

A low-angle photograph of the West Virginia State Capitol dome, showing its ornate gold leaf detailing and classical columns. The image is split diagonally by a white line, with a dark grey overlay on the left and a blue sky on the right.

2018

*West Virginia
State of the
Treasury*

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This report details the daily operations of the West Virginia State Treasurer's Office and highlights the many programs and initiatives the office offers the citizens of our state. As you will read in the following pages, the Treasurer's Office stands strong with several successes in fiscal year 2018.

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



John Perdue, our 24th State Treasurer, is proud to continue his service to the people of West Virginia.

Since first being elected in 1996, Treasurer Perdue has worked diligently to make West Virginia a better place for families, business owners and citizens of all ages. As the banker of state government, Treasurer Perdue manages more than \$13 billion of state money annually. The Treasurer has set national records in the Unclaimed Property Division and returned more than \$191 million to rightful owners over the course of his administration.

Additionally, Treasurer Perdue established West Virginia's SMART529 College Savings Plan, which boasts more than \$2.5 billion in assets.

Perdue also helped develop the Board of Treasury Investments, which he oversees as Chairman of the Board. The BTI's two money market pools continue to maintain Standard and Poor's prestigious AAAM rating.

LETTER FROM THE TREASURER

My principal duty as State Treasurer is to safeguard the state's pocketbook. I'll never lose track of that mission.

I saw, however, so many more opportunities to serve the public when I assumed this office in January 1997. We have expanded the traditional role of a State Treasury with a college savings plan; a supplemental retirement plan; and an investment arm which allows state operating funds to remain within state government.

Our latest venture launched in fiscal 2018. WVABLE allows people with disabilities to save more than \$2,000 without the risk of losing benefits such as Supplemental Security Income (SSI) and Medicaid.



First to sign up for WVABLE were Denise Campbell, a former state legislator, and her son Logan.

ABLE stands for Achieving a Better Life Experience, which completely sums up the program goal. Those who have developed a disability by the age of 26 may now save up to \$15,000 per year, and up to \$27,060 if employed, with earnings accumulating tax free. An enrollee's account comes with a loadable debit

card, has features similar to a checking account, and functions like an investment account.

In another area of the Treasury, in 2018 unclaimed property returned \$17.7 million dollars, the most ever in a fiscal year. What's more, we broke the previous record two months early, thanks to increased outreach efforts. We returned nearly 50 percent of the lost assets we took in, an excellent figure in the unclaimed property realm.

Another boost to that record total was the return of approximately \$1.1 million to life insurance beneficiaries, which represents 27 percent of benefits ever returned in West Virginia. In 2012, my office began litigation aimed at getting life insurance companies to either pay out benefits or report them to our unclaimed property program.

Fiscal 2012 to the present represents 78 percent of life insurance benefits ever returned to state residents as unclaimed property.

Another area of which I am proud is the West Virginia Retirement Plus program. Assets in our program rose above \$240 million



Treasurer Perdue presents Jackie Godwin an unclaimed property check for \$70,000, part of \$1 million in life insurance benefits the office returned in fiscal 2018.

for the first time during the fiscal year. Retirement Plus offers an array of investment choices for state, county and municipal public employees. This program is an important benefit for public employees, and it's always encouraging to see West Virginians saving for the future.

Having extra funds on hand helps one enjoy life. In fact, that's exactly what we try to get across to students who take part in our Get a Life simulation. Our office visited 90 schools in fiscal 2018, comprising 10,691 students, mostly at the middle school level.

The SMART5.29K walk/run, now in its fourth year, is held each May to raise money to provide college savings funds for children adopted out of foster care in West Virginia. In the past three years, 31 families have been awarded \$37,000.



Students at South Charleston Middle School choose which car to buy with help from volunteers during a Treasurer's Office Get a Life event.



Rachel Probst of FrameWorks laughs with her daughter before the start of the 2018 SMART5.29K run/walk event.

Drawing from the race proceeds and sponsorships, 12 children were awarded \$1,200 each in the last three years. This year's ceremony took place in November 2017 at the Clay Center. Honored families enjoyed a lunch, ice cream, a Build-a-Bear workshop and the "My Town" exhibit. All recipients were selected by Mission West Virginia's Frameworks program through a judged application process.

Our primary job, as I said earlier, is to guard public funds. Embracing that truth does not stop us from helping in other ways. We'll continue to break the mold when possible and feasible to help make life the best it can be for all West Virginians.

