	19,476	104,937
2032-2036	27,134	18,555	45,689
2037-2041	15,825	18,341	34,166
2042-2046	—	19,566	19,566
2047-2051	—	23,137	23,137
2052-2056	—	14,754	14,754
Total Minimum Lease Payments	256,603	142,772	399,375
Less: Interest	(57,164)	(70,832)	(127,996)
Present Value of Future Minimum Lease Payments	\$ 199,439	\$ 71,940	\$ 271,379

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, 2021, was \$43 million. Future minimum commitments under operating leases as of June 30, 2021, were as follows (expressed in thousands):

Year Ending June 30	Operating Leases			Total
	Governmental Activities	Business-type Activities	Discretely Presented Component Units	
2022	\$ 18,960	\$ —	\$ 15,904	\$ 34,864
2023	15,523	—	11,970	27,493
2024	11,892	—	9,095	20,987
2025	8,968	—	7,173	16,141
2026	7,071	—	5,303	12,374
2027-2031	15,835	—	18,963	34,798
2032-2036	5,259	—	5,630	10,889
2037-2041	1,931	—	5,217	7,148
2042-2046	—	—	4,255	4,255
2047-2051	—	—	4,255	4,255
2052-2056	—	—	4,255	4,255
2057-2061	—	—	2,765	2,765
Total Minimum Lease Payments	\$ 85,439	\$ —	\$ 94,785	\$ 180,224

NOTE 12

RETIREMENT SYSTEMS

Plan Description

The West Virginia State Legislature has established nine 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, 2021, was 634, including 121 West Virginia state agencies, 100 cities and towns, 358 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 ten 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 ten years of contributory service, or age 63 with at least 20 years of contributory service.

- The Deputy Sheriffs' Retirement System (DSRS) is a multiple-employer, cost-sharing, public employee retirement system which was established for all deputy sheriffs hired on or after July 1, 1998. Current employees were eligible to transfer from PERS. The State makes no employer contributions to DSRS.
- The Emergency Medical Services Retirement System (EMSRS) is a multiple-employer, cost-sharing public employee retirement system which was established for eligible emergency medical service officers. Participation is voluntary. The State makes no employer contributions to EMSRS.
- The Municipal Police Officers and Firefighters Retirement System (MPFRS) is a multiple-employer, cost-sharing public employee retirement system which was established for any municipality or municipal subdivision employing municipal police officers or firefighters. Participation is voluntary. The MPFRS had 595 participating members as of June 30, 2021. The State makes no employer contributions to MPFRS.
- The Natural Resources Police Officers Retirement System (NRPORS) is a single-employer defined benefit public employee retirement system which was established for all natural resources police officers hired by the West Virginia Division of Natural Resources (DNR) on or after January 2, 2021. This plan was also made available to any natural resources police officers employed in covered employment participating in PERS on the effective date. Approximately 115 natural resources police officers elected to participate and were transferred from the PERS plan.
- The Teachers' Retirement System (TRS) is a multiple-employer, cost-sharing, public employee retirement system. Fifty-five county public school systems, certain personnel of the thirteen State-supported institutions of higher education, West Virginia Department of Education, and boards of higher education participate in the TRS plan. There were 81 employers and one nonemployer contributing entity (the State) participating in the plan as of June 30, 2021.

Benefits Provided

For TRS, a member is eligible for normal retirement at age 60 with 5 years of service, age 55 with 30 years of service, or any age with 35 years of service. A member may retire with the pension reduced actuarially if the member is less than age 55 and has between 30 and 35 years of service. For all employees hired after July 1, 2015, qualification for normal retirement is age 62 with 10 years of service. All members hired after July 1, 2015, may retire with the pension reduced actuarially if the member is between ages 60 and 62 with 10 years of service or between ages 55 and 62 with 30 years of service. Terminated members with at least 5, but less than 20, years of credited service who do not withdraw

their accumulated contributions are entitled to a deferred retirement beginning at age 62. Terminated members with at least 20 years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement commencing at age 60. For all employees hired after July 1, 2015, this age increases to 64 with 10 years of service, or age 63 with 20 years of service. Retirement benefits are equivalent to 2% of average annual salary multiplied by years of service. Average salary is the average of the five highest fiscal years of earnings during the last 15 fiscal years of earnings.

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

Benefits Provided

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

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

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

Plan membership consisted of the following as of the plan valuation date, June 30, 2021:

	<u>SPDDRS</u>	<u>SPRS</u>	<u>JRS</u>
Retirees and beneficiaries currently receiving benefits	759	59	59
Terminated members entitled to benefits but not yet receiving them	3	17	2
Terminated nonvested members	1	134	—
Active members	4	626	77
Total	<u>767</u>	<u>836</u>	<u>138</u>

Basis of Accounting

The CPRB is included in the fiduciary funds financial statements. Accordingly, the pension fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Member contributions are recognized in the period when contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each system. The internal service fund financial statements have also been prepared using the economic resources measurement focus and the accrual basis of accounting. Operating revenues and expenses generally result from fees charged in connection with the operation of the plans. The Board's assets are held primarily in accounts maintained by the State Treasurer, the West Virginia Investment Management Board, and the third-party administrator of its defined contribution system.

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, 2021:

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%	23.0%
JRS	7.0%	Appropriated by the Legislature

The State's required and actual contributions for the year ended June 30, 2021, were (expressed in thousands):

<u>System</u>	<u>Actual Contribution</u>
PERS	\$ 107,612
TRS	394,053
SPDDRS	16,699
SPRS	7,928
JRS	886

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 \$283,332,000 for FY 2020, which is exclusive of the SAF appropriation.

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

The State's net pension asset (liability), deferred outflows of resources, deferred inflows of resources and pension expense relating to the governmental, business-type, fiduciary, and component units' activities for the PERS plan, governmental and component units' activities for the TRS plan, and governmental activities for the single employer plans are as follows for June 30, 2021 (expressed in thousands):

Description	Governmental Activities	Business-type Activities	Fiduciary	Discretely Presented Component Units	Total
Net Pension Asset	\$ 99,169	\$ —	\$ —	\$ —	\$ 99,169
Net Pension Liability	(3,447,374)	(2,714)	(305)	(78,404)	(3,528,797)
Deferred Outflows of Resources	1,166,799	2,184	249	62,088	1,231,320
Deferred Inflows of Resources	(283,694)	(218)	(21)	(16,559)	(300,492)
Pension Expense	419,819	725	76	19,448	440,068

Refer to pages 162-163 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 165 for amounts reported for the TRS cost-sharing plan as it relates to governmental activities and component units. Refer to page 167 for amounts reported for the single-employer plans as they relate to governmental activities.

At June 30, 2021, the State reported a net pension liability of \$3,401,951,000 for its proportionate share of the multiple-employer, cost-sharing plans, which were measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to the measurement date of June 30, 2020. 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, 2020.

The State's share of the net pension liabilities for the PERS and TRS plans determined by the actuarial valuation as of June 30, 2019, was \$145,121,000 (67.49%) and \$2,806,820,000, including a special funding situation (94.34%), respectively, along with various assumptions. At June 30, 2020, the State's share of the net pension liability for the PERS and TRS plans was \$360,808,000 (68.25%) and \$3,041,143,000, including a special funding situation (94.43%), respectively. The State's share for FY 2020 has increased by 0.76% for the PERS and increased by 0.09% for the TRS plan, which results in a change in net pension liability of \$215,687,000 and \$234,323,000 related to PERS and TRS, respectively.

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	80.77 %	0.11 %	0.04 %
Net pension liability	\$ (291,566)	\$ (397)	\$ (133)
Pension expense	70,019	110	45
Deferred outflows of resources representing contributions subsequent to the measurement date	86,570	114	42
Deferred outflows of resources representing the changes in employer proportion	6,487	3	8
Deferred outflows of resources representing difference between expected and actual experience	42,798	58	19
Net deferred outflows of resources representing the difference between projected/actual earnings on investments	91,011	126	42
Deferred inflows of resources representing the changes in employer proportion	(4,535)	(9)	(4)
Deferred inflows of resources representing change in assumptions	(12,814)	(17)	(6)
Deferred inflows of resources representing the difference between expected and actual experience	(5,994)	(8)	(3)
Amortization of applicable deferred amounts in current period	116,954	152	56
Amortization of applicable deferred amounts in future periods:			
2022	(10,568)	(23)	(2)
2023	42,895	57	20
2024	52,172	73	23
2025	32,455	45	15
Sensitivity Analysis:			
Net pension liability at 6.5% discount rate	(742,527)	(1,012)	(338)
Net pension liability at 7.5% discount rate	(291,430)	(397)	(133)
Net pension asset (liability) at 8.5% discount rate	89,980	123	41

PEIA	BRIM	Nonmajor Business-type	Total Business-type	Fiduciary Funds	Component Units	Total
0.16 %	0.15 %	0.30 %	0.76 %	0.08 %	18.39 %	100 %
\$ (566)	\$ (533)	\$ (1,085)	\$ (2,714)	\$ (305)	\$ (66,359)	\$ (360,944)
147	143	280	725	76	17,445	88,265
41	158	343	698	93	20,134	107,495
39	33	20	103	15	8,331	14,936
123	78	159	437	45	9,832	53,112
265	169	344	946	96	20,966	113,019
—	—	(29)	(42)	(1)	(6,408)	(10,986)
(37)	(24)	(47)	(131)	(14)	(2,918)	(15,877)
(1)	(11)	(22)	(45)	(6)	(1,374)	(7,419)
391	245	424	1,268	135	28,429	146,786
(26)	(14)	(50)	(115)	(12)	(2,569)	(13,264)
146	86	156	465	50	10,427	53,837
171	105	194	566	60	12,682	65,480
100	68	124	352	37	7,889	40,733
(1,442)	(1,358)	(2,765)	(6,915)	(777)	(169,074)	(919,293)
(566)	(533)	(1,085)	(2,714)	(305)	(66,359)	(360,808)
175	165	335	839	(94)	20,489	111,214

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 113,019	\$ —
Changes in proportion and difference between employer contributions and proportionate share of contributions	14,936	(10,986)
Difference between expected and actual experience	53,112	(7,419)
Change in assumptions	—	(15,876)
Contributions made subsequent to the measurement date	107,495	—
Total	<u>\$ 288,562</u>	<u>\$ (34,281)</u>

Deferred outflows of resources of \$107,495,000 related to pensions are the result of contributions made subsequent to the measurement date of June 30, 2020, and will be recognized as a reduction of the net pension liability in the subsequent fiscal 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>
2022	\$ (13,264)
2023	53,837
2024	65,480
2025	40,733

TRS, including special funding situation (expressed in thousands):

	<u>Governmental Activities</u>	<u>Component Units</u>	<u>Total</u>
Proportionate share of statewide amount	99.61 %	0.39 %	100 %
Net pension liability	\$ (3,029,098)	\$ (12,045)	\$ (3,041,143)
Pension expense, net of interfund special funding situation	335,804	2,003	337,807
Deferred outflows of resources representing contributions subsequent to the measurement date	392,811	1,242	394,053
Deferred outflows of resources representing the changes in employer proportion	185,811	467	186,278
Deferred outflows of resources representing the net difference between expected and actual experience	69,610	348	69,958
Deferred outflows of resources representing difference in assumptions	42,683	169	42,852
Deferred outflows of resources representing net difference between projected and actual earnings on investments	183,532	599	184,131
Deferred inflows of resources representing the changes in employer proportion	(177,905)	(5,652)	(183,557)
Deferred inflows of resources representing the net difference between expected and actual experience	(66,522)	(207)	(66,729)
Amortization of applicable deferred amounts in current period	237,209	(4,276)	232,933
Amortization of applicable deferred amounts in future periods:			
2022	4,542	(81)	4,461
2023	63,906	(1,151)	62,755
2024	86,241	(1,554)	84,687
2025	82,630	(1,489)	81,141
2026	(110)	(1)	(111)
Sensitivity Analysis:			
Net pension liability at 6.50% discount rate	(4,092,435)	(16,271)	(4,108,706)
Net pension liability at 7.50% discount rate	(3,029,098)	(12,045)	(3,041,143)
Net pension liability at 8.50% discount rate	(2,123,582)	(8,443)	(2,132,025)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 184,131	\$ —
Changes in proportion and difference between employer and proportionate share of contributions	186,278	(183,557)
Difference in expected and actual experience	69,958	(66,729)
Difference in assumptions	42,852	—
Contributions made subsequent to the measurement date	394,053	—
Total	<u>\$ 877,272</u>	<u>\$ (250,286)</u>

Deferred outflows of resources of \$394,053,000 related to pensions are the result of contributions made subsequent to the measurement date of June 30, 2020, and will be recognized as a reduction of the net pension liability in the subsequent fiscal 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):

Year Ending June 30,	Amount
2022	\$ 4,461
2023	62,755
2024	84,687
2025	81,141
2026	(111)

As of June 30, 2021, the State reported a net pension asset and a net pension liability of \$99,169,000 and \$126,710,000, respectively, for the single employer plans, which were measured as of June 30, 2020. The total pension liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to the measurement date of June 30, 2020. 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):

	SPRS	SPDDRS	JRS	Total
Net pension asset/(liability)	\$ (28,569)	\$ (98,141)	\$ 99,169	\$ (27,541)
Pension expense	8,230	14,794	(8,142)	14,882
Deferred outflows of resources representing contributions subsequent to the measurement date	7,928	16,699	886	25,513
Deferred outflows of resources representing the change in assumptions	6,356	—	389	6,745
Deferred outflows of resources representing the difference between expected and actual experience	7,609	—	—	7,609
Deferred outflows of resources representing the net difference between projected and actual earnings on pension plan	4,973	16,077	4,569	25,619
Deferred inflows of resources representing the difference between expected and actual experience	(5,440)	—	(10,485)	(15,925)
Amortization of applicable deferred amounts in current period	13,498	16,077	(5,527)	24,048
Amortization of applicable deferred amounts in future periods:				
2022	703	(3,523)	(4,545)	(7,365)
2023	3,040	5,531	(1,513)	7,058
2024	3,745	8,227	358	12,330
2025	3,214	5,842	723	9,779
2026-2028	2,796	—	(550)	2,246
Sensitivity Analysis:				
Net pension asset/(liability) 6.5%	(70,340)	(194,428)	86,443	(178,325)
Net pension asset/(liability) 7.5%	(28,569)	(98,141)	99,169	(27,541)
Net pension asset/(liability) 8.5%	4,975	(19,131)	109,972	95,816

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

SPDDRS	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at 6/30/2019	\$ 762,838	\$ 689,820	\$ 73,018
Changes for the year:			
Service cost	153	—	153
Interest	55,378	—	55,378
Difference between expected and actual experience	4,601	—	4,601
Contributions – employer	—	13,246	(13,246)
Contributions – employee	—	35	(35)
Net investment income	—	21,252	(21,252)
Benefit payments	(49,225)	(49,225)	—
Administrative expense	—	(54)	54
Other changes	—	530	(530)
Net changes	10,907	(14,216)	25,123
Balances at 6/30/2020	\$ 773,745	\$ 675,604	\$ 98,141

SPRS	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at 6/30/2019	\$ 218,293	\$ 207,102	\$ 11,191
Changes for the year:			
Service cost	8,533	—	8,533
Interest	16,918	—	16,918
Difference between expected and actual experience	7,888	—	7,888
Contributions – employer	—	4,850	(4,850)
Contributions – employee	—	4,168	(4,168)
Net investment income	—	7,010	(7,010)
Benefit payments	(2,498)	(2,498)	—
Administrative expense	—	(67)	67
Net changes	30,841	13,463	17,378
Balances at 6/30/2020	\$ 249,134	\$ 220,565	\$ 28,569

JRS	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at 6/30/2019	\$ 115,950	\$ 212,653	\$ (96,703)
Changes for the year:			
Service cost	2,640	—	2,640
Interest	8,711	—	8,711
Difference between expected and actual experience	(5,885)	—	(5,885)
Contributions – employer	—	791	(791)
Contributions – employee	—	301	(301)
Net investment income	—	6,850	(6,850)
Benefit payments	(4,897)	(4,897)	—
Administrative expense	—	(10)	10
Net changes	569	3,035	(2,466)
Balances at 6/30/2020	\$ 116,519	\$ 215,688	\$ (99,169)

Actuarial Methods and Assumptions

The total pension liabilities for financial reporting purposes were determined by an actuarial valuation as of July 1, 2019, rolled forward to June 30, 2020, 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% – 6.16%	—
Non-Teachers	—	3.00% – 6.76%	—
SPDDRS:	—	—	4%
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: 1.6% - 35%	0.0% - 2.67%
Nonstate	2.5% - 35.9%	Non-teachers: 2.3% - 23.51%	
Disability rates	0.0% - 0.5%	0.0% - 0.6%	.04% - 0.6%
Retirement rates	12% - 100%	0% - 100%	25% - 100%
Date range of most recent experience study	2013-2018	2014-2019	2011 - 2016

	SPRS	JRS
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 2029	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	0.0% - 5.7%	—
Disability rates	0.04% - 0.4%	—
Retirement rates	20% - 100%	5.0% - 100%
Date range 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, 2021:

Asset Class	Long-Term Expected Rate of Return	Target Allocation
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%	10.0%
Total		100%

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, 2019 valuation from the June 30, 2018 valuation.

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

Defined Contribution Plans

The Teachers' Defined Contribution Retirement System (TDCRS)

TDCRS, administered by the Consolidated Public Retirement Board, is a multiple-employer defined contribution retirement system primarily covering the full-time employees of the State's 55-county public school systems, the State Department of Education, the School for the Deaf and the Blind, and the Marshall University Research Corporation who were hired between July 1, 1991 and June 30, 2005. TDCRS members also include former TRS plan members, including higher education employees, who have elected to participate in the TDCRS plan. There are approximately 3,922 and 4,041 members in the TDCRS plan at June 30, 2021 and 2020, 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 6 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 20 separate investment options made up of a fixed income, balanced, large cap, mid cap, small cap, and international mutual funds, a money market fund, and a fixed annuity. The State currently does not have specific 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 \$278 thousand at June 30, 2021. These deposits, which had a bank balance of approximately \$278 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, 2021, the TDCRS had the following investments and maturities (expressed in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-5	6-10
Mutual Funds	\$703,293	\$703,293	\$—	\$—

For the year ended June 30, 2020, the approximate payroll of state employees covered by TDCRS was \$133 million, and total covered payroll for both the TDCRS and TRS was approximately \$1.6 billion. Both the employees and employers made the required contributions amounting to \$6.0 million and \$10.3 million, 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, 2021, contributions were approximately \$49.9 million from the covered employees and approximately \$49.8 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.

Empower Retirement

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 Empower Retirement. New hires have the choice of either plan. For the year ended June 30, 2021, contributions were approximately \$181 thousand from the covered employees and \$181 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 43,269 retirees, 11,913 inactive plan members, and 34,319 active plan members met those eligibility requirements at June 30, 2021.

The State is a nonemployer contributing entity that provides funding through Senate Bill No. 469, which was passed granting Other Postemployment Benefits Liability relief to the State's 55 county boards of education effective July 1, 2012. The Public School Support Plan is a basic foundation allowance program that provides funding to the local school boards for "any amount of the employer's annual required contribution allocated and billed to the county boards of education for employees who are employed as professional employees, as service personnel, or as professional student support personnel," within the limits authorized by this law. The special funding under the school aid formula subsidizes employer contributions of the county boards of education and contributes to the overall unfunded OPEB liability.

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 (OPEB) 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 704 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 consists of 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.

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.

The following schedule summarizes the plan's required contribution rates at June 30, 2021:

Statutory Contribution Rates as a Percent of Covered-Employee Payroll

System	Member	Employer
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, 2021, were as follows (expressed in thousands):

<u>System</u>	<u>Actual Contribution</u>
OPEB	\$152,616

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 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. This \$5 million State appropriation was no longer received after fiscal year ending June 30, 2020.

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, 2021, of \$356,993,000, including a special funding situation of the net OPEB liability (80.82%) for its share, which was measured as of June 30, 2020. 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, 2020, and measured as of June 30, 2020. 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, 2020.

The State's proportionate share of the net OPEB liability at June 30, 2020, determined by the actuarial valuation measured as of June 30, 2019, was \$1,337,704,000, including a special funding situation (80.63%). The State's proportionate share for FY 2021 has decreased by 0.19%. There was also a significant change in actuarial assumptions that resulted in the decrease of the total OPEB liability of \$(908,738,000).

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

	<u>Governmental Activities</u>	<u>Water Pollution</u>	<u>Infrastructure</u>
Proportionate share of statewide amount	79.64 %	0.04 %	0.01 %
Net OPEB liability	\$ (284,345)	\$ (143)	\$ (12)
OPEB expense	(174,817)	(174)	21
Deferred outflows of resources representing contributions subsequent to the measurement date	122,696	58	7
Deferred outflows of resources representing the changes in employer proportion	142,963	3	7
Net deferred outflows of resources representing the difference between projected/actual earnings on investments	21,522	11	1
Net deferred outflows of resources representing the difference between expected and actual experience	2	—	—
Deferred outflows of resources representing change in assumptions	—	—	—
Deferred inflows of resources representing the changes in employer proportion	(112,635)	(38)	(8)
Deferred inflows of resources representing change in assumptions	(640,619)	(323)	(26)
Deferred inflows of resources representing the difference between expected and actual experience	(183,946)	(93)	(7)
Total of deferred amounts subject to amortization	(772,713)	(440)	(33)
Amortization of applicable deferred amounts in future periods:			
2022	(295,754)	(168)	(13)
2023	(273,908)	(156)	(12)
2024	(200,262)	(114)	(8)
2025	(2,789)	(2)	—
Sensitivity Analysis:			
Net OPEB liability at 5.65% discount rate	(405,475)	(204)	(17)
Net OPEB liability at 6.65% discount rate	(284,318)	(143)	(12)
Net OPEB liability at 7.65% discount rate	(182,893)	(92)	(8)
Net OPEB liability at 1% decrease of healthcare cost trend rate	(171,077)	(86)	(7)
Net OPEB liability at healthcare cost trend rate	(284,318)	(143)	(12)
Net OPEB liability at 1% increase of healthcare cost trend rate	(421,091)	(212)	(18)

PEIA	BRIM	Nonmajor Business-type	Total Business-type	Fiduciary	Component Units	Total
0.05 %	0.03 %	0.10 %	0.23 %	0.03 %	20.10 %	100 %
\$ (186)	\$ (113)	\$ (357)	\$ (811)	\$ (100)	\$ (71,737)	\$ (356,993)
(115)	80	(349)	(537)	(62)	(66,850)	(242,266)
65	37	141	308	29	29,583	152,616
159	66	35	270	81	14,173	157,487
8	8	27	55	8	5,625	27,210
—	—	—	—	—	79	81
—	—	—	—	—	373	373
(35)	(18)	(233)	(332)	(18)	(21,777)	(134,762)
(420)	(256)	(807)	(1,832)	(227)	(162,173)	(804,851)
(121)	(73)	(232)	(526)	(65)	(46,678)	(231,215)
(409)	(273)	(1,210)	(2,365)	(221)	(210,378)	(985,677)
(157)	(104)	(463)	(905)	(85)	(80,707)	(377,451)
(145)	(97)	(429)	(839)	(78)	(74,745)	(349,570)
(106)	(71)	(314)	(613)	(57)	(54,648)	(255,580)
(1)	(1)	(4)	(8)	(1)	(278)	(3,076)
(265)	(161)	(509)	(1,156)	(143)	(102,307)	(509,081)
(186)	(113)	(357)	(811)	(100)	(71,737)	(356,966)
(120)	(73)	(230)	(523)	(64)	(46,146)	(229,626)
(112)	(68)	(215)	(488)	(60)	(43,165)	(214,790)
(186)	(113)	(357)	(811)	(100)	(71,737)	(356,966)
(275)	(167)	(529)	(1,201)	(148)	(106,246)	(528,686)

Deferred outflows of resources and deferred inflows of resources related to the OPEB as of June 30, 2021, 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	\$ 27,210	\$ —
Changes in proportion and difference between employer contributions and proportionate share of contributions	157,487	(134,762)
Difference between expected and actual experience	81	(231,215)
Change in assumptions	373	(804,851)
Contributions made subsequent to the measurement date	152,616	—
Total deferred outflows/inflows to be amortized	<u>\$ 337,767</u>	<u>\$ (1,170,828)</u>

Deferred outflows of resources of \$152,616,000 related to OPEB are the result of contributions made subsequent to the measurement date of June 30, 2020, and will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year ending June 30, 2021. 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):

Year Ending June 30:	Amount
2022	(377,451)
2023	(349,570)
2024	(255,580)
2025	(3,076)

Actuarial Methods and Assumptions

The total OPEB liability for financial reporting purposes was determined by an actuarial valuation as of June 30, 2020, and measured as of June 30, 2020, 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, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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, 2020:

Asset Class	Long-Term Expected Rate of Return
Domestic Equity	5.5%
International Equity	7.0%
Fixed Income	2.2%
Real Estate	6.6%
Private Equity	8.5%
Hedge Funds	4.0%

Asset Class	Target Allocation
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 6.65%. The projections of cash flows used to determine the discount rates assumed that the RHBT contributions would be made at rates equal to the actuarially determined contribution rates, in accordance with pre-funding and investment policies. Future pre-funding assumptions include a \$30 million annual contribution from the State through 2037. Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 2036, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates.



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 \$12.3 million in unpaid claims and claim adjustment expenses at June 30, 2021.

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 a custodial fund of the State, administered by BRIM. The balance of the PICF does not reflect claims until an award becomes final and all reasonable means of recovery have been exhausted. The PICF works on a "claims filed" basis and \$1.9 million was paid on the 15 claims outstanding in fiscal year 2021. The remaining \$2.2 million balance owed on the outstanding claims as of June 30, 2021, was paid in August 2021. The assets and liabilities as of June 30, 2021, were approximately \$2.1 million and \$2.2 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 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.

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 the private sector insurance company. 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 non-incremental 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	
	2021	2020	2021	2020	2021	2020
Unpaid claims and claims adjustment expense liability at beginning of year	\$ 204,796	\$ 190,978	\$ 73,366	\$ 64,897	\$ 1,336,200	\$ 1,434,700
Incurred claims and claims adjustments expense:						
Provision for insured events of the current fiscal year	77,590	69,809	647,600	541,610	94	62
Increase (decrease) in provision for insured events of prior fiscal years	(7,331)	(4,460)	(6,390)	(3,750)	17,010	5,876
Amortization of discount	—	—	—	—	38,069	46,272
Total incurred claims and claims adjustment expense	70,259	65,349	641,210	537,860	55,173	52,210
Payments:						
Claims and claims adjustment expense attributable to insured events of the current fiscal year	13,159	12,300	564,186	462,582	—	3
Claims and claims adjustment expense attributable to insured events of the prior fiscal years	72,300	39,231	52,303	66,809	135,473	150,707
Total payments	85,459	51,531	616,489	529,391	135,473	150,710
Total unpaid claims and claims adjustment expense liability, end of year	\$ 189,596	\$ 204,796	\$ 98,087	\$ 73,366	\$ 1,255,900	\$ 1,336,200

The above PEIA payments are net of pharmacy rebates of \$97,750 and \$87,032 for the years ended June 30, 2021 and June 30, 2020, 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 2021 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 \$17.2 million as of June 30, 2021. The overall unpaid claim liability number includes a provision for allocated and unallocated claims adjustment expense. At June 30, 2021, the total undiscounted claims liability for WCF approximated \$1.613 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 rate of 3%. If discounting of the WCF claims liability was limited to anticipated investment income, the claims liability would have decreased by approximately \$357 million to record approximately \$1.256 billion, and the WCF would report a total deficit decrease of approximately \$163 million at June 30, 2021.

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 \$301 million at June 30, 2021. 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, 2021 (expressed in thousands):

	Balance			Balance	Amount
	June 30, 2020	Additions	Reductions	June 30, 2021	Due
					Within
					One Year
Mine Reclamation Program	\$ 217,857	\$ —	\$ 8,894	\$ 208,963	\$ 21,000
Oil and Gas Well Program	336	450	—	786	786
Landfill Closure Assistance Program	99,095	—	9,606	89,489	7,557
Underground Storage Tanks	2,158	—	197	1,961	—
Total Environmental Liability	<u>\$ 319,446</u>	<u>\$ 450</u>	<u>\$ 18,697</u>	<u>\$ 301,199</u>	<u>\$ 29,343</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 change in applicable laws or regulations.

Mine Reclamation Program

The Special Reclamation Program was created to enable compliance with a federal mandate that allows the State to operate an alternative bonding program to ensure that mining sites are reclaimed in accordance with federal and state regulations. This program created funds

for reclamation costs if the operator does not perform the reclamation and the respective bond is forfeited by the operator. In addition, the State also accrues for active water treatment sites under this program. The State's estimated liability for these water treatment sites assumes a 20-year treatment period until the sites are properly reclaimed since the treatment costs beyond a 20-year period cannot be reasonably estimated. The actual length of water treatment and the actual ultimate liability could differ significantly from this estimate.

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

Landfill Closure Assistance Program (LCAP)

The LCAP was established to provide landfill closure assistance to owners/permittees or landfills that were required to cease operations pursuant to certain statutory closure deadlines for non-composite-lined facilities. The program designs and constructs all closure-related activities necessary to provide sufficient leachate management, sediment and erosion control, gas management, groundwater monitoring, and final cover cap on non-composite lined landfills, as funds are available. The LCAP began with 28 landfills. Four landfills have been added to the original inventory by the legislative process and one in 2015. There are three landfills left to be closed. As of June 30, 2021, the liability is estimated at \$89 million and is projected to be paid through fiscal year 2053.

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. On July 28, 2021, the district court dismissed the lawsuit. The plaintiffs have filed an appeal. The decision regarding the appeal is anticipated to occur mid to late 2022.

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	\$ 1,470,363	Construction
Enterprise Funds:		
Drinking Water Treatment Revolving Fund	15,941	Committed for loans
Water Pollution Control Revolving Fund	33,500	Committed for loans
West Virginia Infrastructure and Jobs Development Council	54,400	Funding of water and economic development projects
Discretely Presented Component Units:		
West Virginia Lottery	7,536	Capital assets and construction
Economic Development Authority	92,194	Committed for loans
Housing Development Fund	60,770	Committed for loans
Parkways Authority	72,390	Turnpike improvements
Higher Education	9,519	Construction
School Building Authority	50,043	Acquisition, construction and maintenance grants to county school boards
Municipal Pensions Oversight Board	1,187	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 six 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 \$4 million at June 30, 2021, to fund the program obligations. Subsequent to year-end, the program received \$3 million from the Lottery and \$10.1 million in general revenue.

NOTE 16

SUBSEQUENT EVENTS

During July 2021, Fairmont issued Revenue Refunding Bonds, 2021 Series A, amounting to \$26.3 million. The 2021 Series A Bonds were issued to currently refund in full the outstanding 2012A and 2012B Bonds and to pay the costs of issuance of the 2021 Series A Bonds and related costs. The issuance of the 2021 Series A Bonds resulted in a gain of \$138,000 and an economic gain of \$5.3 million. The 2021 Series A Bonds outstanding consist of \$26.3 million serial bonds with an interest rate of 5%, which mature serially through June 1, 2032.

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 totaled \$184.9 million on June 30, 2021. Title XII loan advances are interest free if repaid by September 4, 2021.

On March 27, 2020, the Governor's office received funds from the federal government as part of the CARES Act legislation signed by the President. In July 2020, the Governor's Office set aside CARES Act funding to pay off all outstanding Title XII balances. On September 2, 2021, West Virginia added \$220 million to the State's unemployment trust fund. This allowed the State to fully repay the \$184.9 million Title XII loan and create a surplus in the Unemployment Insurance Trust Fund providing West Virginia businesses with a reduction of unemployment insurance costs by up to 25%.

On August 1, 2021, the Housing Development Fund redeemed various Housing Finance Bonds in advance to the scheduled maturities of \$19.5 million.



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, 2021
(Expressed in Thousands)

	General Revenue Fund			
	Original Budget	Final Budget	Actual Budget	Variance With Final Budget
Revenues:				
Taxes:				
Personal Income	\$ 2,155,650	\$ 2,255,650	\$ 2,253,788	\$ (1,862)
Consumer Sales	1,421,800	1,521,300	1,537,245	15,945
Severance	250,950	272,950	274,256	1,306
Corporate Income/Business Franchise	144,500	309,500	320,487	10,987
Business and Occupation	126,900	131,900	133,128	1,228
Gasoline and Motor Carrier	—	—	—	—
Wholesale Motor Fuel	—	—	—	—
Automobile Privilege	—	—	—	—
Other	316,600	332,600	323,325	(9,275)
Excess Lottery Transfer	65,000	65,000	65,317	317
Intergovernmental	—	—	—	—
Licenses, Permits, and Fees	18,250	18,250	10,625	(7,625)
Departmental Collections	24,200	24,200	23,880	(320)
Interest Income	14,664	14,664	9,661	(5,003)
Other	36,000	36,000	35,865	(135)
Industrial Access Road Transfer	—	—	—	—
Total Revenues	4,574,514	4,982,014	4,987,577	5,563
Expenditures:				
Legislature	25,994	25,994	22,201	3,793
Judicial	135,499	135,499	110,679	24,820
Executive	51,695	104,196	38,494	65,702
Department of Administration	105,046	105,046	75,675	29,371
Bureau of Commerce	89,774	174,774	100,423	74,351
Department of Environmental Protection	6,688	6,688	6,510	178
Education	2,470,069	2,505,370	2,446,128	59,242
Health and Human Resources	1,159,927	1,159,927	1,120,907	39,020
Department of Homeland Security	446,882	466,385	407,595	58,790
Revenue	32,472	84,472	75,636	8,836
Transportation	8,004	158,754	155,148	3,606
Veteran's Assistance	12,012	12,012	9,706	2,306
Bureau of Senior Services	30,451	30,451	29,951	500
Miscellaneous Boards and Commissions	—	—	15,880	(15,880)
Total Expenditures	4,574,513	4,969,568	4,614,933	354,635
Excess (Deficiency) of Revenues Over (Under) Expenditures - Current Year	1	12,446	372,644	360,198
Expenditures from Prior Year Appropriations	813,933	813,933	145,549	668,384
Total Excess (Deficiency) of Revenues Over (Under) Expenditures - Current Year	(813,932)	(801,487)	227,095	1,028,582
Budgetary Fund Balance, Beginning of Year, As Adjusted	408,157	408,157	408,157	—
Adjustments for Accruals, etc.	—	—	10,475	10,475
Budgetary Fund Balance, End of Year	\$ (405,775)	\$ (393,330)	\$ 645,727	\$ 1,039,057

Federal Revenue				State Road			
Original Budget	Final Budget	Actual Budget	Variance With Final Budget	Original Budget	Final Budget	Actual Budget	Variance With Final Budget
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	440,000	440,000	399,542	(40,458)
—	—	—	—	—	—	—	—
—	—	—	—	231,194	231,194	300,975	69,781
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
5,708,102	6,268,484	6,100,239	(168,245)	467,400	467,400	524,420	57,020
—	—	—	—	169,357	169,357	136,484	(32,873)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	30,666	30,666	74,978	44,312
—	—	—	—	3,000	3,000	3,000	—
<u>5,708,102</u>	<u>6,268,484</u>	<u>6,100,239</u>	<u>(168,245)</u>	<u>1,341,617</u>	<u>1,341,617</u>	<u>1,439,399</u>	<u>97,782</u>
1,680	1,400	820	580	—	—	—	—
4,000	4,000	2,213	1,787	—	—	—	—
29,021	40,582	16,828	23,754	—	—	—	—
—	—	—	—	—	—	—	—
433,089	464,869	134,334	330,535	—	—	—	—
191,890	191,890	77,420	114,470	—	—	—	—
538,357	1,793,382	492,943	1,300,439	—	—	—	—
4,403,083	4,962,608	4,573,495	389,113	—	—	—	—
159,590	78,863	35,948	42,915	—	—	—	—
3,000	3,000	90	2,910	—	—	—	—
20,140	43,140	22,837	20,303	1,360,571	1,447,538	1,301,508	146,030
7,839	7,839	6,650	1,189	—	—	—	—
14,582	30,582	14,623	15,959	—	—	—	—
4,256	106,683	41,986	64,697	—	—	—	—
<u>5,810,527</u>	<u>7,728,838</u>	<u>5,420,187</u>	<u>2,308,651</u>	<u>1,360,571</u>	<u>1,447,538</u>	<u>1,301,508</u>	<u>146,030</u>
(102,425)	(1,460,354)	680,052	2,140,406	(18,954)	(105,921)	137,891	243,812
—	—	—	—	—	—	—	—
(102,425)	(1,460,354)	680,052	2,140,406	(18,954)	(105,921)	137,891	243,812
77,729	77,729	77,729	—	48,464	50,104	177,088	126,984
—	—	(12,755)	(12,755)	—	—	—	—
<u>\$ (24,696)</u>	<u>\$ (1,382,625)</u>	<u>\$ 745,026</u>	<u>\$ 2,127,651</u>	<u>\$ 29,510</u>	<u>\$ (55,817)</u>	<u>\$ 314,979</u>	<u>\$ 370,796</u>

Continued

Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)
(Continued)

	Special Revenue Fund			
	Original Budget	Final Budget	Actual Budget	Variance With Final Budget
Revenues				
Taxes				
Personal Income	—	—	—	—
Consumer Sales	—	—	—	—
Severance	—	—	—	—
Corporate Income/Business Franchise	—	—	—	—
Business and Occupation	—	—	—	—
Gasoline and Motor Carrier	—	—	—	—
Wholesale Motor Fuel	—	—	—	—
Automobile Privilege	—	—	—	—
Other	—	—	—	—
Excess Lottery Transfer	—	—	—	—
Intergovernmental	—	—	—	—
Licenses, Permits, and Fees	—	—	—	—
Departmental Collections	1,805,189	1,825,181	1,954,222	129,041
Interest Income	—	—	—	—
Other	—	—	—	—
Industrial Access Road Transfer	—	—	—	—
Total Revenues	1,805,189	1,825,181	1,954,222	129,041
Expenditures:				
Legislature	2,643	2,637	744	1,893
Judicial	1,450	1,450	867	583
Executive	62,599	65,972	35,651	30,321
Department of Administration	184,949	188,449	120,788	67,661
Bureau of Commerce	52,311	54,352	29,669	24,683
Department of Environmental Protection	65,747	66,337	27,902	38,435
Education	218,109	225,881	190,970	34,911
Health and Human Resources	523,606	611,075	502,078	108,997
Department of Homeland Security	44,778	42,813	26,955	15,858
Revenue	626,154	719,965	454,727	265,238
Transportation	13,771	13,771	6,440	7,331
Veteran's Assistance	1,964	1,964	1,776	188
Bureau of Senior Services	53,366	68,465	64,216	4,249
Miscellaneous Boards and Commissions	130,028	134,066	112,253	21,813
Total Expenditures	1,981,475	2,197,197	1,575,036	622,161
Excess (Deficiency) of Revenues Over (Under) Expenditures - Current Year	(176,286)	(372,016)	379,186	751,202
Expenditures from Prior Year Appropriations	5,484	5,484	57,708	(52,224)
Total Excess (Deficiency) of Revenues Over (Under) Expenditures - Current Year	(181,770)	(377,500)	321,478	698,978
Budgetary Fund Balance, Beginning of Year	2,651,570	2,651,570	2,651,570	—
Adjustments for Accruals, etc.	—	—	(447)	(447)
Budgetary Fund Balance, End of Year	2,469,800	2,274,070	2,972,601	698,531

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 2020, Appropriated Special Revenue and Federal Funds were increased by total supplemental appropriations of \$1.7 billion. 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 \$370 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 2020 General Revenue were increased by approximately \$6 million for surplus appropriations. The \$6 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.

2021 Budgetary Reporting

In FY 2021, \$15.4 million was transferred to the Rainy Day Fund.