John D. Perdue

John D. Perdue
West Virginia State Treasurer

Year-end Highlights

- Launched WVABLE program which allows people with disabilities to save without losing benefits
- Returned approximately \$1.1 million to life insurance beneficiaries in unclaimed property
- West Virginia Retirement Plus plan rose above \$240 million in assets
- Visited 90 schools and brought the Get a Life simulation to more than 10,000 students

UNCLAIMED PROPERTY

Top 10 counties, in amounts returned to residents

Doddridge	\$1.8 million
Kanawha	\$1.7 million
Taylor	\$541,477
Monongalia	\$527,818
Harrison	\$368,778
Cabell	\$368,708
Berkeley	\$361,222
Fayette	\$356,796
Wood	\$310,580
Mercer	\$279,244

While the historical numbers are impressive, the office's Unclaimed Property Division had an especially productive fiscal year 2018, returning a record \$17.7 million to rightful owners. Using both traditional means and modern technology, the Division surpassed the previous record of \$15.4 million, set in 2009, with two full months to go in the fiscal year. The work of field representatives, the full-time availability of our website and the publication of two newspaper inserts a year helps us in our quest.

Final numbers confirm record

Making official a milestone met in late April, State Treasurer John Perdue's office confirmed the \$17.7 million returned to rightful owners and custodians in fiscal year 2018 is an all-time high for the Unclaimed Property program.

The Treasurer's Unclaimed Property Division had already returned \$15.9 million as of April 30, smashing the previous fiscal year claim record by more than \$600,000. The fiscal year ended June 30.

Unclaimed property is any financial asset from which an individual has become separated, such as a forgotten utility deposit or final paycheck. The Treasurer's Office works to reunite those persons with their money through its Unclaimed Property Division.

The record-setting year eclipsed 2009's \$15.4 million total and 2011's \$14.9 million. To search the Treasurer's Office unclaimed property database go to www.wvtreasury.com.



Albert Metz Jr. receives an unclaimed property check for more than \$17,000 from his late mother's estate.

"We keep raising the bar of unclaimed property returned," Treasurer Perdue said. "It's a testament to the hard work of this office and our proactive approach to returning the people's money. We'll keep doing whatever we can to reunite people with what they have lost."

The \$17,657,253 returned approached nearly 50 percent of all money for FY 2018 reported to the Treasury by unclaimed property holders. Holders include insurance companies, banks, utility firms

and any other entity holding someone else's assets.

Assets returned in FY 2018 involved 12,007 claims and 36,988 properties. A "property" is a single asset, such as a forgotten utility deposit. Several properties could be covered under a single claim. Unclaimed property has nothing to do with real estate.

West Virginia residents in all 55 counties were reunited in fiscal year 2018 with a cumulative \$10.2 million, leaving approximately \$7.4 million disbursed to out-of-state residents.

Doddridge County led all West Virginia counties in dollar amount returned, with \$1.8 million on 22 claims.

UNCLAIMED PROPERTY

Treasurer Perdue has spent a considerable part of the last six years in litigation with life insurance companies, asking them to either pay out proceeds, or if beneficiaries can't be located, turn the money over to Unclaimed Property.

Fiscal 2018 proved a breakthrough year in that area. The Unclaimed Property Division returned to beneficiaries \$1.1 million, which is roughly 27 percent of the \$4.1 million in insurance proceeds ever paid out in West Virginia.

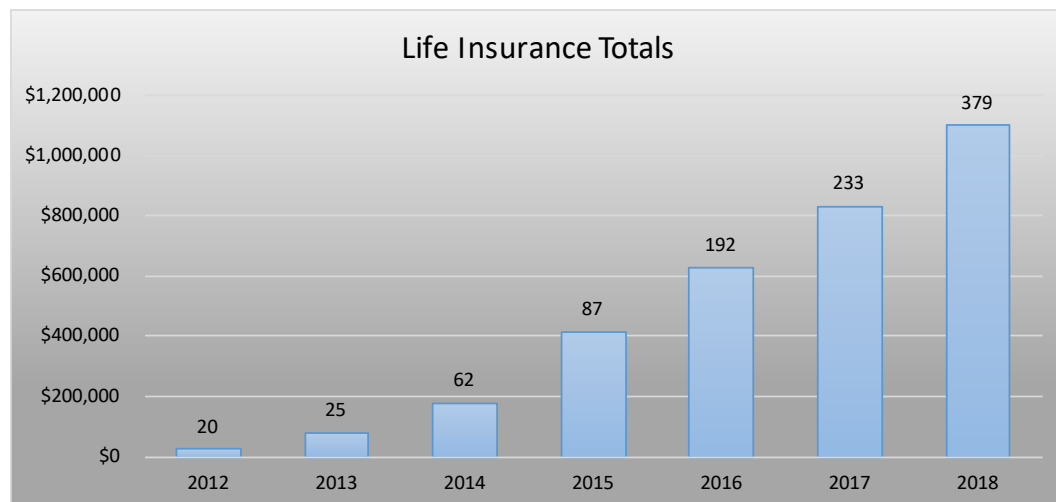
Seventy-eight percent of that \$4.1 million has been returned since Treasurer Perdue began litigation.