The State's budgetary General Revenue Fund balance at July 1, 2020, has been adjusted as follows (expressed in thousands):

General Revenue Fund:	
Beginning Fund Balance	\$ 440,127
Prior Year Refunds	171
Transfer from Expired Funds	23,515
Adjustment	(55,656)
Adjusted Beginning Fund Balance	<u>\$ 408,157</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, 2021, 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, 2021
(Expressed in Thousands)

Budgetary Funds	General Revenue Fund	Federal Fund	State Road Fund	Appropriated Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 4,987,577	\$ 6,100,239	\$ 1,439,399	\$ 1,954,222
Differences – Budget to GAAP:				
Intrafund transactions not included in GAAP revenues	(5,934,344)	—	—	—
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	55,713	—	149,807	—
Basis of Accounting Difference	310,937	—	(33,936)	—
Reclassifications:				
Nonappropriated Budgetary Fund's Revenue included as revenue/transfers in the GAAP General, Transportation, and Other Funds	6,708,150	—	276,795	—
Budgetary special revenue funds transferred to GAAP General, Transportation, Tobacco Settlement Finance Authority and Other Funds	1,053,721	—	8,702	(1,954,222)
Budgetary federal funds transferred to GAAP General, Transportation, Tobacco Settlement Finance Authority and Other Funds	5,968,912	(6,100,239)	23,669	—
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 13,150,666	\$ —	\$ 1,864,436	\$ —
Uses/Outflows of resources				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,614,933	\$ 5,420,187	\$ 1,301,508	\$ 1,575,036
Differences – Budget to GAAP:				
Intrafund transactions not included in GAAP expenditures	(5,934,344)	—	—	—
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(287,260)	—	—	—
Basis of Accounting Difference	970,029	—	(471,658)	—
Reclassifications:				
Nonappropriated Budgetary Fund's exp./transfers out included as exp. in the GAAP General, Transportation, WV Infrastructure, and Other Funds	7,106,703	—	393,358	—
Budgetary general revenue funds transferred to GAAP General, Transportation, Tobacco Settlement Finance Authority, and Other Funds	(208,985)	—	151,376	—
Budgetary special revenue funds transferred to GAAP General, Transportation, Tobacco Settlement Finance Authority, and Other Funds	854,934	—	5,610	(1,575,036)
Budgetary federal revenue funds transferred to GAAP General, Transportation, Tobacco Settlement Finance Authority, and Other Funds	5,303,490	(5,420,187)	24,170	—
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 12,419,500	\$ —	\$ 1,404,364	\$ —



**Schedule of the State's Proportionate Share
of the Net Pension Liability
Multiple-Employer Cost Sharing Plans
June 30, 2021
(Expressed in Thousands)**

	PERS			
	2021	2020	2019	2018
State's proportion of the net pension liability	68.25 %	67.49 %	66.37 %	66.88 %
State's proportionate share of the net pension liability	\$ 360,808	\$ 145,121	\$ 171,404	\$ 288,670
State's covered payroll	\$ 1,056,970	\$ 985,020	\$ 923,191	\$ 921,592
State's proportionate share of the net pension liability as a percentage of its covered payroll	34.14 %	14.73 %	18.57 %	31.32 %
Plan fiduciary net position as a percentage of the total pension liability	92.89 %	96.99 %	96.33 %	93.67 %

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

2017	2016	2015
67.57 %	67.99 %	68.33 %
\$ 621,010	\$ 379,669	\$ 252,194
\$ 937,259	\$ 923,143	\$ 915,586
66.26 %	41.13 %	27.54 %
86.11 %	91.29 %	93.98 %

**Schedule of the State's Proportionate Share
of the Net Pension Liability
Multiple-Employer Cost Sharing Plans
June 30, 2021
(Expressed in Thousands)**

	TRS			
	2021	2020	2019	2018
State's proportion of the net pension liability	1.09 %	1.07 %	1.06 %	1.28 %
State's proportionate share of the net pension liability	\$ 35,091	\$ 31,747	\$ 33,154	\$ 44,163
State's covered payroll	\$ 330,830	\$ 307,841	\$ 319,360	\$ 282,077
State's proportionate share of the net pension liability as a percentage of its covered payroll	10.61 %	10.31 %	6.08 %	15.66 %
Plan fiduciary net position as a percentage of the total pension	70.89 %	72.64 %	71.20 %	67.85 %

TRS - Special Funding Situation

	2021	2020	2019	2018
Proportion of the net	94.43 %	94.34 %	93.83 %	92.86 %
Proportionate share of the net pension liability	\$ 3,006,052	\$ 2,775,073	\$ 2,929,645	\$ 3,208,171

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

2017	2016	2015
1.46 %	1.35 %	1.35 %
\$ 60,156	\$ 46,931	\$ 46,438
\$ 312,801	\$ 306,699	\$ 343,570
19.23 %	15.30 %	13.52 %
61.42 %	66.25 %	65.95 %
2017	2016	2015
92.09 %	93.44 %	94.15 %
\$ 3,784,772	\$ 3,237,919	\$ 3,248,227

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

	PERS				
	2021	2020	2019	2018	2017
Contractually required contribution	\$107,612	\$105,517	\$ 98,502	\$101,551	\$110,591
Contributions in relation to the contractually required contribution	107,612	105,517	98,502	101,551	110,591
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
State’s covered payroll	\$1,076,120	\$1,055,170	\$985,020	\$923,191	\$921,592
Contributions as a percentage of covered payroll	10.00 %	10.00 %	10.00 %	11.00 %	12.00 %

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

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$126,530	\$129,240	\$132,760
126,530	129,240	132,760
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
\$ 37,259	\$923,143	\$915,586
13.50 %	14.00 %	14.50 %

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

	TRS – State				
	2021	2020	2019	2018	2017
Contractually required contribution	\$ 4,361	\$ 4,980	\$ 5,104	\$ 5,118	\$ 5,780
Contributions in relation to the contractually required contribution	4,361	4,980	5,104	5,118	5,780
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 351,673	\$ 330,830	\$ 307,841	\$ 319,360	\$ 282,077
Contributions as a percentage of covered payroll	1.24 %	1.51 %	1.66 %	1.60 %	2.05 %

	TRS – Special Funding Situation				
	2021	2020	2019	2018	2017
Statutorily required contribution	\$ 389,692	\$ 436,598	\$ 442,726	\$ 458,163	\$ 420,605
Contributions in relation to the statutorily required contribution	389,692	436,598	442,726	458,163	420,605
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —

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

2016	2015	2014
\$ 6,043	\$ 6,662	\$ 6,922
<u>6,043</u>	<u>6,662</u>	<u>6,922</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
\$ 312,801	\$ 306,699	\$ 343,570
1.93 %	2.17 %	2.01 %

2016	2015	2014
\$ 392,714	\$ 458,452	\$ 484,159
<u>392,714</u>	<u>458,452</u>	<u>484,159</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Required Supplementary Information
Schedule of State Contributions – Single Employer Plans
Last Ten Fiscal Years
(Expressed in Thousands)

Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
SPDDRS					
2021	\$ 16,648	\$ 16,699	\$ (51)	\$ 349	4,784.81 %
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	528.30 %
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 %
SPRS					
2021	\$ 9,778	\$ 7,928	\$ 1,850	\$ 34,946	22.69 %
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	18.58 %
JRS					
2021	\$ 838	\$ 886	\$ (48)	\$ 9,752	9.09 %
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 %

Notes:

(1) Contributions for SPDDRS include employer contributions and other payments designated by WV State Code Section 15-2-26 - Payments to members for court attendance and mileage; rewards for apprehending wanted persons; fees for traffic accident reports and photographs; fees for criminal investigation reports and photographs; fees for criminal history record checks; and fees for criminal history record reviews and challenges or from any other sources designated by the superintendent.



Required Supplementary Information
Schedule of Changes in the State's
Net Pension Liability and Related Ratios
Fiscal Years Ended June 30
(Expressed in Thousands)

	SPDDRS				
	2021	2020	2019	2018	2017
Total pension liability:					
Service cost	\$ 153	\$ 540	\$ 931	\$ 1,071	\$ 1,263
Interest	55,378	54,438	54,004	53,131	51,913
Difference between actual and expected experience	4,601	6,331	(2,218)	47	6,283
Assumption changes	—	—	—	1,961	—
Benefit payments	(49,225)	(47,551)	(45,529)	(43,325)	(41,969)
Net change in total pension liability	10,907	13,758	7,188	12,885	17,490
Total pension liability – beginning	762,838	749,080	741,892	729,007	711,517
Total pension liability – ending (a)	773,745	762,838	749,080	741,892	729,007
Plan fiduciary net position:					
Contributions – employer	13,246	15,595	24,829	17,155	13,977
Contributions – member	35	110	186	362	320
Net investment income	21,252	38,174	60,939	87,793	(1,230)
Benefit payments	(49,225)	(47,551)	(45,529)	(43,325)	(41,969)
Administrative expense	(54)	(63)	(61)	(45)	(48)
Other	530	752	691	847	590
Net change in plan fiduciary net position	(14,216)	7,017	41,055	62,787	(28,360)
Plan fiduciary net position – beginning	689,820	682,803	641,748	578,798	607,158
Plan fiduciary net position – ending (b)	675,604	689,820	682,803	641,585	578,798
State's net pension liability (asset) – ending (a) - (b)	<u>\$ 98,141</u>	<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	87.32 %	90.43 %	91.15 %	86.48 %	79.40 %
Covered payroll	\$ 514	\$ 1,527	\$ 2,963	\$ 3,181	\$ 3,713
State's net pension liability (asset) as a percentage of covered payroll	19093.58 %	4781.79 %	2236.82 %	3153.32 %	4045.49 %
Information presented based upon measurement date of:	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016

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

	2016		2015
\$	1,774	\$	2,215
	50,748		49,778
	4,344		—
	—		—
	(39,708)		(37,565)
	—		14,428
	694,359		679,931
	—		—
	21,668		26,955
	445		545
	22,866		90,872
	(39,708)		(37,565)
	(51)		(52)
	861		—
	—		—
	601,077		520,322
	607,158		601,077
\$	—	\$	—

	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)

	SPRS				
	2021	2020	2019	2018	2017
Total pension liability:					
Service cost	\$ 8,533	\$ 7,456	\$ 7,617	\$ 6,827	\$ 6,750
Interest	16,918	14,654	13,496	11,410	10,113
Change of benefit terms	—	12,731	—	—	—
Difference between actual and expected	7,888	(3,513)	(3,610)	(765)	1,636
Assumption changes	—	—	—	11,192	—
Benefit payments	(2,498)	(1,944)	(1,842)	(1,454)	(1,071)
Net change in total pension liability	30,841	29,384	15,661	27,210	17,428
Total pension liability – beginning	218,293	188,909	173,248	146,038	128,610
Total pension liability – ending (a)	249,134	218,293	188,909	173,248	146,038
Plan fiduciary net position:					
Contributions – employer	4,850	4,556	4,205	3,657	3,887
Contributions – member	4,168	3,905	3,621	3,634	3,755
Net investment income	7,010	11,730	16,303	22,346	91
Benefit payments	(2,498)	(1,944)	(1,842)	(1,454)	(1,071)
Administrative expense	(67)	(60)	(60)	(64)	(47)
Other	—	—	—	—	(163)
Net change in plan fiduciary net position	13,463	18,187	22,227	28,119	6,452
Plan fiduciary net position – beginning	207,102	188,915	166,688	138,569	132,117
Plan fiduciary net position – ending (b)	220,565	207,102	188,915	166,688	138,569
State's net pension liability (asset) – ending (a) - (b)	\$ 28,569	\$ 11,191	\$ (6)	\$ 6,560	\$ 7,469
Plan fiduciary net position as a percentage of total pension liability	88.53 %	94.87 %	100.00 %	96.21 %	94.89 %
Covered payroll	\$ 30,938	\$ 30,938	\$ 32,291	\$ 31,582	\$ 31,792
State's net position liability (asset) as a percentage of covered payroll	84.25 %	36.17 %	(0.02)%	20.77 %	23.49 %
Information presented based upon measurement date of:	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016

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

	2016		2015
\$	6,337	\$	5,890
	9,024		8,021
	—		—
	(201)		—
	—		—
	(1,051)		(913)
	—		—
	114,501		101,503
	—		—
	4,060		4,049
	3,609		3,630
	4,972		17,756
	(1,051)		(913)
	(45)		(42)
	—		—
	—		—
	120,572		96,092
	—		—
	132,117		120,572
	—		—
\$	—	\$	—
	102.73 %		105.30 %
\$	29,574	\$	27,701
	(11.86)%		(21.92)%
	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)

	JRS				
	2021	2020	2019	2018	2017
Total pension liability:					
Service cost	\$ 2,640	\$ 2,406	\$ 2,587	\$ 2,466	\$ 2,681
Interest	8,711	8,608	8,539	8,521	8,478
Difference between actual and expected experience	(5,885)	(4,959)	(6,054)	(6,101)	(5,813)
Assumption changes	—	—	962		
Benefit payments	(4,897)	(4,933)	(4,932)	(4,609)	(4,429)
Net change in total pension liability	569	1,122	1,102	277	917
Total pension liability – beginning	115,950	114,828	113,726	113,449	112,532
Total pension liability – ending (a)	116,519	115,950	114,828	113,726	113,449
Plan fiduciary net position:					
Contributions – employer	791	779	735	739	739
Contributions – member	301	331	364	372	401
Net investment income	6,850	12,085	18,373	26,270	(175)
Benefit payments	(4,897)	(4,933)	(4,932)	(4,609)	(4,429)
Administrative expense	(10)	(11)	(8)	(6)	(6)
Other	—	(86)	—	(4)	(39)
Net change in plan fiduciary net position	3,035	8,165	14,532	22,762	(3,509)
Plan fiduciary net position – beginning	212,653	204,488	189,956	167,194	170,703
Plan fiduciary net position – ending (b)	215,688	212,653	204,488	189,956	167,194
State's net pension liability (asset) – ending (a) - (b)	\$ (99,169)	\$ (96,703)	\$ (89,660)	\$ (76,230)	\$ (53,745)
Plan fiduciary net position as a percentage of total pension liability	185.11 %	183.40 %	178.08 %	167.03 %	147.37 %
Covered payroll	\$ 9,752	\$ 9,374	\$ 9,500	\$ 9,122	\$ 8,870
State's net pension liability (asset) as a percentage of covered payroll	(1016.91)%	(1031.61)%	(943.78)%	(835.67)%	(605.92)%
Information presented based upon measurement date of:	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016

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

	2016		2015
\$	2,812	\$	2,819
	8,458		7,978
	(6,506)		—
	(4,313)		(4,455)
	—		—
	112,081		105,739
	—		—
	2,845		2,456
	413		426
	6,525		25,263
	(4,313)		(4,455)
	(6)		(7)
	—		80
	—		—
	165,239		141,476
	170,703		165,239
\$	—	\$	—
	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, 2020, to reflect the most recent experience study:

	2020	2019	2018	2017	2016
Projected salary					
Increases:					
State	3.1% - 5.3%	3.1% - 5.3%	3.00% - 4.6%	3.00% - 4.6%	3.00% - 4.6%
Nonstate	3.35% - 6.5%	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%	3.0%
Mortality rates	Active - Pub-2010 general employees table, below-median, headcount-weighted, projected which scale MP-2018; Retired Healthy males - 108% Pub-2010 general retiree male table, below median, headcount-weighted, projected with Scale MP-2018; Retired Healthy females - 122% Pub-2010 general retiree female table, below median, headcount-weighted, projected with Scale 2018; Retired Disabled males - 118% Pub-2010 general/teachers disabled male table, headcount-weighted, projected generationally with Scale MP-2018; Retired Disabled females - 117% Pub-2010 general/teachers disabled female table, headcount-weighted, projected generationally with scale MP-2018.	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.	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.	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%	2.28 - 45%	1.75 - 35%	1.75 - 26%	1.75 - 35.1%
Nonstate	2.5 - 35.9%	2.5 - 35.9%	2 - 35.9%	2 - 31.2%	2 - 35.8%
Disability rates	0 - 0.5%	0 - 0.7%	0 - 0.7%	0 - 0.7%	0 - .675%

	2015	2014
Projected salary		
Increases:		
State	3.00% – 4.6%	4.25% – 6.0%
Nonstate	3.35% – 6.0%	4.25% – 6.0%
Inflation rate	1.9%	2.2%
Mortality rates	<p>Healthy males – 110% of RP-2000 healthy annuitant table, projected Scale AA; Healthy females – 101% of RP-200 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 GA set forward 8 yrs, Disabled females – Revenue ruling 96-</p>
Withdrawal rates		
State	1.75 – 35.1%	1 – 26%
Nonstate	2 – 35.8%	2 – 31.2%
Disability rates	0 – .675%	0 – .8%

**Schedule of the State's Proportionate Share
of the Net OPEB Liability
Multiple-Employer Cost Sharing Plan
June 30, 2021
(Expressed in Thousands)**

	2021	2020	2019	2018	2017
State's proportion of the net OPEB liability	80.82 %	80.63 %	76.65 %	78.90 %	74.47 %
State's proportionate share of the net OPEB liability	\$ 356,966	\$ 1,337,704	\$ 1,644,412	\$ 1,940,146	\$ 1,849,369
State's covered-employee payroll	\$ 1,662,544	\$ 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	21.47 %	75.62 %	71.90 %	88.23 %	87.46 %
Plan fiduciary net position as a percentage of the total OPEB liability	73.49 %	39.69 %	30.98 %	25.10 %	21.64 %

Note: This schedule is intended to show ten 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, 2021
(Expressed in Thousands)

	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 151,000	\$ 158,000	\$ 171,000	\$ 169,000	\$ 185,000	\$ 128,000
Contributions in relation to the contractually required contribution	153,000	156,000	5,000	156,000	128,000	109,000
Contribution deficiency (excess)	\$ (2,000)	\$ 2,000	\$ 166,000	\$ 13,000	\$ 57,000	\$ 19,000
State's covered-employee payroll	\$ 1,662,544	\$ 1,768,975	\$ 1,892,941	\$ 2,286,999	\$ 2,199,037	\$ 2,114,459
Contributions as a percentage of covered-employee payroll	9.20 %	8.82 %	8.77 %	6.82 %	5.82 %	5.15 %

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

Required Supplementary Information
Schedule of State Contributions – OPEB Special Funding Situation
June 30, 2021
(Expressed in Thousands)

	2021	2020	2019	2018
Statutorily required contribution	\$ 30,000	\$ 35,000	\$ 35,000	\$ 35,000
Contributions in relation to the statutorily required contribution	30,000	35,000	35,000	35,000
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —

Note: This schedule is intended to show ten 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

*Babcock State Park * Clifftop, WV*

**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.

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021
(Expressed in Thousands)**

	Special Revenue	Debt Service
Assets:		
Cash and Cash Equivalents	\$ 417,472	\$ 59,979
Investments	173,007	—
Receivables, Net	15,456	—
Due from Other Governments	7,905	—
Due from Other Funds	60	—
Due from Component Units	—	1,055
Inventories	7	—
Restricted Assets:		
Cash and Cash Equivalents	1,694	—
Total Assets	<u>\$ 615,601</u>	<u>\$ 61,034</u>
Liabilities:		
Accounts Payable	\$ 32,583	\$ —
Accrued and Other Liabilities	20,525	—
Due to Other Governments	18,655	—
Due to Other Funds	641	—
Due to Component Units	14	—
Total Liabilities	<u>72,418</u>	<u>—</u>
Fund Balances:		
Nonspendable:		
Inventories	7	—
Permanent Fund	—	—
Restricted for:		
Capital Projects	—	—
Debt Service	—	61,034
Development, Tourism, and Recreation	78,281	—
Education	—	—
Public Protection	118,315	—
Committed to:		
General Government Operations	6,508	—
Public Protection	330,075	—
Assigned to:		
Health and Social Services	3,904	—
Public Protection	6,093	—
Total Fund Balances	<u>543,183</u>	<u>61,034</u>
Total Liabilities and Fund Balances	<u>\$ 615,601</u>	<u>\$ 61,034</u>

Capital Projects				Permanent Fund	
Education, Arts, Sciences, and Tourism Fund	Cacapon Project Fund	State Park Projects	Fund Lease Purchase Account	Irreducible School	Total
\$ 2,325	\$ 2,084	\$ 21,106	\$ 10,740	\$ 1,502	\$ 515,208
—	—	—	—	—	173,007
—	—	—	—	—	15,456
—	—	—	—	—	7,905
—	—	—	—	—	60
—	—	—	—	—	1,055
—	—	—	—	—	7
—	—	—	—	—	1,694
<u>\$ 2,325</u>	<u>\$ 2,084</u>	<u>\$ 21,106</u>	<u>\$ 10,740</u>	<u>\$ 1,502</u>	<u>\$ 714,392</u>
50	—	2,808	—	—	35,441
—	—	—	—	—	20,525
—	—	—	—	—	18,655
—	—	—	—	—	641
—	—	—	—	—	14
50	—	2,808	—	—	75,276
—	—	—	—	—	7
—	—	—	—	1,000	1,000
2,275	2,084	18,298	10,740	—	33,397
—	—	—	—	—	61,034
—	—	—	—	—	78,281
—	—	—	—	502	502
—	—	—	—	—	118,315
—	—	—	—	—	6,508
—	—	—	—	—	330,075
—	—	—	—	—	3,904
—	—	—	—	—	6,093
<u>2,275</u>	<u>2,084</u>	<u>18,298</u>	<u>10,740</u>	<u>1,502</u>	<u>639,116</u>
<u>\$ 2,325</u>	<u>\$ 2,084</u>	<u>\$ 21,106</u>	<u>\$ 10,740</u>	<u>\$ 1,502</u>	<u>\$ 714,392</u>

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	<u>Special Revenue</u>	<u>Debt Service</u>
Revenues:		
Intergovernmental	\$ 283,834	\$ —
Licenses, Permits, and Fees	119,606	—
Lottery Revenue	—	10,656
Investment Earnings	65,327	17
Other	7,783	—
Total Revenues	<u>476,550</u>	<u>10,673</u>
Expenditures:		
Legislative	1,463	—
Administration	—	4
Environmental Protection	126,859	—
Employment Programs	201,250	—
Education	—	—
Revenue	23,519	—
Veterans Assistance	—	1
Regulatory Boards and Commissions	22,735	—
Capital Outlay	—	—
Debt Service:		
Principal	—	55,565
Interest	—	25,752
Total Expenditures	<u>375,826</u>	<u>81,322</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>100,724</u>	<u>(70,649)</u>
Other Financing Sources (Uses):		
Transfers In	806	71,868
Transfers Out	(51,391)	(14)
Total Other Financing Sources (Uses)	<u>(50,585)</u>	<u>71,854</u>
Net Changes in Fund Balances	50,139	1,205
Fund Balances, Beginning of Year	493,044	59,829
Fund Balances, End of Year	<u>\$ 543,183</u>	<u>\$ 61,034</u>

Education, Arts, Sciences, and Tourism Fund	Capital Projects			Permanent Fund		Total
	Cacapon Project Fund	State Park Project	Fund Lease Purchase Account	Irreducible School		
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	283,834
—	—	—	—	—	—	119,606
—	—	—	—	—	—	10,656
1	—	3	1	—	—	65,349
—	—	—	—	—	(65)	7,718
<u>1</u>	<u>—</u>	<u>3</u>	<u>1</u>	<u>—</u>	<u>(65)</u>	<u>487,163</u>
—	—	—	—	—	—	1,463
—	—	—	—	—	—	4
—	—	—	—	—	—	126,859
—	—	—	—	—	—	201,250
1,969	—	—	—	—	—	1,969
—	—	—	—	—	—	23,519
—	—	—	—	—	—	1
—	—	—	—	—	—	22,735
—	5,928	23,510	—	—	—	29,438
—	—	—	—	—	—	55,565
—	—	—	—	—	—	25,752
<u>1,969</u>	<u>5,928</u>	<u>23,510</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>488,555</u>
<u>(1,968)</u>	<u>(5,928)</u>	<u>(23,507)</u>	<u>1</u>	<u>(65)</u>	<u>(1,392)</u>	
—	—	—	—	—	567	73,241
—	—	—	—	—	(535)	(51,940)
—	—	—	—	—	32	21,301
<u>(1,968)</u>	<u>(5,928)</u>	<u>(23,507)</u>	<u>1</u>	<u>(33)</u>	<u>(33)</u>	<u>19,909</u>
<u>4,243</u>	<u>8,012</u>	<u>41,805</u>	<u>10,739</u>	<u>1,535</u>	<u>—</u>	<u>619,207</u>
<u>\$ 2,275</u>	<u>\$ 2,084</u>	<u>\$ 18,298</u>	<u>\$ 10,740</u>	<u>\$ 1,502</u>	<u>\$ —</u>	<u>\$ 639,116</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, 2021
(Expressed in Thousands)**