“Our residents are just beginning to reap the benefits of insurance reporting. We intend to make this a continued area of emphasis as we press forward.”

-State Treasurer John Perdue

“Our residents are just beginning to reap the benefits of insurance reporting,” the Treasurer said. “We intend to make this a continued area of emphasis as we press forward.”

The numbers below show the slow but steady pace of life insurance claims totals:



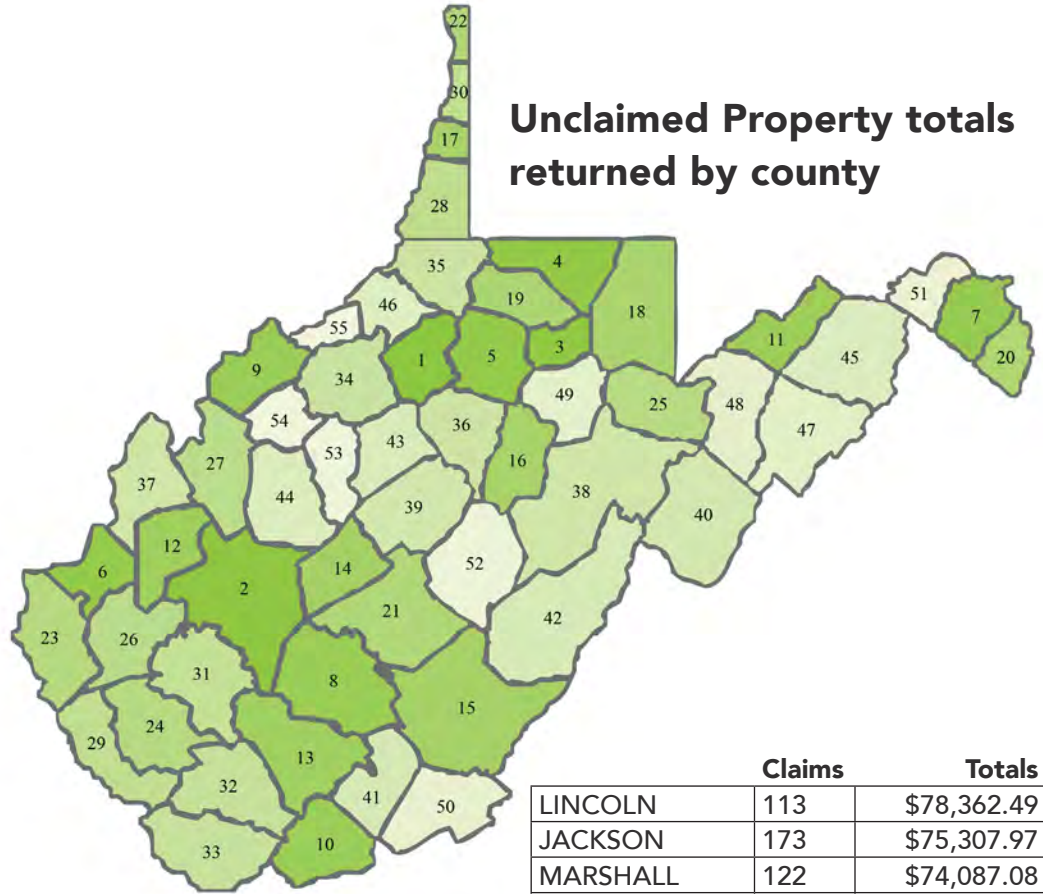
Auction raises \$74,000 for police



As part of the office's Unclaimed Property mission, the State Treasurer's Office holds periodic firearms auctions to benefit police detachments across the state. Fiscal year 2018's auction, held in the fall of 2017, raised more than \$74,000.

Open only to licensed firearms dealers, the auction's offerings depend on guns submitted by the detachments, which came to possess the firearms through arrest and seizure. Each detachment received proceeds from firearms it provided. The official total came to \$74,037.70.