	Environmental Protection	Public Service Commission	Crime Victims' Compensation
Assets:			
Cash and Cash Equivalents	\$ 343,035	\$ 38,159	\$ 6,530
Investments	97,047	—	—
Receivables, Net	9,948	72	—
Due from Other Governments	—	3,569	—
Due from Other Funds	—	49	—
Inventories	—	—	—
Restricted Assets:			
Cash and Cash Equivalents	251	1,443	—
Total Assets	\$ 450,281	\$ 43,292	\$ 6,530
Liabilities:			
Accounts Payable	\$ 15,009	\$ 12,451	\$ 22
Accrued and Other Liabilities	16,451	2,083	—
Due to Other Governments	3,947	10,122	—
Due to Other Funds	132	105	—
Due to Component Units	—	—	—
Total Liabilities	35,539	24,761	22
Fund Balances (Deficits):			
Nonspendable:			
Inventories	—	—	—
Restricted for:			
Development, Tourism, and Recreation	—	—	—
Public Protection	108,275	10,040	—
Committed to:			
General Government Operations	—	—	6,508
Public Protection	300,408	8,457	—
Assigned to:			
Health and Social Services	—	—	—
Public Protection	6,059	34	—
Total Fund Balances	414,742	18,531	6,508
Total Liabilities and Fund Balances	\$ 450,281	\$ 43,292	\$ 6,530

Insurance Commission	WORKFORCE West Virginia	Wildlife Resources Fund	Total
\$ 20,086	\$ 9,662	\$ —	\$ 417,472
—	—	75,960	173,007
3,104	11	2,321	15,456
—	4,336	—	7,905
11	—	—	60
—	7	—	7
—	—	—	1,694
<u>\$ 23,201</u>	<u>\$ 14,016</u>	<u>\$ 78,281</u>	<u>\$ 615,601</u>
\$ —	\$ 5,101	\$ —	\$ 32,583
1,991	—	—	20,525
—	4,586	—	18,655
—	404	—	641
—	14	—	14
<u>1,991</u>	<u>10,105</u>	<u>—</u>	<u>72,418</u>
—	7	—	7
—	—	78,281	78,281
—	—	—	118,315
—	—	—	6,508
21,210	—	—	330,075
—	3,904	—	3,904
—	—	—	6,093
<u>21,210</u>	<u>3,911</u>	<u>78,281</u>	<u>543,183</u>
<u>\$ 23,201</u>	<u>\$ 14,016</u>	<u>\$ 78,281</u>	<u>\$ 615,601</u>

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	Environmental Protection	Public Service Commission	Crime Victims' Compensation
Revenues:			
Intergovernmental	\$ 77,966	\$ 3,654	\$ 820
Licenses, Permits, and Fees	64,576	16,033	1,060
Investment Earnings and Losses	46,144	—	87
Other	7,669	—	20
Total Revenues	<u>196,355</u>	<u>19,687</u>	<u>1,987</u>
Expenditures:			
Legislative	—	—	1,463
Environmental Protection	126,859	—	—
Employment Programs	—	—	—
Revenue	—	—	—
Regulatory Boards and Commissions	—	22,735	—
Total Expenditures	<u>126,859</u>	<u>22,735</u>	<u>1,463</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>69,496</u>	<u>(3,048)</u>	<u>524</u>
Other Financing Sources (Uses):			
Transfers In	806	—	—
Transfers Out	(27,929)	(113)	(2)
Total Other Financing Sources (Uses)	<u>(27,123)</u>	<u>(113)</u>	<u>(2)</u>
Net Change in Fund Balances	42,373	(3,161)	522
Fund Balances, Beginning of Year	372,369	21,692	5,986
Fund Balances, End of Year	<u>\$ 414,742</u>	<u>\$ 18,531</u>	<u>\$ 6,508</u>

Insurance Commission	WORKFORCE West Virginia	Wildlife Resources Fund	Total
\$ —	\$ 201,394	\$ —	\$ 283,834
37,107	—	830	119,606
1	—	19,095	65,327
94	—	—	7,783
<u>37,202</u>	<u>201,394</u>	<u>19,925</u>	<u>476,550</u>
—	—	—	1,463
—	—	—	126,859
—	201,250	—	201,250
23,519	—	—	23,519
—	—	—	22,735
<u>23,519</u>	<u>201,250</u>	<u>—</u>	<u>375,826</u>
<u>13,683</u>	<u>144</u>	<u>19,925</u>	<u>100,724</u>
—	—	—	806
<u>(19,000)</u>	<u>—</u>	<u>(4,347)</u>	<u>(51,391)</u>
<u>(19,000)</u>	<u>—</u>	<u>(4,347)</u>	<u>(50,585)</u>
(5,317)	144	15,578	50,139
26,527	3,767	62,703	493,044
<u>\$ 21,210</u>	<u>\$ 3,911</u>	<u>\$ 78,281</u>	<u>\$ 543,183</u>



DEBT SERVICE FUNDS

Nonmajor Funds

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.

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.

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.

Combining Balance Sheet
Nonmajor Debt Revenue Funds
June 30, 2021
(Expressed in Thousands)

	Lease Purchase Accounts	Education, Arts, Sciences, and Tourism Fund	Economic Development Project Fund	Cacapon Project Fund	State Parks Projects	Total
Assets:						
Cash and Cash Equivalents	\$ 6,236	\$ 12	\$ 49,125	\$ 1,483	\$ 3,123	\$ 59,979
Due from Component Units	55	1,000	—	—	—	1,055
Total Assets	<u>\$ 6,291</u>	<u>\$ 1,012</u>	<u>\$ 49,125</u>	<u>\$ 1,483</u>	<u>\$ 3,123</u>	<u>\$ 61,034</u>
Fund Balances:						
Restricted for Debt Service	6,291	1,012	49,125	1,483	3,123	61,034
Total Liabilities and Fund Balances	<u>\$ 6,291</u>	<u>\$ 1,012</u>	<u>\$ 49,125</u>	<u>\$ 1,483</u>	<u>\$ 3,123</u>	<u>\$ 61,034</u>

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	Lease Purchase Accounts	West Virginia Infrastructure and Jobs Development Council	Education, Arts, Sciences, and Tourism Fund	Economic Development Project Fund	Cacapon Project Fund	State Park Projects	Total
Revenues:							
Lottery Revenues	\$ 662	\$ —	\$ 9,994	\$ —	\$ —	\$ —	\$ 10,656
Investment Earnings	—	14	—	3	—	—	17
Total Revenues	662	14	9,994	3	—	—	10,673
Expenditures:							
Administration	3	—	1	—	—	—	4
Veterans Administration	1	—	—	—	—	—	1
Debt Service:							
Principal	17,050	18,645	4,185	13,130	870	1,685	55,565
Interest	7,332	3,291	5,809	5,503	1,153	2,664	25,752
Total Expenditures	24,386	21,936	9,995	18,633	2,023	4,349	81,322
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,724)	(21,922)	(1)	(18,630)	(2,023)	(4,349)	(70,649)
Other Financing Sources (Uses):							
Transfers In	24,524	21,936	—	18,987	2,029	4,392	71,868
Transfers Out	—	(14)	—	—	—	—	(14)
Total Other Financing Sources (Uses)	24,524	21,922	—	18,987	2,029	4,392	71,854
Net Change in Fund Balances	800	—	(1)	357	6	43	1,205
Fund Balances, Beginning of Year	5,491	—	1,013	48,768	1,477	3,080	59,829
Fund Balances, End of Year	\$ 6,291	\$ —	\$ 1,012	\$ 49,125	\$ 1,483	\$ 3,123	\$ 61,034



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.

Enterprise Readiness Planning Board: The Board is responsible for the oversight of how the State manages its financial, human resources, procurement, and other administrative business processes through its Enterprise Readiness Planning (ERP) system. Costs are recovered through service charges to user agencies.

Investment Management Board: The Board serves as the Trustee to provide prudent fiscal administration, investment, and management of the State's pension funds, workers' compensation, pneumoconiosis, and other long-term funds.

Board of Treasury Investments: The BTI serves as the investment vehicle for the operating cash of state agencies and authorities, local governments, and other political subdivisions.

Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2021
(Expressed in Thousands)

	State Building Fund	Information Services and Communications	Travel Management	Enterprise Readiness Planning Board	Investment Management Board	Board of Treasury Investments	Total
Assets:							
Current Assets:							
Cash and Cash Equivalents	\$ 2,699	\$ 6,279	\$ 2,523	\$ 12,421	\$ 4,451	\$ 1,358	\$ 29,731
Receivables, Net	—	131	2	—	8,856	1,013	10,002
Due from Other Funds	1,944	10,256	92	1,327	—	—	13,619
Due from Component Units	23	—	42	—	—	—	65
Inventories	624	218	—	—	—	—	842
Other Assets	—	—	—	—	107	—	107
Restricted Assets:							
Cash and Cash Equivalents	—	—	7,091	—	—	—	7,091
Total Current Assets	5,290	16,884	9,750	13,748	13,414	2,371	61,457
Noncurrent Assets:							
Restricted Assets:							
Cash and Cash Equivalents	16,186	—	—	—	—	—	16,186
Capital Assets, Net	216,109	899	15,760	67,039	112	3	299,922
Total Noncurrent Assets	232,295	899	15,760	67,039	112	3	316,108
Total Assets	237,585	17,783	25,510	80,787	13,526	2,374	377,565
Deferred Outflows of Resources:							
Related to Pensions	1,230	2,841	201	519	—	—	4,791
Related to Other Post-Employment Benefits	1,752	408	201	72	—	—	2,433
Total Deferred Outflows of Resources	2,982	3,249	402	591	—	—	7,224
Liabilities:							
Current Liabilities:							
Accounts Payable	4,290	6,987	222	1,227	8,810	777	22,313
Accrued and Other Liabilities	252	551	36	89	—	—	928
Due to Other Governments	94	242	15	43	—	—	394
Due to Other Funds	175	322	30	52	—	—	579
Due to Component Units	—	—	—	—	—	—	—
Capital Leases and Other Debt	131	—	8,002	—	—	—	8,133
Capital Leases Payable to Component Units	1,865	—	—	—	—	—	1,865
Total Current Liabilities	6,807	8,102	8,305	1,411	8,810	777	34,212
Noncurrent Liabilities:							
Capital Leases and Other Debt	2,022	—	10,956	—	—	—	12,978
Capital Leases Payable to Component Units	49,570	—	—	—	—	—	49,570
Net Pension Liability	1,516	3,687	261	667	—	—	6,131
Net OPEB Liability	827	700	53	124	—	—	1,704
Compensated Absences	479	1,342	85	266	—	—	2,172
Total Noncurrent Liabilities	54,414	5,729	11,355	1,057	—	—	72,555
Total Liabilities	61,221	13,831	19,660	2,468	8,810	777	106,767
Deferred Inflows of Resources:							
Related to Pensions	124	450	62	77	—	—	713
Related to Other Post-Employment Benefits	2,521	3,466	324	399	—	—	6,710
Total Deferred Inflows of Resources	2,645	3,916	386	476	—	—	7,423
Net Position:							
Net Investment in Capital Assets	160,843	962	3,893	67,039	112	3	232,852
Restricted for Capital Projects	14,508	—	—	—	—	—	14,508
Restricted for Specific Fund Purposes	—	—	7,091	—	—	—	7,091
Unrestricted	1,350	2,323	(5,118)	11,395	4,604	1,594	16,148
Total Net Position	\$ 176,701	\$ 3,285	\$ 5,866	\$ 78,434	\$ 4,716	\$ 1,597	\$ 270,599

**Combining Statement of Revenues, Expenses,
and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	State Building Fund	Information Services and Communications	Travel Management	Enterprise Readiness Planning Board	Investment Management Board	Board of Treasury Investments	Total
Operating Revenues:							
Charges for Services	\$ 20,502	\$ 51,451	\$ 10,677	\$ 14,605	\$ 44,163	\$ 3,791	\$ 145,189
Other	—	—	—	—	34	—	34
Total Operating Revenues	20,502	51,451	10,677	14,605	44,197	3,791	145,223
Operating Expenses:							
Cost of Sales and Services	21,590	48,699	1,931	7,299	39,040	3,265	121,824
General and Administration	1,566	6,510	765	681	5,054	225	14,801
Pension Expense	367	778	75	129	—	—	1,349
OPEB Expense	(322)	(1,032)	79	(111)	—	—	(1,386)
Depreciation and Amortization	6,723	414	8,358	5,343	70	3	20,911
Total Operating Expenses	29,924	55,369	11,208	13,341	44,164	3,493	157,499
Operating Income (Loss)	(9,422)	(3,918)	(531)	1,264	33	298	(12,276)
Nonoperating Revenues (Expenses):							
Gain (Loss) on Sale of Equipment	(7)	—	(85)	—	—	—	(92)
Investment Income	—	—	—	—	1	—	1
Interest Expense	(2,168)	—	—	—	—	—	(2,168)
Lottery Revenues	4,894	—	—	—	—	—	4,894
Other Nonoperating Revenues	79	67	223	12	—	—	381
Total Nonoperating Revenues (Expenses), Net	2,798	67	138	12	1	—	3,016
Income (Loss) Before Capital Contributions and Transfers	(6,624)	(3,851)	(393)	1,276	34	298	(9,260)
Capital Contributions and Transfers:							
Capital Contribution	239	—	—	—	—	—	239
Transfers In	36,781	—	1,063	—	—	—	37,844
Transfers Out	(5,500)	—	—	—	—	—	(5,500)
Total Capital Contributions and Transfers	31,520	—	1,063	—	—	—	32,583
Change in Net Position	24,896	(3,851)	670	1,276	34	298	23,323
Net Position, Beginning of Year	151,805	7,136	5,196	77,158	4,682	1,299	247,276
Net Position, End of Year	\$ 176,701	\$ 3,285	\$ 5,866	\$ 78,434	\$ 4,716	\$ 1,597	\$ 270,599

**Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	State Building Fund	Information Services and Communications	Travel Management	Enterprise Readiness Planning Board	Investment Management Board	Board of Treasury Investments	Total
Cash Flows from Operating Activities:							
Receipts from State Agencies	\$ 20,312	\$ 53,698	\$ 10,974	\$ 13,809	\$ 43,021	\$ 3,643	\$ 145,457
Payments to Suppliers	(17,275)	(39,505)	(1,900)	(6,188)	(39,352)	(3,378)	(107,598)
Payments to Employees	(5,882)	(13,649)	(1,106)	(2,656)	(4,091)	—	(27,384)
Net Cash Provided by (Used for) Operating Activities	(2,845)	544	7,968	4,965	(422)	265	10,475
Cash Flows from Noncapital Financing Activities:							
Transfers In	36,781	—	1,063	—	—	—	37,844
Transfers Out	(5,500)	—	—	—	—	—	(5,500)
Distributions or Subsidies from (to) Other Organizations	4,894	—	—	—	—	—	4,894
Net Cash Provided by (Used for) Noncapital Financing Activities	36,175	—	1,063	—	—	—	37,238
Cash Flows from Capital and Related Financing Activities:							
Proceeds from Sale of Capital Bonds and Other Debts	—	—	6,498	—	—	—	6,498
Repayment of Capital Debt	(1,975)	(162)	(8,851)	—	—	—	(10,988)
Interest Paid on Capital Debt	(2,168)	1	—	—	—	—	(2,167)
Acquisition and Construction of Capital Assets	(27,124)	(358)	(6,674)	(2,356)	(21)	—	(36,533)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(31,267)	(519)	(9,027)	(2,356)	(21)	—	(43,190)
Cash Flows from Investing Activities :							
Investment Earnings	—	—	—	—	1	—	1
Net Cash Provided by (Used for) Investing Activities	—	—	—	—	1	—	1
Net Increase (Decrease) in Cash and Cash Equivalents	2,063	25	4	2,609	(442)	265	4,524
Cash and Cash Equivalents, Beginning of Year	16,822	6,254	9,610	9,812	4,893	1,093	48,484
Cash and Cash Equivalents, End of Year	\$ 18,885	\$ 6,279	\$ 9,614	\$ 12,421	\$ 4,451	\$ 1,358	\$ 53,008

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)
(Continued)

	State Building Fund	Information Services and Communications	Travel Management	Enterprise Readiness Planning Board	Investment Management Board	Board of Treasury Investments	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Operating Income (Loss)	\$ (9,422)	\$ (3,918)	\$ (531)	\$ 1,264	\$ 33	\$ 298	\$ (12,276)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation and Amortization	6,723	414	8,358	5,343	70	3	20,911
Bad Debt Expense	—	2,891	—	—	—	—	2,891
Pension Expense	367	778	75	129	—	—	1,349
OPEB Expense	(322)	(1,032)	79	(111)	—	—	(1,386)
Changes in Assets, Liabilities, and Deferred Outflows of Resources:							
Receivables	(190)	2,247	296	(796)	(1,176)	(148)	233
Inventories	(139)	191	—	—	—	—	52
Other Assets	—	—	(48)	—	(25)	—	(73)
Accounts Payable and Accrued Liabilities	685	292	(205)	(583)	676	112	977
Other Liabilities	104	163	(6)	(13)	—	—	248
Deferred Outflows of Resources	(651)	(1,482)	(50)	(268)	—	—	(2,451)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (2,845)</u>	<u>\$ 544</u>	<u>\$ 7,968</u>	<u>\$ 4,965</u>	<u>\$ (422)</u>	<u>\$ 265</u>	<u>\$ 10,475</u>
Schedule of Noncash Capital and Financing Activities:							
On Behalf OPEB Payments	\$ 79	\$ 67	\$ 5	\$ 12	\$ —	\$ —	\$ 163

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, 2021
(Expressed in Thousands):

	Business-type Activities – Enterprise Funds				
	Drinking Water Treatment Revolving Fund	Alcohol Beverage Control Administration	West Virginia Prepaid College Plan	State Entities Workers' Compensation	Total
Assets:					
Current Assets:					
Cash and Cash Equivalents	\$ 50,018	\$ 22,799	\$ 4,367	\$ 13,324	\$ 90,508
Investments	—	—	2,242	—	2,242
Receivables, Net	8,759	227	416	1	9,403
Inventories	—	53	—	—	53
Other Assets	—	—	—	12,780	12,780
Restricted Assets:					
Receivables, Net	—	766	—	—	766
Total Current Assets	58,777	23,845	7,025	26,105	115,752
Noncurrent Assets:					
Receivables, Net	134,488	—	—	—	134,488
Restricted Assets:					
Receivables, Net	—	2,399	—	—	2,399
Capital Assets, Net	—	1,899	—	—	1,899
Total Noncurrent Assets	134,488	4,298	—	—	138,786
Total Assets	193,265	28,143	7,025	26,105	254,538
Deferred Outflows of Resources:					
Related to Pensions	—	762	104	—	866
Related to OPEB	—	157	46	—	203
Total Deferred Outflows of Resources	—	919	150	—	1,069
Liabilities:					
Current Liabilities:					
Accounts Payable	—	4,858	173	—	5,031
Accrued Tuition Contract Benefits	—	—	10,828	—	10,828
Accrued and Other Liabilities	—	284	—	—	284
Due to Other Funds	—	2	—	—	2
Due to Component Units	43	—	—	—	43
Insurance and Compensation Benefits Obligations	—	—	—	5,200	5,200
Compensated Absences	—	—	40	—	40
Total Current Liabilities	43	5,144	11,041	5,200	21,428
Noncurrent Liabilities:					
Insurance and Compensation Benefits Obligations	—	—	—	7,100	7,100
Net Pension Liability	—	967	118	—	1,085
Net OPEB Liability	—	331	26	—	357
Compensated Absences	—	286	15	—	301
Total Noncurrent Liabilities	—	1,584	159	7,100	8,843
Total Liabilities	43	6,728	11,200	12,300	30,271
Deferred Inflows of Resources:					
Related to Pensions	—	76	22	—	98
Related to OPEB	—	1,162	110	—	1,272
Total Deferred Inflows of Resources	—	1,238	132	—	1,370
Net Position (Deficit):					
Net Investment in Capital Assets	—	1,899	—	—	1,899
Restricted for:					
General Government Operations	—	—	3,149	—	3,149
Lending Activities	193,222	3,167	—	—	196,389
Insurance Activities	—	—	—	13,805	13,805
Unrestricted (Deficit)	—	16,030	(7,306)	—	8,724
Total Net Position (Deficit)	193,222	21,096	(4,157)	\$ 13,805	\$ 223,966

**Combining Statement of Revenues, Expenses,
and Changes in Fund Net Position
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	Business-type Activities – Enterprise				
	Drinking Water Treatment Revolving Fund	Alcohol Beverage Control Administration	West Virginia College Prepaid Tuition and Savings Program	State Entities Workers’ Compensation	Total
Operating Revenues:					
Charges for Services and Sales	\$ 1,636	\$ 127,796	\$ —	\$ —	\$129,432
Insurance Premiums	—	—	—	8,930	8,930
Licenses, Permits, and Fees	—	4,443	1,647	—	6,090
Other	—	86	25	—	111
Total Operating Revenues	1,636	132,325	1,672	8,930	144,563
Operating Expenses:					
Cost of Sales and Services	—	97,083	—	—	97,083
Insurance Claims and Claims Adjustment Provisions	—	—	—	8,330	8,330
Tuition Contract Benefits and Expenses	—	—	1,640	—	1,640
General and Administration	—	5,063	1,218	498	6,779
Pension Expense	—	253	27	—	280
OPEB Expense	—	(330)	(19)	—	(349)
Depreciation and Amortization	—	176	—	—	176
Other	2,212	—	—	—	2,212
Total Operating Expenses	2,212	102,245	2,866	8,828	116,151
Operating Income (Loss)	(576)	30,080	(1,194)	102	28,412
Nonoperating Revenues (Expenses):					
Interest and Other Investment Income	73	—	7	(30)	50
Other Nonoperating Revenues	—	1,267	2	—	1,269
Other Nonoperating Expenses	(344)	—	—	—	(344)
Total Nonoperating Revenues (Expenses), Net	(271)	1,267	9	(30)	975
Income (Loss) Before Transfers	(847)	31,347	(1,185)	72	29,387
Transfers:					
Transfers In	8,115	—	—	—	8,115
Transfers Out	—	(27,537)	—	(1,000)	(28,537)
Total Transfers	8,115	(27,537)	—	(1,000)	(20,422)
Change in Net Position	7,268	3,810	(1,185)	(928)	8,965
Net Position (Deficit), Beginning of Year	185,954	17,286	(2,972)	14,733	215,001
Net Position (Deficit), End of Year	\$ 193,222	\$ 21,096	\$ (4,157)	\$ 13,805	\$223,966

Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Business-type Activities – Enterprise				
	Drinking Water Treatment Revolving Fund	Alcohol Beverage Control Administration	West Virginia College Prepaid Tuition and Savings Program	State Entities Workers' Compensation	Total
Cash Flows From Operating Activities:					
Receipts from Customers	\$ 9,589	\$ 132,805	\$ —	\$ 16,641	\$ 159,035
Payments to Suppliers	—	(98,399)	(529)	(101)	(99,029)
Payments to Employees	—	(4,306)	(683)	—	(4,989)
Payments to Beneficiaries	—	—	(5,230)	—	(5,230)
Payments for Loans Originated	(10,149)	—	—	—	(10,149)
Payments for Premiums	—	—	—	(8,267)	(8,267)
Payments to Claimants	—	—	—	(8,188)	(8,188)
Other Operating Cash Receipts	—	—	1,622	—	1,622
Other Operating Cash Payments	(147)	—	—	(141)	(288)
Net Cash Provided by (Used for) Operating Activities	(707)	30,100	(4,820)	(56)	24,517
Cash Flows from Noncapital Financing Activities:					
Transfers In	7,772	—	—	—	7,772
Transfers Out	—	(27,537)	—	(1,000)	(28,537)
Provided from Issuing Liquor Licenses	—	1,165	—	—	1,165
Receipts from Notes Receivable	—	715	—	—	715
Entitlements and Grants	—	71	—	—	71
Net Cash Provided by (Used for) Noncapital Financing Activities	7,772	(25,586)	—	(1,000)	(18,814)
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	—	(175)	—	—	(175)
Net Cash Used for Capital and Related Financing Activities	—	(175)	—	—	(175)
Cash Flows from Investing Activities:					
Purchase of Investments	—	—	(7)	—	(7)
Proceeds from Sale of Investments	—	—	3,742	—	3,742
Investment Earnings	73	—	7	17	97
Net Cash Provided by Investing Activities	73	—	3,742	17	3,832
Net Increase (Decrease) in Cash and Cash Equivalents	7,138	4,339	(1,078)	(1,039)	9,360
Cash and Cash Equivalents, Beginning of Year	42,880	18,460	5,445	14,363	81,148
Cash and Cash Equivalents, End of Year	\$ 50,018	\$ 22,799	\$ 4,367	\$ 13,324	\$ 90,508

**Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)
(Continued)**

	Business-type Activities – Enterprise Funds				
	Drinking Water Treatment Revolving Fund	Alcohol Beverage Control Administration	West Virginia College Prepaid Tuition and Savings Program	State Entities Workers' Compensation	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	\$ (576)	\$ 30,080	\$ (1,194)	\$ 102	\$ 28,412
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by (Used for) Operating Activities:					
Depreciation and Amortization	—	176	—	—	176
Pension Expense	—	253	27	—	280
OPEB Expense	—	(330)	(19)	—	(349)
Changes in Assets, Liabilities, and Deferred Outflows and Inflows of Resources:					
Receivables	(131)	480	(293)	1,002	1,058
Inventories	—	(10)	—	—	(10)
Accounts Payable and Accrued Liabilities	—	(91)	57	(1,000)	(1,034)
Tuition Contracts Benefits and Expenses	—	—	(3,346)	—	(3,346)
Other Liabilities	—	—	—	(160)	(160)
Compensated Absences	—	4	2	—	6
Deferred Outflows Related to Pensions/OPEB	—	(327)	(54)	—	(381)
Pension/OPEB	—	(453)	—	—	(453)
Deferred Inflows related to Pensions/OPEB	—	318	—	—	318
Net Cash Provided by (Used for) Operating Activities	\$ (707)	\$ 30,100	\$ (4,820)	\$ (56)	\$ 24,517
Schedule of Noncash Capital and Financing Activities:					
Loans Originated with Principal Forgiveness Features	\$ 2,051	\$ —	\$ —	\$ —	\$ 2,051
On-Behalf OPEB Payments	—	31	2	—	33



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 nine 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. The Natural Resources Police Officers Retirement System (NRPORS) is a single-employer defined benefit public employee retirement system. This plan covers all natural resources police officers hired January 2, 2021, and any transferees from PERS.

Employee Benefit Trust Fund This fund 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
June 30, 2021
(Expressed in Thousands)**

	Public Employees' Retirement System	Teachers' Retirement System	Public Safety Death, Disability, and Retirement Fund	State Police Retirement System	Judges' Retirement System	Teachers' Defined Contribution Retirement System
Assets:						
Cash and Cash Equivalents	\$ 744	\$ 2,457	\$ 12	\$ 11	\$ 3	\$ 15,698
Investments:						
Equity in Pooled Investments	8,807,095	9,886,657	851,521	301,155	280,669	—
Mutual Funds	—	—	—	—	—	703,293
Receivables, Net:						
Contributions	2,996	23,428	—	—	—	938
Participant Loans	33	1,011	3	—	—	552
Accounts	—	—	—	—	—	—
Due from Other Funds	6	1,269	—	—	—	—
Due from Component Units	1,191	—	—	—	—	—
Total Assets	8,812,065	9,914,822	851,536	301,166	280,672	720,481
Deferred Outflows of Resources:						
Related to Pensions	—	—	—	—	—	—
Related to OPEB	—	—	—	—	—	—
Total Deferred Outflows of Resources	—	—	—	—	—	—
Liabilities:						
Accounts Payable	29	—	—	—	—	—
Accrued and Other Liabilities	6,146	35	3	8	12	15,395
Due to Other Funds	6	—	—	—	—	—
Insurance Claims Payable	—	—	—	—	—	—
Net Pension Liability	—	—	—	—	—	—
Net OPEB Liability	—	—	—	—	—	—
Total Liabilities	6,181	35	3	8	12	15,395
Deferred Inflows of Resources:						
Related to Pensions	—	—	—	—	—	—
Related to OPEB	—	—	—	—	—	—
Total Deferred Inflows of Resources	—	—	—	—	—	—
Net Position Held in Trust for:						
Restricted for:						
Pensions	8,805,884	9,914,787	851,533	301,158	280,660	705,086
Other Postemployment Benefits	—	—	—	—	—	—
Total Net Position	\$ 8,805,884	\$ 9,914,787	\$ 851,533	\$ 301,158	\$ 280,660	\$ 705,086

Deputy Sheriff Retirement System	Emergency Medical Services Retirement System	Municipal Police Officers and Firefighters	Natural Resources Police Officers Retirement System	Total Pension Trust Funds	Other Employee Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
\$ 56	\$ 10	\$ 8	\$ 4	\$ 19,003	\$ 65,660	\$ 84,663
314,634	118,768	23,817	25,063	20,609,379	1,611,764	22,221,143
—	—	—	—	703,293	—	703,293
611	443	269	—	28,685	6,875	35,560
263	—	4	—	1,866	—	1,866
—	—	—	—	—	7,097	7,097
104	—	—	—	1,379	729	2,108
—	—	—	—	1,191	2,636	3,827
<u>315,668</u>	<u>119,221</u>	<u>24,098</u>	<u>25,067</u>	<u>21,364,796</u>	<u>1,694,761</u>	<u>23,059,557</u>
—	—	—	—	—	249	249
—	—	—	—	—	118	118
—	—	—	—	—	367	367
—	—	—	—	29	81	110
—	—	—	54	21,653	10,258	31,911
—	—	—	—	6	2,416	2,422
—	—	—	—	—	8,613	8,613
—	—	—	—	—	305	305
—	—	—	—	—	100	100
—	—	—	54	21,688	21,773	43,461
—	—	—	—	—	21	21
—	—	—	—	—	310	310
—	—	—	—	—	331	331
315,668	119,221	24,098	25,013	21,343,108	—	21,343,108
—	—	—	—	—	1,673,024	1,673,024
<u>\$ 315,668</u>	<u>\$ 119,221</u>	<u>\$ 24,098</u>	<u>\$ 25,013</u>	<u>\$ 21,343,108</u>	<u>\$ 1,673,024</u>	<u>\$ 23,016,132</u>

**Combining Statement of Changes in Fiduciary Net Position
Pension Trust and Other Employee
Benefit Trust Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	Public Employees' Retirement System	Teachers' Retirement System	Public Safety Death, Disability, and Retirement Fund	State Police Retirement System	Judges' Retirement System	Teachers' Defined Contribution Retirement System
Additions:						
Contributions:						
Members	\$ 78,762	\$ 97,258	\$ 34	\$ 4,185	\$ 295	\$ 5,980
Employers	159,259	129,803	51	7,928	886	10,307
Other	—	287,531	16,648	—	—	—
Total Contributions	<u>238,021</u>	<u>514,592</u>	<u>16,733</u>	<u>12,113</u>	<u>1,181</u>	<u>16,287</u>
Investment Income (Loss):						
Net Appreciation (Depreciation) in Fair Value of Investments	2,170,289	2,429,803	208,655	72,138	68,611	17,455
Interest	4	8	1	—	—	124,284
Net Investment Income (Loss)	<u>2,170,293</u>	<u>2,429,811</u>	<u>208,656</u>	<u>72,138</u>	<u>68,611</u>	<u>141,739</u>
Other Income	1,154	2,773	822	—	—	12
Total Additions	<u>2,409,468</u>	<u>2,947,176</u>	<u>226,211</u>	<u>84,251</u>	<u>69,792</u>	<u>158,038</u>
Deductions:						
Benefits Expense	490,592	863,112	50,228	3,302	4,810	—
Forfeitures	—	—	—	—	—	766
Refunds of Contributions	9,934	8,384	—	297	—	22,072
Administrative Expenses	6,311	5,221	54	59	10	480
Pension Expense	—	—	—	—	—	—
OPEB Expense	—	—	—	—	—	—
Total Deductions	<u>506,837</u>	<u>876,717</u>	<u>50,282</u>	<u>3,658</u>	<u>4,820</u>	<u>23,318</u>
Change in Net Position:						
Restricted for Pension Benefits	1,902,631	2,070,459	175,929	80,593	64,972	134,720
Held in Trust for Other Postemployment Benefits	—	—	—	—	—	—
Net Position, Beginning of Year, As Restated	<u>6,903,253</u>	<u>7,844,328</u>	<u>675,604</u>	<u>220,565</u>	<u>215,688</u>	<u>570,366</u>
Net Position, End of Year	<u>\$ 8,805,884</u>	<u>\$ 9,914,787</u>	<u>\$ 851,533</u>	<u>\$ 301,158</u>	<u>\$ 280,660</u>	<u>\$ 705,086</u>

Deputy Sheriff Retirement System	Emergency Medical Services Retirement System	Municipal Police Officers and Firefighters	Natural Resources Police Officers Retirement System	Total Pension Trust Funds	Other Employee Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
\$ 5,177	\$ 2,842	\$ 2,158	\$ 263	\$ 196,954	\$ —	\$ 196,954
7,213	3,523	2,136	332	321,438	104,503	425,941
—	—	—	—	304,179	77,639	381,818
<u>12,390</u>	<u>6,365</u>	<u>4,294</u>	<u>595</u>	<u>822,571</u>	<u>182,142</u>	<u>1,004,713</u>
76,547	28,643	5,202	2,996	5,080,339	381,533	5,461,872
—	—	—	—	124,297	98	124,395
<u>76,547</u>	<u>28,643</u>	<u>5,202</u>	<u>2,996</u>	<u>5,204,636</u>	<u>381,631</u>	<u>5,586,267</u>
392	—	68	—	5,221	834	6,055
<u>89,329</u>	<u>35,008</u>	<u>9,564</u>	<u>3,591</u>	<u>6,032,428</u>	<u>564,607</u>	<u>6,597,035</u>
13,198	3,752	41	(21,432)	1,407,603	111,627	1,519,230
—	—	—	—	766	—	766
530	962	273	10	42,462	—	42,462
136	78	41	—	12,390	4,445	16,835
—	—	—	—	—	76	76
—	—	—	—	—	77	77
<u>13,864</u>	<u>4,792</u>	<u>355</u>	<u>(21,422)</u>	<u>1,463,221</u>	<u>116,225</u>	<u>1,579,446</u>
75,465	30,216	9,209	25,013	4,569,207	—	4,569,207
—	—	—	—	—	448,382	448,382
<u>240,203</u>	<u>89,005</u>	<u>14,889</u>	<u>—</u>	<u>16,773,901</u>	<u>1,224,642</u>	<u>17,998,543</u>
<u>\$ 315,668</u>	<u>\$ 119,221</u>	<u>\$ 24,098</u>	<u>\$ 25,013</u>	<u>\$ 21,343,108</u>	<u>\$ 1,673,024</u>	<u>\$ 23,016,132</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

Combining Statement of Fiduciary Net Position Investment Trust Funds June 30, 2021 (Expressed in Thousands)

	<u>West Virginia Money Market</u>	<u>West Virginia Government Money Market</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 419,489	\$ 212,312	\$ 631,801
Total Assets	<u>\$ 419,489</u>	<u>\$ 212,312</u>	<u>\$ 631,801</u>
Net Position:			
Held in Trust for External Investment Pool Participants	\$ 419,489	\$ 212,312	\$ 631,801
Total Net Position	<u>\$ 419,489</u>	<u>\$ 212,312</u>	<u>\$ 631,801</u>

Combining Statement of Changes in Fiduciary Net Position Investment Trust Funds For the Year Ended June 30, 2021 (Expressed in Thousands)

	<u>West Virginia Money Market</u>	<u>West Virginia Government Money Market</u>	<u>Total</u>
Additions:			
Deposits, Pool Participants	\$ 580,197	\$ 372,075	\$ 952,272
Investment Income:			
Net Appreciation in Fair Value of Investments	439	147	586
Total Additions	<u>580,636</u>	<u>372,222</u>	<u>952,858</u>
Deductions:			
Withdrawals	<u>406,078</u>	<u>377,389</u>	<u>783,467</u>
Change in Net Position Held in Trust for External Investment Pool Participants	174,558	(5,167)	169,391
Net Position, Beginning of Year	<u>244,931</u>	<u>217,479</u>	<u>462,410</u>
Net Position, End of Year	<u>\$ 419,489</u>	<u>\$ 212,312</u>	<u>\$ 631,801</u>



CUSTODIAL FUNDS

Custodial Funds: These funds are custodial in nature and report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. They include the following:

Local Government: This fund accounts for funds received by the State, from local governments to be invested with the West Virginia Board of Treasury Investments.

Municipal Bond Commission: This fund includes funds received by the State, who acts as an escrow agent for local governments and assures payments are made to bondholders.

Consolidated Escrow Fund: This fund includes 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.

Patient Injury Compensation Fund: This 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.

Other Custodial Funds: These funds include the Coronavirus State Fiscal Recovery Pass Through Fund, and other small custodial funds.

**Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2021
(Expressed in Thousands)**

	Local Government	Municipal Bond Commission	Consolidated Escrow Fund	Patient Injury Compensation Fund	Other Custodial Funds	Total
Assets:						
Current Assets:						
Cash and Cash Equivalents	\$ 10,028	\$ 2,603	\$ 50,397	\$ 1,898	\$ 97,126	\$ 162,052
Investments	—	—	11,769	—	—	11,769
Receivables, Net	—	—	72	—	—	72
Due from Other Funds	391	—	—	—	—	391
Total Assets	10,419	2,603	62,238	1,898	97,126	174,284
Liabilities:						
Current Liabilities:						
Accounts Payable	—	—	—	—	—	—
Due to Other Governments	10,419	2,603	—	—	83,733	96,755
Custodial Liabilities	—	—	72	1,898	13,393	15,363
Total Liabilities	10,419	2,603	72	1,898	97,126	112,118
Net Position:						
Restricted For:						
Individuals and Organizations	—	—	62,166	—	—	62,166
Total Net Position	\$ —	\$ —	\$ 62,166	\$ —	\$ —	\$ 62,166

- American Rescue Plan Act is included in Other Custodial Funds that will be distributed to local governments.

**Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)**

	Local Government	Municipal Bond Commission	Consolidated Escrow Fund	Patient Injury Compensation Fund	Other Custodial Funds	Total
Additions:						
Funds Received for Local Government	\$ 1,336,234	\$ —	\$ —	\$ —	\$ —	\$ 1,336,234
Grants Received for Local Governments	—	—	—	—	76,855	76,855
Funds Received for Individuals and Organizations	—	—	—	5,356	208,700	214,056
Collateral Received and Related Additions	—	—	169,478	—	—	169,478
Funds Received from Local Governments for Bond Payments	—	779,034	—	—	—	779,034
Total Additions	1,336,234	779,034	169,478	5,356	285,555	2,575,657
Deductions:						
Funds Disbursed to Local Governments	1,336,234	—	—	—	—	1,336,234
Grants Disbursed to Local Governments	—	—	—	—	76,855	76,855
Funds Disbursed to Individuals and Organizations	—	—	—	5,356	208,700	214,056
Collateral Disbursed and Related Deductions	—	—	167,698	—	—	167,698
Funds Disbursed to Bond Escrow Agents	—	779,034	—	—	—	779,034
Total Deductions	1,336,234	779,034	167,698	5,356	285,555	2,573,877
Change in Net Position:						
Restricted for Individuals and Organizations	—	—	1,780	—	—	1,780
Net Position, Beginning of Year, as Restated	—	—	60,386	—	—	60,386
Net Position, End of Year	\$ —	\$ —	\$ 62,166	\$ —	\$ —	62,166



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, 2021
(Expressed in Thousands)**

	Educational Broadcasting Authority	Job Investment Trust	WV State Rail Authority
Assets:			
Current Assets:			
Cash and Cash Equivalents	\$ 5,773	\$ 7,901	\$ 9,212
Investments	3,572	—	—
Receivables, Net	343	256	25
Due from Primary Government	4,911	—	1,062
Due from Primary Government	—	—	16
Other Assets	—	—	—
Restricted Assets:			
Cash and Cash Equivalents	301	—	—
Receivables, Net	—	—	—
Total Current Assets	<u>14,900</u>	<u>8,157</u>	<u>10,315</u>
Noncurrent Assets:			
Investments	—	2,411	—
Receivables, Net	—	2,431	—
Other Assets	—	7	—
Restricted Assets:			
Cash and Cash Equivalents	750	—	—
Receivables, Net	—	—	—
Other Restricted Assets	374	—	—
Capital Assets, Net	<u>5,835</u>	<u>40</u>	<u>38,718</u>
Total Noncurrent Assets	<u>6,959</u>	<u>4,889</u>	<u>38,718</u>
Total Assets	<u>21,859</u>	<u>13,046</u>	<u>49,033</u>
Deferred Outflows of Resources:			
Related to Pensions	726	85	120
Related to OPEB	143	8	30
Total Deferred Outflows of Resources	<u>869</u>	<u>93</u>	<u>150</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	618	5	2,680
Accrued and Other Liabilities	—	65	45
Due to Primary Government	6	—	785
Unearned Revenue	487	—	3
Compensated Absences	304	—	86
Total Current Liabilities	<u>1,415</u>	<u>70</u>	<u>3,599</u>
Noncurrent Liabilities:			
Accrued and Other Liabilities	—	—	—
Unearned Revenue	—	—	39
Liabilities Payable from Restricted Assets	—	—	—
Net Pension Liability	955	105	151
Net OPEB Liability	291	14	58
Compensated Absences	—	—	—
Total Noncurrent Liabilities	<u>1,246</u>	<u>119</u>	<u>248</u>
Total Liabilities	<u>2,661</u>	<u>189</u>	<u>3,847</u>
Deferred Inflows of Resources:			
Related to Pensions	103	11	15
Related to Other Post-Employment Benefits	1,104	68	190
Total Deferred Inflows of Resources	<u>1,207</u>	<u>79</u>	<u>205</u>
Net Position:			
Net Investment in Capital Assets	5,835	39	38,718
Restricted for:			
Nonexpendable	374	—	—
Specific Component Unit Purposes	—	—	—
Unrestricted	<u>12,651</u>	<u>12,832</u>	<u>6,413</u>
Total Net Position	<u>\$ 18,860</u>	<u>\$ 12,871</u>	<u>\$ 45,131</u>

Solid Waste Management Board	Racing Commission	Public Defender Corporation	Municipal Pensions Oversight Board	Total
\$ 3,277	\$ 647	\$ 8,611	\$ 29,720	\$ 65,141
—	—	—	—	3,572
250	56	31	1	962
—	—	—	—	5,973
—	—	—	—	16
1	—	57	—	58
3,701	15,777	—	—	19,779
138	473	—	—	611
<u>7,367</u>	<u>16,953</u>	<u>8,699</u>	<u>29,721</u>	<u>96,112</u>
—	—	—	—	2,411
—	—	—	—	2,431
—	—	—	—	7
—	—	—	—	750
938	—	—	—	938
—	—	—	—	374
3	6	635	9	45,246
<u>941</u>	<u>6</u>	<u>635</u>	<u>9</u>	<u>52,157</u>
<u>8,308</u>	<u>16,959</u>	<u>9,334</u>	<u>29,730</u>	<u>148,269</u>
132	405	3,019	60	4,547
23	53	822	7	1,086
<u>155</u>	<u>458</u>	<u>3,841</u>	<u>67</u>	<u>5,633</u>
108	491	—	2	3,904
—	127	397	35	669
—	27	—	—	818
—	—	—	—	490
—	—	—	—	390
<u>108</u>	<u>645</u>	<u>397</u>	<u>37</u>	<u>6,271</u>
200	—	—	—	200
—	—	—	—	39
—	15,777	—	—	15,777
170	529	3,959	79	5,948
29	112	877	5	1,386
67	184	1,060	—	1,311
<u>466</u>	<u>16,602</u>	<u>5,896</u>	<u>84</u>	<u>24,661</u>
<u>574</u>	<u>17,247</u>	<u>6,293</u>	<u>121</u>	<u>30,932</u>
16	74	500	6	725
113	449	2,957	15	4,896
<u>129</u>	<u>523</u>	<u>3,457</u>	<u>21</u>	<u>5,621</u>
3	—	635	9	45,239
—	—	—	—	374
4,577	—	—	29,646	34,223
3,180	(353)	2,790	—	37,513
<u>\$ 7,760</u>	<u>\$ (353)</u>	<u>\$ 3,425</u>	<u>\$ 29,655</u>	<u>\$ 117,349</u>

Combining Statement of Activities
Nonmajor Discretely Presented Component Units
For the Fiscal Year Ended June 30, 2021
(Expressed in Thousands)

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue
Component Units:				
Educational Broadcasting Authority	\$ 10,386	\$ 3,587	\$ 4,192	\$ (2,607)
Jobs Investment Trust	726	462	—	(264)
WV State Rail Authority	10,794	1,580	—	(9,214)
Solid Waste Management Board	2,320	2,451	—	131
Racing Commission	2,692	2,542	—	(150)
Public Defender Corporation	17,062	—	29	(17,033)
Municipal Pensions Oversight Board	21,036	—	—	(21,036)
Total Component Units	<u>\$ 65,016</u>	<u>\$ 10,622</u>	<u>\$ 4,221</u>	<u>\$ (50,173)</u>

General Revenue							
Unrestricted Investment Earnings	Grants and Contributions Not Restricted for Specific Programs	Miscellaneous	Payments from the State of West Virginia	Total General Revenues and Special Item	Change in Net Position	Net Position, Beginning of Year	Net Position, End of Year
\$ 762	\$ 3,913	\$ 471	\$ —	\$ 5,146	\$ 2,539	\$ 16,321	\$ 18,860
18	—	1	—	19	(245)	13,116	12,871
52	—	(4)	11,695	11,743	2,529	42,602	45,131
—	—	5	—	5	136	7,624	7,760
—	—	11	—	11	(139)	(214)	(353)
4	—	143	18,826	18,973	1,940	1,485	3,425
61	—	—	18,285	18,346	(2,690)	32,345	29,655
<u>\$ 897</u>	<u>\$ 3,913</u>	<u>\$ 627</u>	<u>\$ 48,806</u>	<u>\$ 54,243</u>	<u>\$ 4,070</u>	<u>\$ 113,279</u>	<u>\$ 117,349</u>



Statistical Section

*Bear Rocks Preserve * Davis, WV*

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.

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Revenue Capacity Information – These schedules contain trend information to help the reader understand the State’s capacity to raise revenues and the sources of those revenues.

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Debt Capacity Information – These schedules contain trend information to help the reader understand the State’s outstanding debt, the capacity to repay that debt, and the ability to issue additional debt in the future.

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

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

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

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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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Governmental Activities				
Net Investment in Capital Assets	\$ 9,139,616	\$ 9,192,701	\$ 9,005,297	\$ 8,875,443
Restricted	1,430,320	1,188,896	1,251,729	953,572
Unrestricted Net Position (Deficit)	<u>(1,991,434)</u>	<u>(3,423,609)</u>	<u>(3,337,234)</u>	<u>(4,119,293)</u>
Total Governmental Activities				
Net Position	<u>\$ 8,578,502</u>	<u>\$ 6,957,988</u>	<u>\$ 6,919,792</u>	<u>\$ 5,709,722</u>
Business-type Activities				
Net Investment in Capital Assets	\$ 1,965	\$ 2,001	\$ 1,821	\$ 2,676
Restricted	2,110,728	1,777,494	1,972,374	1,895,646
Unrestricted Net Position (Deficit)	<u>405,599</u>	<u>389,829</u>	<u>354,405</u>	<u>333,239</u>
Total Business-type Activities				
Net Position (Deficit)	<u>\$ 2,518,292</u>	<u>\$ 2,169,324</u>	<u>\$ 2,328,600</u>	<u>\$ 2,231,561</u>
Primary Government				
Net Investment in Capital Assets	\$ 9,141,581	\$ 9,194,702	\$ 9,007,118	\$ 8,878,119
Restricted	3,541,048	2,966,390	3,224,103	2,849,218
Unrestricted Net Position (Deficit)	<u>(1,585,835)</u>	<u>(3,033,780)</u>	<u>(2,982,829)</u>	<u>(3,786,054)</u>
Total Primary Government				
Net Position	<u>\$ 11,096,794</u>	<u>\$ 9,127,312</u>	<u>\$ 9,248,392</u>	<u>\$ 7,941,283</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.

2017	2016	2015	2014	2013	2012
\$ 8,996,053	\$ 8,986,789	\$ 8,890,142	\$ 8,791,243	\$ 8,620,814	\$ 8,404,751
402,490	422,147	439,118	367,636	407,011	504,680
(4,455,964)	(4,563,114)	(4,718,599)	(17,631)	78,335	298,279
<u>\$ 4,942,579</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>
\$ 2,863	\$ 2,940	\$ 2,963	\$ 3,175	\$ 3,392	\$ 4,555
1,809,614	1,741,004	1,813,975	1,812,958	1,792,845	1,721,727
282,812	201,954	201,022	41,180	(222,728)	(450,488)
<u>\$ 2,095,289</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>
\$ 8,998,916	\$ 8,989,729	\$ 8,893,105	\$ 8,794,418	\$ 8,624,206	\$ 8,409,306
2,212,104	2,163,151	2,253,093	2,180,594	2,199,856	2,226,407
(4,173,152)	(4,361,160)	(4,517,577)	23,549	(144,393)	(152,209)
<u>\$ 7,037,868</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>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Governmental Activities				
Expenses:				
Legislative	\$ 21,755	\$ 22,565	\$ 21,399	\$ 24,352
Judicial	111,998	136,383	122,394	136,825
Executive	714,308	368,025	279,266	213,285
Administration	241,868	279,823	203,481	235,485
Commerce	233,403	194,690	163,112	196,759
Environmental Protection	88,978	103,259	115,131	112,962
Employment Programs	211,110	50,785	47,779	43,287
Education	3,064,713	2,991,209	2,704,721	2,669,868
Health and Human Resources	6,880,969	5,934,351	5,500,238	5,483,893
Homeland Security	515,711	559,734	461,957	479,783
Revenue	126,387	63,132	122,114	93,815
Transportation	1,325,447	1,386,393	1,341,573	1,150,909
Veterans Assistance	17,407	20,152	25,178	24,369
Senior Services	53,919	48,307	45,485	44,825
Regulatory Boards and Commissions	141,343	50,519	44,027	55,422
Interest on Long-Term Debt	143,228	172,922	157,642	118,156
Total Expenses	<u>13,892,544</u>	<u>12,382,249</u>	<u>11,355,497</u>	<u>11,083,995</u>
Program Revenues:				
Charges for Services:				
Legislative	1,078	1,064	1,286	1,277
Judicial	1,067	907	1,026	—
Executive	33,892	23,619	25,710	19,326
Administration	61,505	56,118	50,744	46,708
Commerce	48,742	40,634	45,103	46,986
Environmental Protection	63,051	58,935	65,371	68,595
Employment Programs	—	—	—	—
Education	—	1,394	554	—
Health and Human Resources	61,783	84,834	64,862	56,589
Military Affairs and Public Safety	—	16,234	15,877	18,449
Revenue	45,958	42,173	45,962	44,703
Transportation	170,990	130,505	181,181	169,142
Veterans Assistance	183	324	393	3
Senior Services	2	2	(2)	—
Regulatory Boards and Commissions	19,667	36,806	37,712	41,508
Total Charges for Services	<u>507,918</u>	<u>493,549</u>	<u>535,779</u>	<u>513,286</u>
Operating Grants and Contributions:				
Legislative	840	1,095	48	3,786
Judicial	2,170	2,102	3,543	2,472
Executive	668,297	108,510	40,152	29,404
Administration	—	—	(1,547)	—
Commerce	94,631	71,738	65,568	60,551
Environmental Protection	84,963	87,493	106,230	99,742
Employment Programs	149,770	53,462	48,391	49,969
Education	582,884	508,378	453,950	435,775
Health and Human Resources	5,531,583	4,509,174	4,044,403	4,005,927
Homeland Security	91,125	132,731	78,481	85,058
Revenue	2,740	3,040	1,833	1,316
Transportation	50,000	—	—	—
Veterans Assistance	7,050	6,761	5,947	11,805
Senior Services	26,193	25,427	23,452	22,005
Regulatory Boards and Commissions	55,435	3,262	3,180	3,134
Total Operating Grants and Contributions	<u>7,347,681</u>	<u>5,511,368</u>	<u>4,873,631</u>	<u>4,810,944</u>
Capital Grants and Contributions:				
Executive	—	—	—	—
Administration	239	—	—	—
Military Affairs and Public Safety	—	794	38	2,364
Transportation	505,348	340,627	492,389	369,711
Veterans Assistance	2,634	2,261	2,311	—
Total Capital Grants and Contributions	<u>508,221</u>	<u>343,682</u>	<u>494,738</u>	<u>372,075</u>
Total Program Revenues	<u>8,363,820</u>	<u>6,348,599</u>	<u>5,904,148</u>	<u>5,696,305</u>
Total Governmental Activities Net Program Expenses	<u>(5,528,724)</u>	<u>(6,033,650)</u>	<u>(5,451,349)</u>	<u>(5,387,690)</u>

	2017	2016	2015	2014	2013	2012
\$	24,189	\$ 25,766	\$ 26,762	\$ 30,147	\$ 34,693	\$ 36,722
	134,351	133,702	126,904	143,929	129,667	140,515
	176,485	139,580	124,455	154,212	117,706	216,356
	262,684	234,542	280,007	308,685	309,009	320,377
	166,225	166,129	141,566	182,198	233,474	231,178
	173,689	84,533	109,036	150,859	168,322	204,158
	55,231	48,173	43,876	50,406	47,369	51,595
	2,777,727	2,708,236	2,762,735	2,924,767	3,059,791	3,757,725
	5,810,783	5,352,930	5,241,337	4,759,982	4,660,450	4,402,259
	502,408	417,604	412,894	424,232	446,954	491,717
	89,178	78,504	86,654	131,627	62,615	91,344
	1,153,708	1,183,397	1,121,182	1,148,566	1,028,742	1,299,400
	20,572	20,588	19,264	23,551	19,212	27,019
	41,934	44,037	49,205	45,846	47,608	47,561
	53,909	47,680	74,255	44,847	62,883	92,662
	110,722	112,273	123,064	119,268	125,559	125,105
	11,553,795	10,797,674	10,743,196	10,643,122	10,554,054	11,535,693
	1,268	1,431	1,436	1,440	1,550	1,591
	1,768	1,730	944	972	969	1,024
	18,002	14,407	22,440	24,539	21,110	22,093
	42,766	45,767	51,167	15,608	31,569	33,180
	41,017	43,541	46,972	48,312	43,882	48,928
	53,209	74,621	71,302	85,487	84,358	61,188
	—	—	—	—	—	—
	—	2,580	3,970	3,982	3,563	4,362
	70,812	72,849	84,731	83,974	90,383	90,604
	16,018	10,868	8,751	9,847	10,308	11,146
	42,421	42,754	50,547	33,231	30,888	31,729
	101,562	92,171	97,716	92,772	100,966	100,700
	—	—	—	—	—	—
	3	—	—	—	—	1
	42,259	26,158	31,317	31,403	25,090	31,254
	431,105	428,877	471,293	431,567	444,636	437,800
	309	136	784	1,523	984	1,977
	2,899	1,978	2,296	1,453	491	640
	24,812	33,725	14,076	64,345	62,496	136,752
	—	3,006	50,731	43,532	48,938	45,498
	60,378	41,846	39,802	54,672	70,260	70,004
	87,674	98,312	102,018	103,557	104,386	142,590
	49,288	48,050	45,306	49,686	50,537	51,845
	440,701	451,719	443,295	405,576	420,116	446,297
	4,319,051	3,940,757	3,811,046	3,385,470	3,222,601	3,045,355
	130,128	118,282	65,630	59,304	76,807	82,240
	2,645	1,917	144	35	23	9
	—	—	—	—	—	—
	8,208	8,008	9,604	7,814	2,298	—
	22,318	23,489	22,728	22,588	22,025	23,351
	2,910	3,049	3,058	2,782	3,033	2,747
	5,151,321	4,774,274	4,610,518	4,202,337	4,084,995	4,049,305
	—	—	—	—	—	—
	1,563	2,552	—	3,180	—	2,005
	2,128	1,235	17,241	24,395	46,326	49,854
	526,571	452,435	373,708	—	493,949	519,768
	1,564	—	—	476,631	3,005	5,321
	531,826	456,222	390,949	504,206	543,280	576,948
	6,114,252	5,659,373	5,472,760	5,138,110	5,072,911	5,064,053
	(5,439,543)	(5,138,301)	(5,270,436)	(5,505,012)	(5,481,143)	(6,471,640)

(Continued)

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

	2021	2020	2019	2018
General Revenues and Other Changes in Net Position:				
Taxes:				
Personal Income	\$ 2,194,829	\$ 2,023,079	\$ 2,090,596	\$ 1,939,977
Consumer Sales	1,668,378	1,514,838	1,481,344	1,355,135
Business	777,371	550,918	793,067	626,743
Medicaid	266,706	235,758	239,201	222,859
Transportation	701,541	680,902	682,331	674,795
Other	379,286	384,882	393,244	390,773
Entitlements and Grants	—	—	—	—
Unrestricted Investment Earnings	130,414	123,951	144,963	56,933
Tobacco Settlement Revenues	61,812	106,093	59,764	62,930
Lottery Revenue	389,012	266,124	348,250	322,845
Miscellaneous	628,007	176,399	395,866	152,806
Transfers	(48,118)	7,147	(30,315)	9,667
Total General Revenues, Special Items, and Transfers	<u>7,149,238</u>	<u>6,070,091</u>	<u>6,598,311</u>	<u>5,815,463</u>
Total Governmental Activities Changes in Net Position	\$ 1,620,514	\$ 36,441	\$ 1,146,962	\$ 427,773
Business-type Activities				
Expenses:				
West Virginia Lottery	—	—	—	—
Water Pollution Control Revolving Fund	11,291	10,739	5,316	4,067
Workers' Compensation Fund	62,049	59,151	139,992	117,132
Unemployment Compensation	1,063,978	1,415,646	164,478	142,103
WV Infrastructure and Jobs Development Council	31,795	22,325	18,512	35,937
Public Employees Insurance Agency	701,087	597,217	561,807	537,044
Board of Risk and Insurance Management	88,562	70,377	84,683	61,797
Other Business-type Activities	116,405	110,335	96,947	98,697
Total Expenses	<u>2,075,167</u>	<u>2,285,790</u>	<u>1,071,735</u>	<u>996,777</u>
Program Revenues:				
Charges for Services:				
West Virginia Lottery	—	—	—	—
Water Pollution Control Revolving Fund	5,763	5,779	5,879	6,061
Workers' Compensation Fund	2,604	1,679	18,194	35,905
Unemployment Compensation	200,836	202,465	204,789	188,153
WV Infrastructure and Jobs Development Council	4,749	3,810	3,310	3,344
Public Employees Insurance Agency	571,567	555,480	545,646	560,051
Board of Risk and Insurance Management	78,692	75,539	76,541	72,270
Other Business-type Activities	144,406	130,781	120,187	121,484
Total Charges for Services	<u>1,008,617</u>	<u>975,533</u>	<u>974,546</u>	<u>987,268</u>
Capital Grants and Contributions:				
Water Pollution Control Revolving Fund	—	—	—	—
Total Capital Grants and Contributions	—	—	—	—
Total Revenues	<u>1,008,617</u>	<u>975,533</u>	<u>974,546</u>	<u>976</u>
Total Business-type Activities Net Program Expenses	<u>(1,066,550)</u>	<u>(1,310,257)</u>	<u>(97,189)</u>	<u>(9,509)</u>
General Revenues and Other Changes in Net Position:				
Unrestricted Investment Earnings	301,195	96,412	116,396	99,883
Lottery Revenue	46,000	38,198	46,000	48,750
Miscellaneous	1,020,205	984,648	7,791	6,708
Transfers	48,118	(7,147)	30,315	(9,667)
Total General Revenues and Other Changes in Net Position	<u>1,415,518</u>	<u>1,112,111</u>	<u>200,502</u>	<u>145,674</u>
Total Business-type Activities Changes in Net Position	\$ 348,968	\$ (198,146)	\$ 103,313	\$ 136,165
Total Primary Government Changes in Net Position	\$ 1,969,482	\$ (161,705)	\$ 1,250	\$ 563,938

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.

2017	2016	2015	2014	2013	2012
\$ 1,830,106	\$ 1,849,056	\$ 1,921,597	\$ 1,771,473	\$ 1,771,481	\$ 1,790,146
1,312,353	1,291,813	1,265,957	1,216,812	1,198,983	1,216,561
581,896	640,081	907,362	937,751	923,575	905,515
217,665	222,578	197,692	189,111	203,421	190,419
593,158	605,403	640,135	628,989	605,768	594,871
409,426	303,770	249,102	303,889	304,693	318,938
—	—	—	31,078	15,896	5,056
73,552	34,380	12,259	71,178	23,287	54,699
61,426	62,697	62,105	61,337	88,327	63,270
—	—	—	—	—	—
336,294	342,702	356,401	343,220	388,888	497,874
106,526	129,760	131,023	125,770	94,150	112,324
15,204	(108,778)	(230,208)	(217,282)	(220,028)	(258,248)
5,537,606	5,373,462	5,513,425	5,463,326	5,398,441	5,491,425
<u>\$ 98,063</u>	<u>\$ 235,161</u>	<u>\$ 242,989</u>	<u>\$ (41,686)</u>	<u>\$ (82,702)</u>	<u>\$ (980,215)</u>
—	—	—	—	—	—
3,467	4,745	6,358	9,991	10,645	5,740
134,443	202,406	44,488	129,087	105,430	147,230
169,197	509,796	225,940	274,215	380,239	365,323
23,941	60,622	71,587	29,752	17,669	18,503
552,882	542,825	577,433	573,008	490,841	524,789
66,152	67,650	72,436	67,524	57,293	57,288
98,901	103,294	108,868	110,133	114,918	108,221
1,048,983	1,491,338	1,107,110	1,193,710	1,177,035	1,227,094
—	—	—	—	—	—
5,995	5,850	5,725	5,611	5,011	4,631
35,738	105,897	46,272	45,099	54,817	54,361
204,496	431,717	223,836	270,784	356,531	400,238
3,095	1,940	2,591	3,076	2,771	4,381
576,153	507,419	516,689	515,987	513,982	499,236
64,587	58,303	51,940	45,959	41,243	45,587
118,471	118,985	120,634	123,772	123,710	117,206
1,008,535	1,230,111	967,687	1,010,288	1,098,065	1,125,640
—	—	—	—	—	—
—	—	—	—	—	—
1,008,535	1,230,111	967,687	1,010,288	1,098,065	1,125,640
(40,448)	(261,227)	(139,423)	(183,422)	(78,970)	(101,454)
167,076	31,098	29,282	175,662	94,612	66,690
31,500	42,735	37,000	57,000	57,000	57,000
6,467	6,554	7,271	17,282	6,473	6,309
(15,204)	108,778	230,208	217,282	220,028	258,248
189,839	189,165	303,761	467,226	378,113	388,247
<u>\$ 149,391</u>	<u>\$ (72,062)</u>	<u>\$ 164,338</u>	<u>\$ 283,804</u>	<u>\$ 299,143</u>	<u>\$ 286,793</u>
<u>\$ 247,454</u>	<u>\$ 163,099</u>	<u>\$ 407,327</u>	<u>\$ 242,118</u>	<u>\$ 216,441</u>	<u>\$ (693,422)</u>

Schedule 3
Fund Balances
Governmental Funds
Last Ten Fiscal Years
(Expressed in Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Fund				
Nonspendable:				
Inventories	\$ 11,425	\$ 8,954	\$ —	\$ 11,888
Receivables	125,259	122,435	—	112,120
Restricted for:				
Government Operations	21,896	109,500	—	818
Development, Tourism, and Recreation	2,769	7,766	109,500	2,409
Education	128	244	7,766	95
Health and Social Services	701	1,449	244	372
Public Protection	357	890	1,449	402
Committed for:				
General Government Operations	11,182	21,434	—	6,483
Rainy Day Funds	996,893	862,766	763,388	720,323
Development, Tourism, and Recreation	4,106	8,084	8,084	2,755
Education	11,458	14,336	12,792	25,038
Health and Social Services	13,652	22,521	22,521	9,219
Public Protection	1,890	4,937	4,937	2,115
Assigned for:				
General Government Operations	5,545	8,491	7,967	1,978
Development, Tourism, and Recreation	811	1,835	1,835	615
Education	362	751	751	267
Health and Social Services	907	2,591	2,591	860
Public Protection	325	1,600	1,600	420
Unassigned	932,900	442,363	673,649	305,331
Total General Fund	<u>\$ 2,142,566</u>	<u>\$ 1,642,947</u>	<u>\$ 1,648,385</u>	<u>\$ 1,203,508</u>
All Other Governmental Funds				
Nonspendable:				
Inventories	\$ 57,742	\$ 60,253	\$ 54,997	\$ 49,163
Permanent Fund	1,000	1,000	1,000	1,000
Receivables	—	—	—	—
Restricted for:				
Capital Projects	1,325,879	1,444,819	1,002,883	967,400
Debt Services	578,301	636,745	658,493	677,347
Development, Tourism, and Recreation	78,281	62,703	65,000	65,482
Education	502	535	427	360
Public Protection	118,315	102,368	94,395	87,049
Transportation	504,595	142,157	312,280	17,550
Committed for:				
General Government Operations	6,508	5,986	5,258	5,144
Public Protection	330,075	314,622	322,358	287,855
Assigned for:				
Health and Social Services	3,904	3,762	—	—
Public Protection	6,093	3,598	3,877	5,738
Transportation	278,485	13,586	280,637	220,966
Unassigned	—	—	1,917	210,794
Total All Other Governmental Funds	<u>3,289,680</u>	<u>2,792,134</u>	<u>2,803,522</u>	<u>2,595,848</u>
Total Fund Balances, Governmental Funds	<u>\$ 5,432,246</u>	<u>\$ 4,435,081</u>	<u>\$ 4,451,907</u>	<u>\$ 3,799,356</u>

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.

2017	2016	2015	2014	2013	2012
\$ 11,113	\$ 9,936	\$ 10,288	\$ 11,485	\$ 13,268	\$ 11,143
128,761	128,116	129,150	132,830	122,135	111,340
500	132	846	5,600	9,821	17,065
1,768	511	2,376	9,318	14,748	16,162
180	65	268	1,508	2,625	2,207
527	160	780	3,644	7,300	17,399
314	81	402	3,411	6,682	7,217
4,771	1,213	5,430	960,077	1,044,948	946,290
663,061	789,352	879,749	—	—	—
2,246	695	3,160	16,972	33,168	8,745
24,126	24,031	17,590	18,189	23,804	14,123
5,020	871	5,268	25,700	81,720	27,501
1,720	479	2,308	10,801	20,940	—
—	6,183	—	26,692	32,261	14,117
—	—	—	1,219	1,723	—
—	—	—	2,257	3,341	—
—	—	—	3,883	5,894	—
—	—	—	1,683	3,801	—
(1,231,719)	(1,324,232)	(1,284,506)	(1,284,401)	(1,102,111)	(640,981)
\$ (387,612)	\$ (362,407)	\$ (226,891)	\$ (49,132)	\$ 326,068	\$ 552,328
\$ 52,860	\$ 49,814	\$ 48,686	\$ 37,980	\$ 44,798	\$ 47,371
1,000	1,000	1,000	1,000	1,000	1,000
543,598	564,488	585,811	606,938	627,800	645,301
10,658	12,333	13,270	13,750	32,953	96,637
153,621	153,646	154,491	153,707	152,824	151,727
63,888	54,591	54,668	52,493	45,840	40,050
889	584	1,174	357	327	555
57,160	51,334	53,233	44,940	41,908	43,114
12,737	12,031	12,968	14,224	11,077	17,350
1,642	1,796	2,268	2,345	3,772	5,504
265,899	299,757	311,564	290,746	245,947	233,177
—	—	—	—	28	—
6,226	4,506	7,265	9,596	5,741	1,357
67,439	6,309	61,181	92,946	29,666	—
(13,610)	(9,953)	(9,072)	(8,797)	(6,430)	(8,425)
1,224,007	1,202,236	1,298,507	1,312,225	1,237,251	1,274,718
\$ 836,395	\$ 839,829	\$ 1,071,616	\$ 1,263,093	\$ 1,563,319	\$ 1,827,046

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

	2021	2020	2019	2018
Revenues:				
Taxes:				
Personal Income	\$ 2,196,298	\$ 2,021,193	\$ 2,084,820	\$ 1,936,836
Consumer Sales and Use	1,668,804	1,516,325	1,477,711	1,355,092
Severance	326,363	268,513	452,680	393,278
Corporate Net Income	317,670	155,406	205,481	109,113
Business and Occupation	131,541	134,173	129,105	115,772
Medicaid	267,979	236,292	238,773	226,212
Gasoline and Motor Carrier	404,425	410,901	444,575	443,273
Automobile Privilege	297,116	270,001	237,756	231,522
Other	379,294	384,873	393,326	390,691
Intergovernmental	6,853,416	5,273,610	4,871,752	4,696,456
Licenses, Permits, and Fees	243,371	241,191	249,476	245,434
Motor Vehicle Registration	146,836	122,972	175,565	156,931
Charges for Services	173,157	136,500	131,956	122,975
Lottery Revenue	384,118	262,156	343,356	317,140
Investment Earnings	155,659	137,340	159,033	66,522
Food Stamp Revenue	872,884	533,130	405,622	451,228
Other	748,925	253,175	468,351	212,216
Total Revenues	\$ 15,567,856	\$ 12,357,751	\$ 12,469,338	\$ 11,470,691
Expenditures:				
Current:				
Legislative	25,903	23,414	23,606	23,439
Judicial	135,586	137,777	133,023	130,832
Executive	843,107	374,699	279,425	202,686
Administration	105,099	147,210	77,139	111,703
Commerce	289,378	220,882	224,908	206,481
Environmental Protection	127,164	135,242	140,328	127,757
Employment Programs	213,160	53,426	49,383	48,895
Education	3,111,098	3,092,021	2,873,944	2,796,313
Health and Human Resources	7,018,893	6,018,370	5,589,099	5,484,857
Homeland Security	568,532	566,560	488,369	478,052
Revenue	141,218	73,121	137,263	86,650
Transportation	739,916	877,712	1,042,123	873,276
Veterans Assistance	21,025	21,517	24,811	23,104
Senior Services	54,576	48,651	45,002	44,295
Regulatory Boards and Commissions	134,791	38,763	35,534	39,337
Capital Outlay	903,605	972,659	542,106	365,949
Debt Service:				
Principal	166,750	167,020	111,090	130,901
Interest	124,227	149,247	135,867	92,461
Total Expenditures	14,724,028	13,118,291	11,953,020	11,266,988
Excess of Revenues Over (Under) Expenditures	843,828	(760,540)	203,703	203,703
Other Financing Sources (Uses):				
Face Value of Long-Term Debt Issued	907,600	600,000	1,186,099	81,595
Premiums on Bonds Issued	63,371	146,576	172,216	8,640
Capital Lease Acquisition	—	—	11,737	13,568
Payments to Refunded Bonds Escrow Agents	(737,172)	—	(142,788)	(32,022)
Transfers In	278,761	192,909	163,393	204,252
Transfers In	(359,223)	(197,526)	(155,288)	(191,070)
Total Other Financing Sources (Uses)	153,337	741,959	1,235,369	84,963
Net Changes in Fund Balances	\$ 997,165	\$ (18,581)	\$ 1,439,072	\$ 288,666
Debt service as a percentage of noncapital expenditures	2.01 %	2.48 %	2.10 %	1.99 %

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.

	2017	2016	2015	2014	2013	2012
\$	1,846,638	\$ 1,853,422	\$ 1,915,382	\$ 1,768,069	\$ 1,767,626	\$ 1,790,299
	1,317,452	1,293,535	1,264,716	1,211,057	1,197,317	1,216,286
	360,801	373,801	589,883	612,283	547,453	564,327
	120,728	152,873	189,473	202,444	230,131	232,266
	110,240	119,594	120,426	121,401	125,692	123,137
	215,558	221,717	200,408	184,666	219,568	176,661
	389,753	404,321	435,142	433,252	417,571	408,571
	203,405	201,082	204,993	195,737	188,197	186,300
	409,636	303,544	249,071	303,923	304,687	318,999
	5,130,386	4,702,423	4,452,997	4,160,993	4,073,257	4,077,933
	230,571	239,007	242,406	262,481	245,631	234,984
	109,047	94,277	103,092	99,430	93,363	92,951
	123,512	118,233	124,305	123,767	128,257	127,806
	330,589	336,938	349,853	335,075	380,052	487,122
	83,917	34,300	14,298	78,537	28,696	55,931
	490,483	496,107	494,131	479,215	513,960	491,416
	177,335	202,768	224,883	224,015	199,087	209,490
\$	<u>11,650,051</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>
	24,461	26,907	28,840	30,224	34,742	36,731
	139,774	144,091	140,847	142,859	127,804	139,941
	176,493	142,313	126,313	182,887	149,602	216,268
	148,133	126,668	155,998	159,680	155,163	190,164
	196,657	180,018	163,777	185,011	214,172	226,194
	148,139	151,537	131,371	151,742	133,541	152,634
	51,546	48,968	45,743	53,540	50,210	55,969
	2,831,189	2,869,977	2,997,533	2,968,967	3,024,480	3,760,480
	5,869,748	5,430,561	5,285,201	4,895,617	4,684,841	4,425,591
	525,010	495,656	461,599	466,444	490,711	526,654
	95,166	91,050	92,758	150,556	67,760	91,349
	894,409	914,909	801,658	845,679	743,613	1,009,032
	21,036	21,546	20,261	23,464	19,114	26,600
	42,029	44,253	49,439	45,919	47,669	47,656
	42,181	36,877	54,965	68,545	64,130	93,643
	364,318	359,889	335,493	302,040	465,399	334,046
	75,615	85,180	105,800	101,350	122,855	341,673
	91,238	95,180	100,348	106,307	113,136	113,204
	<u>11,737,142</u>	<u>11,265,580</u>	<u>11,097,944</u>	<u>10,880,831</u>	<u>10,708,942</u>	<u>11,761,229</u>
	(87,091)	(117,638)	(84,486)	(48,397)	(48,397)	(966,750)
	81,595	205,365	—	—	18,615	190,755
	8,640	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>(201,240)</u>	<u>(354,986)</u>	<u>(354,986)</u>	<u>(263,727)</u>	<u>(78,731)</u>	<u>(1,046,663)</u>
	1.43 %	1.61 %	1.86 %	1.91 %	2.23 %	3.87 %

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

Personal Income by Industry (Calendar Year)	2020	2019	2018	2017
Farm Earnings	\$ 28,083	\$ (27,935)	\$ (63,393)	\$ (87,698)
Agricultural/Forestry, Fishing, and Other	131,019	157,191	161,474	158,024
Mining	2,164,045	2,671,305	2,471,086	2,139,297
Construction	2,811,942	3,311,109	4,101,799	3,008,747
Manufacturing	3,831,022	3,936,598	3,800,160	3,446,282
Transportation, Warehousing, and Public Utilities	2,343,504	2,433,754	2,341,273	2,208,615
Wholesale Trade	1,563,243	1,586,278	1,542,010	1,491,856
Retail Trade	3,073,387	3,022,118	2,964,421	2,938,849
Finance, Insurance, and Real Estate	2,280,263	2,209,851	2,094,476	1,916,253
Service Industries	17,650,527	18,092,541	17,462,559	16,079,925
Federal, Civilian	2,965,165	2,770,566	2,713,339	2,602,306
Military	322,107	319,932	300,274	285,857
State and Local Government	6,721,741	6,616,465	6,301,709	6,357,743
Tax Revenue (Fiscal Year)				
Consumer Sales	1,387,000	1,370,000	1,247,000	1,222,000
Personal Income	1,948,000	2,097,000	1,920,000	1,814,000
Severance	267,000	463,000	346,000	321,000
Corporate Income and Business Franchise	152,000	198,000	110,000	116,000
Motor Fuel	427,000	443,000	420,000	381,000
Automobile Privilege	270,000	238,000	232,000	203,000

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 2020.

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

2016	2015	2014	2013	2012	2011
\$ (99,972)	\$ (30,770)	\$ 19,745	\$ (15,408)	\$ (23,990)	\$ (40,920)
158,604	160,316	102,143	97,594	90,077	97,810
1,897,087	2,725,768	3,423,411	3,749,493	3,947,662	3,440,574
2,689,538	2,896,798	2,857,279	2,894,652	2,857,741	2,513,975
3,408,226	3,421,537	3,601,454	3,753,280	3,666,492	3,565,688
2,151,786	2,159,353	2,127,148	2,134,739	2,097,404	2,034,076
1,467,931	1,557,478	1,539,380	1,519,306	1,537,622	1,477,230
2,972,989	2,935,939	2,941,483	3,039,500	2,948,321	2,867,136
1,865,942	1,885,393	1,956,188	2,043,981	1,894,862	1,769,826
15,551,002	15,611,983	15,033,408	14,871,664	14,559,593	13,908,974
2,498,151	2,424,565	2,349,128	2,296,812	2,281,687	2,469,552
277,818	272,963	299,618	327,312	344,553	466,154
6,351,203	6,221,514	6,210,344	6,203,760	6,055,436	6,376,291
1,231,000	1,228,000	1,173,000	1,193,000	1,216,000	1,148,000
1,803,000	1,840,000	1,664,000	1,701,000	1,689,000	1,593,000
276,000	414,000	489,000	410,000	468,000	441,000
144,000	186,000	204,000	238,000	188,000	303,000
396,000	435,000	441,000	409,000	387,000	398,000
201,000	205,000	196,000	188,000	186,000	169,000

**Schedule 6
Revenue Rates
Last Ten Calendar Years**

Personal Income Tax

**Single, Head of Household, Widow(er) with Dependent Child
and Married Filing Jointly (Unchanged Over Last Ten Years)**

Less than \$10,000.....	3% of the taxable income
At least — But less than —	
\$10,000 \$25,000.....	\$ 300.00 plus 4.0% of excess over \$10,000
\$25,000 \$40,000.....	\$ 900.00 plus 4.5% of excess over \$25,000
\$40,000 \$60,000.....	\$1,575.00 plus 6.0% of excess over \$40,000
\$60,000	\$2,775.00 plus 6.5% of excess over \$60,000

Business

	2021	2020	2019	2018
Corporate Net Income (applies to C corporations)	6.50%	6.50%	6.50%	6.50%
Severance Tax:				
Timber	0%	0%	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.

Source: State Tax Department and the Division of Motor Vehicles.

Married Filing Separately (Unchanged Over Last Ten)

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

2017	2016	2015	2014	2013	2012
6.50%	6.50%	6.50%	7.00%	8.50%	8.50%
2%	0%	0%	Discontinued	1%	1%
5%	5%	5%	5%	5%	5%
various	various	various	various	various	various
6%	6%	6%	6%	6%	6%
0%	0%	0%	0%	1%	3% / 2%
35.7	34.6	34.6	34.7	33.4	32.2 / 33.4
6%	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				
Industry	Remittance	Percent of Total	Accounts	Percent of Total
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	75,533,745	6.09 %	2,411	5.79 %
Total	\$1,240,997,336	100.00 %	41,652	100.00 %

Tax Year 2006				
Industry	Remittance	Percent of Total	Accounts	Percent of Total
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	63,413,908	5.87 %	4,698	6.68 %
Total	\$1,079,890,153	100.00 %	\$ 70,377	100.00 %

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**

Income Level	Tax Liability	Percent of Total	Returns	Percent of Total
\$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	1,349,611,684	75.55 %	220,536	26.00 %
Total	\$1,786,262,846	100.00 %	848,136	100.00 %

Tax Year 2006

Income Level	Tax Liability	Percent of Total	Returns	Percent of Total
\$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	868,594,173	64.99 %	131,030	17.20 %
Total	\$1,336,403,174	100.00 %	\$ 762,044	100.00 %

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

	Primary Government Debt			
	2021	2020	2019	2018
Governmental Activities:				
General Obligation bonds	\$ 2,057,062	\$ 1,865,314	\$ 1,182,881	\$ 1,240,350
Revenue Bonds	1,380,364	1,445,649	1,532,497	1,415,049
Capital Leases and Notes Payable	27,210	32,368	32,972	45,563
Capital Leases Payable to Component Units	191,185	209,730	227,660	244,995
Total Governmental Activities	3,655,821	3,553,061	2,976,010	2,945,957
Enterprise Activities:				
Revenue Bonds	158,655	165,475	172,045	178,395
Total Primary Government Debt	\$ 3,814,476	\$ 3,718,536	\$ 3,148,055	\$ 3,124,352

Governmental Activities Tax Income

Year	Personal Income	Consumer Sales and Use	Business	Transportation	Other	Total
2021	\$ 2,194,829	\$ 1,668,378	\$ 777,371	\$ 701,541	\$ 645,992	\$ 5,988,111
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

General Obligation Bond Debt Ratios

Year	General Obligation Bond Debt	Percent of Tax Income	Percent of Personal Income	Amount of Debt Per Capita*
2021	\$ 2,057,062	34.35 %	2.56 %	\$ 1.16
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	9.13 %	0.70 %	0.25
2013	498,776	9.96 %	0.78 %	0.27
2012	533,304	10.63 %	0.86 %	0.29

Primary Government Debt

	2017	2016	2015	2014	2013	2012
\$	359,261	393,089	412,368	460,428	498,776	533,304
	1,182,921	1,142,347	1,185,022	1,226,587	1,266,848	1,330,795
	28,168	28,153	28,813	27,405	34,104	34,025
	260,955	275,765	260,995	243,790	256,155	275,530
	1,831,305	1,839,354	1,887,198	1,958,210	2,055,883	2,173,654
	185,290	191,049	197,762	112,735	115,497	113,950
\$	2,016,595	2,030,403	2,084,960	2,070,945	2,171,380	2,287,604

Total Debt Ratios

Year	Total Debt	Percent of Tax Income	Percent of Personal Income	Amount of Debt Per Capita*
2021	\$ 3,814,476	63.70 %	4.75 %	\$ 2.16
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	2,171,380	43.01 %	3.30 %	1.17
2013	2,171,380	43.36 %	3.39 %	1.17
2012	2,287,604	45.60 %	3.68 %	1.23

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 requirement 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 tax and population data.

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 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
2021	\$ 32,769	\$ —	\$ 32,769	\$ 19,930	\$ 12,839	\$ 32,769	1.00
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	—	—	—	—	—	—	—
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

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
2021	51,009	27,977	23,032	3,100	3,834	6,934	3.32
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	11,883	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	18,533	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

Tobacco Settlement Finance Authority

Pursuant to the Code, and a Purchase and Sale Agreement, dated June 1, 2007, by and between the Authority and the State, the State sold to the Authority its right, title, and interest in and to all tobacco settlement revenue that is received by the State, under the terms of the Master Settlement Agreement entered into by participating tobacco product manufacturers, West Virginia, 45 other states, and six other U.S. jurisdictions in November 1998. The Series 2007 Bonds are secured by and are payable solely from the right, title, and interest of the Authority of 100% of the tobacco receipts, and investment earnings on the accounts with the trustee under the Indenture.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Current Year Debt Service Requirements			
				Principal	Interest	Total	Coverage
2021	\$ 63,577	\$ (30)	\$ 63,607	\$ 40,290	\$ 14,024	\$ 54,314	1.17
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

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.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Current Year Debt Service Requirements			
				Principal	Interest	Total	Coverage
2021	18,990	—	18,990	13,130	5,503	18,633	1.02
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

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

Education, Arts, Sciences, and Tourism

Certain net profits of the Lottery as set forth in Chapter 29, Article 22 of the Code of West Virginia, are transferred to the Trustee under the bond indenture. These bonds are subordinate as to lien and source of payment only to those certain School Building Authority Capital Improvement Bonds, Series 2004 and 2012.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Current Year Debt Service Requirements			
				Principal	Interest	Total	Coverage
2021	\$ 9,994	\$ —	\$ 9,994	\$ 4,185	\$ 5,809	\$ 9,994	1.00
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

Cacapon Project Fund

Pledged revenues under the Indenture include all money deposited into the Cacapon State Parks 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.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Current Year Debt Service Requirements			
				Principal	Interest	Total	Coverage
2021	\$ 2,029	\$ —	\$ 2,029	\$ 870	\$ 1,153	\$ 2,023	1.00
2020	2,038	—	2,038	855	1,169	2,024	1.01
2019	2,045	—	2,045	400	1,179	1,579	1.30

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
2021	\$ —	\$ —	\$ 27,656	\$ 18,545	\$ 9,111	\$ 27,656	1.00
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

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 Service Requirements			
				Principal	Interest	Total	Coverage
2021	119,954	7,962	111,992	26,785	9,862	36,647	3.06
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

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 include retirement of revenue bonds.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Current Year Debt Service Requirements			
				Principal	Interest	Total	Coverage
2021	\$ 10,946	\$ 1,052	\$ 9,894	\$ 8,544	\$ 6,193	\$ 14,737	0.67
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	11,610	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

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 the 2009 Series A, 2010 Series A, B, and C, and a 2012 Series A and B are to be repaid using certain Lottery funds. During fiscal years 2011 and 2012, Higher Education had a series of revenue bond refinancings that resulted in an increase in principal and interest payments.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Current Year Debt Service Requirements			
				Principal	Interest	Total	Coverage
2021	\$ 1,734,046	\$ 1,741,493	\$ (7,447)	\$ 64,063	\$ 56,577	\$ 120,640	(0.06)
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	1,661,924	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)

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
2021	\$ 414,454	\$ 392,725	\$ 21,729	\$ 9,440	\$ 527	\$ 9,967	2.18
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

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.

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Current Year Debt Service Requirements			
				Principal	Interest	Total	Coverage
2021	37,023	14,751	22,272	15,100	9,563	24,663	0.90
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	51,940	27,235	14,169	41,404	1.26
2016	64,044	10,180	53,864	25,900	12,457	39,644	1.36
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

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.

Fiscal Year	Operating Revenue	Direct Operating Expense	Revenue Available for Debt Service	Debt Service	Coverage
2021	\$ 157,853	\$ 45,124	\$ 112,729	\$ 10,282	10.96
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	39,223	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

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

Source: 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.



Schedule 10
Demographic and Economic Indicators
Last Ten Calendar Years

	2020	2019	2018	2017
Population				
West Virginia	1,767,859	1,792,147	1,805,832	1,815,857
Change	-1.36 %	-0.76 %	-0.55 %	(0.83)%
National	333,551,673	328,239,523	327,167,434	325,719,178
Change	1.62 %	0.33 %	0.44 %	0.80 %
Total Personal Income (Dollars in Millions)				
West Virginia	\$ 80,304	\$ 75,835	\$ 73,809	\$ 68,864
Change	5.89 %	2.74 %	7.18 %	2.69 %
National	\$ 19,607,447	\$ 18,542,262	\$ 17,813,035	\$ 16,413,551
Change	5.74 %	4.09 %	8.53 %	3.15 %
Per Capita Personal Income* (In Dollars)				
West Virginia	\$ 44,994	\$ 42,315	\$ 40,873	\$ 37,924
Change	6.33 %	3.53 %	7.78 %	3.55 %
National	\$ 59,510	\$ 56,490	\$ 54,446	\$ 50,392
Change	5.35 %	3.75 %	8.04 %	2.33 %
Median Age	42	42.9	42.7	38.0
Educational Attainment				
9th Grade or Less	4.3 %	4.2 %	3.9 %	5 %
Some High School, No Diploma	8.8 %	8.7 %	8.3 %	8.4 %
High School Diploma	40.3 %	40.2 %	39.7 %	41.2 %
Some College, No Degree	18.6 %	17.9 %	19.2 %	18.6 %
Associate, Bachelor's, or Graduate Degree	28.0 %	28.9 %	28.8 %	27.3 %
Labor Force and Employment (People in Thousands)				
Civilian Labor Force	792.2	797.0	783.3	773.8
Employed	726.0	757.9	742.2	733.4
Unemployed	66.1	39.1	41.2	40.4
Unemployment Rate	8.3 %	4.9 %	5.3 %	5.2 %
Nonfarm Wage and Salary Workers Employed in West Virginia Goods Producing Industries:				
Mining	18.0	22.4	22.6	21.8
Construction	29.8	36.0	41.1	34.0
Manufacturing-Durable Goods	26.0	28.3	28.6	28.8
Manufacturing-NonDurable Goods	18.6	18.7	18.5	18.4
Total Goods Producing Industries	92.4	105.4	110.8	103.0
Non-Goods Producing Industries (people in thousands)				
Trade	95.6	100.6	103.0	107.3
Service	337.4	361.7	359.7	389.9
State and Local Government	122.9	127.9	129.1	132.9
Federal Government	25.0	24.0	23.5	23.6
Total Non-Goods Producing Industries	580.9	614.2	615.3	653.7
Total Nonfarm Wage and Salary Employment	673.3	719.6	726.1	756.7

The most current period available is 2020.

*Per capita personal income is calculated by dividing total personal income by population.

Sources: WORKFORCE West Virginia Research, Information, and Analysis Office; the Census; the Survey of Current Business; and the Bureau of Economic Analysis.

2016	2015	2014	2013	2012	2011
1,831,102	1,844,128	1,850,326	1,854,304	1,855,413	1,855,364
(0.71)%	(0.33)%	(0.21)%	(0.06)%	— %	13.00 %
323,127,513	321,418,820	318,857,056	316,128,839	313,914,040	311,591,917
0.53 %	0.80 %	0.86 %	0.70 %	0.75 %	0.92 %
\$ 67,062	\$ 67,787	\$ 66,857	\$ 65,889	\$ 63,968	\$ 62,178
(1.07)%	1.39 %	1.45 %	3.00 %	2.88 %	4.65 %
\$ 15,912,777	\$ 15,463,981	\$ 14,683,147	\$ 14,151,427	\$ 13,401,869	\$ 12,981,741
2.90 %	5.32 %	3.62 %	5.59 %	3.24 %	5.08 %
\$ 36,624	\$ 36,578	\$ 36,132	\$ 35,533	\$ 34,477	\$ 33,513
0.13 %	1.23 %	1.66 %	3.06 %	2.88 %	4.59 %
\$ 49,246	\$ 48,112	\$ 46,049	\$ 44,765	\$ 42,693	\$ 41,663
2.36 %	4.48 %	2.79 %	4.85 %	2.47 %	4.32 %
42.2	41.8	41.3	41.3	41.3	41.1
4 %	5 %	5.0 %	5.4 %	5.6 %	6.8 %
9.6 %	9.8 %	9.9 %	10.0 %	9.9 %	11.3 %
39.7 %	40.7 %	41.1 %	40.2 %	40.6 %	41.3 %
18.1 %	18.5 %	18.4 %	18.6 %	19.0 %	17.7 %
28.2 %	25.7 %	25.7 %	25.7 %	25.0 %	23.0 %
771.8	776.0	787.8	797.4	805.0	799.9
732.5	730.1	733.5	744.6	746.0	736.1
39.3	45.9	54.3	52.8	59.0	63.8
5.1 %	5.9 %	690.0 %	6.6 %	7.3 %	8.0 %
20.7	23.7	25.5	33.3	33.7	33.6
29.5	31.2	27.7	31.9	35.6	33.0
27.5	28.0	28.9	30.1	29.6	30.0
18.7	18.9	18.8	18.9	19.6	19.5
96.4	101.8	100.9	114.2	118.5	116.1
109.4	112.4	107.9	108.8	111.0	109.9
389.0	397.9	389.6	398.4	381.7	376.2
134.8	132.2	130.0	132.8	130.7	128.3
23.9	23.4	22.2	23.2	23.3	23.5
657.1	665.9	649.7	663.2	646.7	637.9
753.5	767.7	750.6	777.4	765.2	754.0

Schedule 11
Principal Employers
Current Year and Nine Years Ago

Estimated as of June 30, 2021

Major West Virginia Employers	Number of Employees	Percentage of Total Employed
Local Government	70,000-74,999	9.53%
State Government	40,000-44,999	5.73%
Federal Government	20,000-24,999	3.44%
WVU MEDICINE (formerly West Virginia United Health System)	14,000-19,999	2.27%
Wal-Mart Associates, Inc.	11,000-13,999	1.72%
Charleston Area Medical Center, Inc.	7,000-10,999	1.24%
Mountain Health System	6,000-6,999	0.41%
Kroger	4,000-5,999	0.41%
Lowe's Home Centers , Inc.	2,000-3,999	0.41%
Monongalia Health	2,000-3,999	0.41%
Viatrix (Mylan Pharmaceuticals, Inc.)	2,000-3,999	0.41%
Contura Energy	2,000-3,999	0.41%
Macy's Corporate Services, Inc	2,000-3,999	0.41%

Estimated as of June 30, 2012

Major West Virginia Employers	Number of Employees	Percentage of Total Employed
Local Government	75,000-79,999	10.47%
State of West Virginia	40,000-44,999	5.77%
Federal Government	20,000-24,999	3.14%
Wal-Mart Associates, Inc.	10,000-13,000	1.56%
West Virginia United Health System	7,000-9,999	1.15%
Charleston Area Medical Center, Inc.	5,000-6,999	0.82%
Kroger	3,000-4,999	0.54%
Consolidated Coal Company	3,000-4,999	0.54%
Lowe's Home Centers, Inc.	1,000-2,999	0.27%
Mylan Pharmaceuticals, Inc.	1,000-2,999	0.27%
Mentor Management, 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%

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

Schedule 12
Education Enrollment
Last Ten Fiscal Years

Public School Enrollment Grades Pre-K Through 12

Year	Elementary (Pre-K to 6)	Secondary (7 to 12)	Total All Grades
2020-21	136,083	116,274	252,357
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

Higher Education Enrollment Colleges and Universities

Year	Public		Independent	
	Enrollment	Number of Certificates and Degrees	Enrollment	Number of Certificates and Degrees
2020-21	75,184	17,285	6,571	N/A*
2019-20	81,292	17,916	6,596	1,732
2018-19	80,931	18,451	8,167	2,037
2017-20	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

*This information was not available for FY 21.

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

Schedule 13
State Employees by Function
Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Executive	861	885	849	852
Legislative	160	174	164	157
Judicial	1,155	1,145	1,118	1,118
Administration	936	939	910	923
Commerce				
Division of Natural Resources (Parks)	703	701	683	690
Tourism and Development	147	145	132	143
WORKFORCE West Virginia	326	278	287	291
Other	337	338	344	332
Environmental Protection	764	778	761	753
Education and the Arts				
Department of Education	505	505	511	520
School for Deaf and Blind	138	155	163	162
Rehabilitation Services	403	412	442	476
Higher Education	10,632	10,636	10,519	10,510
Other	186	187	205	200
Revenue	865	873	891	894
Health & Human Services	5,096	5,215	5,132	5,402
Homeland Security				
Corrections and Rehabilitation*	3,109	3,334	3,362	3,313
Juvenile Services*	—	—	—	14
State Police	879	946	999	997
Regional Jail Authority*	—	—	—	18
Other	274	745	703	687
Veterans Assistance	201	208	228	230
Transportation	5,976	6,042	5,648	5,519
Miscellaneous**	1,061	490	494	484
Total	<u>34,714</u>	<u>35,131</u>	<u>34,545</u>	<u>34,685</u>

Notes:

* 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

**In FY 2021, the Legislature passed a bill to move Adjutant General and Armory Board from Homeland Security to Miscellaneous Boards.

Sources: Leave system data warehouse reports, Higher Education Policy Commission, Housing Development Fund, and the Supreme Court of Appeals.

2017	2016	2015	2014	2013	2012
857	899	931	920	932	958
164	182	189	210	213	221
1,137	1,072	1,109	1,079	1,055	1,069
895	927	914	908	889	683
696	701	701	741	748	756
147	144	144	146	163	162
320	332	332	390	391	396
321	379	379	428	441	439
794	811	850	883	855	842
473	511	507	528	550	584
160	158	161	178	174	193
528	532	539	558	531	564
10,556	10,501	11,633	11,676	11,717	11,575
229	267	259	268	280	279
905	953	987	1,028	1,062	1,094
5,250	5,437	5,463	5,514	5,630	5,621
1,885	1,987	1,688	1,839	1,760	1,758
466	549	516	511	676	712
984	1,025	1,050	1,037	1,024	1,067
846	935	948	971	911	912
660	610	591	569	620	556
223	210	207	226	246	240
5,530	5,646	5,629	5,723	5,876	5,834
483	511	519	535	533	506
34,509	35,279	36,246	36,866	37,277	37,021

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

	2021	2020	2019
Department of Transportation			
Division of Highways			
Total highway construction projects authorized	995	851	1,014
Number of roadway resurfacing projects	537	217	461
Highway mileage resurfaced (in miles)	1,508	718	1,318
WORKFORCE West Virginia (Employment Programs)			
Applications processed for job seekers (in thousands)	14	105	104
Filled job openings	80	858	1,576
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	301,342	294,346	289,359
Number of food stamps issued	61,135,695	38,585,136	33,602,760
Medicaid enrollees	631,568	622,943	616,834
Counties enrolled in managed care	100 %	100 %	100 %
Child support collections (in millions)	\$182	\$207	\$194
Students served by school-based health clinics	36,761	45,254	44,868
Division of Natural Resources			
Attendance at State Parks (in millions)	6.9	6.7	6.5
Hunting and Fishing License Sales (calendar year)	891,774	883,964	854,434
Individuals whitewater rafting on rivers (calendar year)	112,372	136,779	136,233
Department of Environmental Protection			
Division of Air Quality			
Number of air quality inspections	521	815	812
Average days open per complaint	6.82	7.55	7.79
Division of Land Restoration Programs			
Organizations that adopted highways	38	38	88
Division of Mining and Reclamation			
Surface mine blasting examinations and certifications	57	145	188
Surface mine mineral extractions inspections	23,707	23,500	18,241
Number of acres reclaimed through reclamation and restoration of land	2,874	2,989	1,048
Office of Miners Health and Safety (Calendar Year)			
Total Safety Inspections	5,190	6,107	5,365
Violations issued by mine Inspectors	6,145	9,227	9,748
Lost time injuries of mining personnel	377	488	500
Department of Military Affairs and Public Safety			
Division of Corrections and Rehabilitation			
Adult inmate housing capacity	10,291	10,291	5,998
Inmate employment (Prison Industries)	231	265	271
Youth successfully completed programs/returned to community (Calendar Year)	74	129	145
Veterans' Home			
Average daily number of residents	74	76	82
Average daily cost per resident	\$ 110.84	\$ 117.51	\$ 96.98
Bureau of Senior Services			
Persons served under Medicaid Aged and Disabled Waiver	7,884	7,026	6,842

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.

2018	2017	2016	2015	2014	2013	2012
1,213	813	1,042	891	757	806	1,305
595	294	519	483	325	348	775
1,816	1,140	1,729	1,481	975	1,067	1,716
117	114	96	102	114	141	145
2,396	3,147	2,969	3,235	3,725	4,673	4,943
N/A	N/A	N/A	N/A	N/A	8.00 %	7.98 %
N/A	N/A	N/A	N/A	N/A	63.72 %	72.08 %
N/A	N/A	N/A	N/A	N/A	89.09 %	87.27 %
304,952	322,086	333,938	360,266	351,392	342,831	339,258
37,312,477	40,337,523	40,796,612	40,995,643	39,975,707	41,335,676	40,951,366
650,686	651,031	649,111	632,808	551,682	410,770	415,030
100 %	100 %	100 %	100 %	100 %	100 %	100 %
\$184	\$189	\$214	\$212	\$208	\$209	\$213
45,682	37,456	29,045	28,053	24,391	20,708	28,436
6.6	6.8	7.1	7.0	7.0	7.0	6.8
830,309	852,909	868,658	913,578	927,069	911,219	881,062
119,675	136,128	131,022	134,170	130,192	140,027	142,036
524	470	583	546	700	550	2,457
6.53	8.60	6.80	8.24	17.00	9.75	10.80
52	74	1,835	1,301	1,256	1,227	1,186
273	234	147	134	111	114	125
9,639	18,935	19,739	20,205	21,086	21,790	20,530
204,453	891	527	398	700	1,202	7,842
5,486	5,328	5,002	5,750	6,751	6,690	6,432
9,495	7,205	7,527	8,767	11,415	13,267	15,705
442	369	355	584	639	570	648
6,106	5,956	5,989	5,987	5,923	5,778	5,242
251	244	245	240	244	250	253
182	196	188	166	179	180	163
82	70	74	81	87	86	98
\$107.05	\$112.44	\$107.02	\$97.62	\$97.15	\$107.14	\$87.05
6,419	6,151	6,385	6,455	6,208	7,107	8,530

Schedule 15
Capital Assets Statistics by Function
Last Ten Fiscal Years

	2021	2020	2019	2018
Vehicles				
Executive	195	190	190	193
Judicial	17	19	19	19
Administration				
Agency-Owned	3,004	2,950	2,776	202
Leased to other agencies	—	—	—	2,585
Totals	3,004	2,950	2,776	2,787
Revenue			—	1
Commerce				
Division of Natural Resources	539	535	525	517
Division of Forestry	89	92	99	107
Others	8	8	8	7
Total Commerce	636	635	632	631
Environmental Protection	4	4	5	5
Education	28	28	29	28
Health and Human Services	21	22	25	26
Homeland Security				
West Virginia State Police	734	810	802	706
Corrections and Rehabilitation	79	85	84	43
Regional Jail Authority*	—	—	—	47
Others	37	55	49	51
Total Homeland Security	850	950	935	847
Veterans Affairs	52	54	54	54
Regulatory Boards and Commissions	19	—	—	—
Boats				
Commerce	241	225	199	199
Environmental Protection	15	16	14	14
Buildings				
Executive	104	104	105	98
Administration	234	228	225	217
Revenue	2	2	2	2
Commerce				
Division of Natural Resources (Parks)	1,672	1,674	1,670	1,039
Division of Forestry	16	16	1	5
Others	13	14	13	12
Total Commerce	1,701	1,704	1,684	1,056
Environmental Protection	2	6	6	6
Education	70	76	76	76
Health and Human Services	452	452	452	452
Homeland Security				
West Virginia State Police	203	203	203	203
Division of Corrections	463	457	455	183
Armory Board	—	201	218	218
Others	—	50	53	176
Total Homeland Security	666	911	929	780
Veterans Affairs	12	12	12	11
Regulatory Boards and Commissions	18	18	17	9

* 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.

*In FY 2021, the Legislature passed a bill that moved Adjutant General and Armory Board from Homeland Security to Regulatory Board and Commissions..

Sources: Financial Accounting and Reporting Section; West Virginia Financial Information Management System; Fixed Asset detailed ledger.

2017	2016	2015	2014	2013	2012
235	218	227	227	195	192
20	18	20	20	19	15
10	9	8	8	6	7
<u>2,434</u>	<u>2,502</u>	<u>2,664</u>	<u>2,664</u>	<u>2,021</u>	<u>2,035</u>
2,444	2,511	2,672	2,672	2,027	2,042
—	—	—	—	1	1
907	581	710	606	549	571
140	119	135	139	135	96
<u>18</u>	<u>14</u>	<u>18</u>	<u>15</u>	<u>17</u>	<u>17</u>
1,065	714	863	760	701	684
8	8	8	17	8	11
48	30	42	53	48	42
42	35	38	29	29	25
1,164	867	1,014	895	902	852
29	26	25	47	45	42
—	—	51	28	27	27
<u>27</u>	<u>23</u>	<u>25</u>	<u>37</u>	<u>33</u>	<u>32</u>
1,220	916	1,115	1,007	1,007	953
54	77	77	77	77	75
	2	2	2	2	2
199	196	103	97	100	92
14	15	8	8	7	7
27	72	28	27	26	29
75	71	70	69	71	78
2	2	2	2	3	3
885	903	907	909	907	905
5	5	5	5	5	5
<u>12</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>8</u>
902	919	923	925	923	918
6	6	7	7	7	7
76	79	79	69	69	82
452	106	106	105	107	108
97	97	92	91	90	90
64	66	63	59	55	55
149	149	149	112	109	154
<u>63</u>	<u>66</u>	<u>66</u>	<u>64</u>	<u>59</u>	<u>55</u>
373	378	370	326	313	354
10	10	10	10	10	10
4	4	4	4	4	3

Schedule 16
Miscellaneous Statistics
June 30, 2021

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 - 4,863 feet above sea level
Lowest Elevation Point	Harpers Ferry - 240 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	56
Number of State Police Troopers	638
Higher Education (State Supported):	
Number of Campuses	21
Number of Students	73,692
Recreation:	
Number of State Parks	35
Area of State Parks	77.328
Number of State Forests	9
Area of State Forests	77,683.00
Number of State owned and Operated Rail Trails	2
Distance of Rail Trails	150 miles
Wildlife Fish and Game Management Areas	104
Acreage of Wildlife Management Areas (Owned and Leased)	429,122

Sources: Division of Highways, Division of Public Safety, Higher Education Policy Commission, and Division of Natural Resources.