Unclaimed Property totals returned by county



	Claims	Totals
DODDRIDGE	22	\$1,841,739.78
KANAWHA	1646	\$1,652,379.14
TAYLOR	108	\$541,477.98
MONONGALIA	591	\$527,818.33
HARRISON	496	\$368,778.91
CABELL	545	\$368,708.85
BERKELEY	528	\$361,222.05
FAYETTE	280	\$356,796.04
WOOD	482	\$310,580.13
MERCER	267	\$279,244.78
MINERAL	126	\$277,018.53
PUTNAM	418	\$274,003.10
RALEIGH	430	\$267,699.10
CLAY	48	\$260,053.90
GREENBRIER	175	\$228,167.17
UPSHUR	109	\$190,720.20
OHIO	241	\$171,785.10
PRESTON	224	\$138,746.97
MARION	356	\$137,765.15
JEFFERSON	239	\$137,092.89
NICHOLAS	143	\$123,998.11
HANCOCK	226	\$117,862.42
WAYNE	202	\$101,327.94
LOGAN	190	\$100,134.51
TUCKER	51	\$83,953.48

	Claims	Totals
LINCOLN	113	\$78,362.49
JACKSON	173	\$75,307.97
MARSHALL	122	\$74,087.08
MINGO	111	\$62,028.03
BROOKE	97	\$60,123.36
BOONE	235	\$57,467.85
WYOMING	128	\$48,535.40
MCDOWELL	74	\$45,209.95
RITCHIE	57	\$44,401.07
WETZEL	71	\$41,758.42
LEWIS	104	\$37,972.80
MASON	137	\$37,441.38
RANDOLPH	126	\$34,214.91
BRAXTON	55	\$30,803.82
PENDLETON	29	\$30,052.54
SUMMERS	41	\$26,193.29
POCAHONTAS	36	\$25,335.13
GILMER	55	\$24,879.08
ROANE	55	\$24,301.24
HAMPSHIRE	73	\$24,137.98
TYLER	24	\$19,859.06
HARDY	59	\$17,596.93
GRANT	51	\$16,907.97
BARBOUR	68	\$16,520.47
MONROE	58	\$16,297.11
MORGAN	62	\$15,323.73
WEBSTER	24	\$12,663.02
CALHOUN	22	\$6,156.75
WIRT	41	\$5,185.63
PLEASANTS	17	\$3,174.65

UNCLAIMED PROPERTY

Parsons woman receives \$70,000 life insurance check

When Jackie Godwin's husband Roy Rose died of a sudden stroke in December 1998, her world turned into a ball of grief and complicated family matters.

She thought little of a life insurance policy Roy had passingly mentioned, and he had left no directions behind. Left with the hard task of raising two daughters by herself, she struggled as the proceeds remained with the insurance company.

Treasurer John Perdue's office reunited Godwin with the missing funds in November 2017 during a presentation at the Harrison County Courthouse -- 18 years after her husband's death. The Treasurer presented a \$70,774 unclaimed property check to Godwin as members of the media, her two adult daughters and local dignitaries gathered.

"I never spoke to anyone from that insurance company. I was kind of angered."
- Jackie Godwin

"No one ever contacted me, no," said Godwin, 52, of Parsons in Tucker County. "I never spoke to anyone from that insurance company. I was kind of angered. Actually, angered is putting it lightly. I could have used that years ago raising those kids. Then I wouldn't have had to work three or four jobs at a time."

In 2012, Treasurer Perdue's office sued dozens of insurance companies in circuit court. The Treasurer's lawsuit claimed life insurance companies should turn over proceeds upon death of the insured, using Social Security's Death Master File (DMF) to identify deceased policyholders. Many insurance companies already used the DMF to identify the deceased and cut off annuity payments.

The Treasurer argued that many beneficiaries don't know a policy exists, or, like Godwin, don't have adequate details. The fight eventually made its way to the State Supreme Court, which, in 2015, remanded the cases back to circuit court for re-evaluation using the DMF as a guideline. Subsequent state legislation codified many of the guidelines; however, litigation continues with some of the companies.

"To be able to stand here today and present this check to Mrs. Godwin is one of the highlights of my tenure as State Treasurer," said Perdue. "We have fought hard on this issue to protect beneficiaries who have every right to their life insurance payments."

"I contacted the Treasurer's Office and they sent me a claim form," she said. "I wasn't really sure so I drove to Charleston. The people at the Treasurer's Office were so sweet, so nice and so very helpful."



Godwin appears overjoyed by receiving her unclaimed property check.

Unclaimed Property program featured at State Fair of West Virginia



Once again the Treasurer's Office made its presence known at the 2017 State Fair of West Virginia, highlighting two of its flagship programs: Unclaimed Property and the SMART529 College Savings Plan.

Fair-goers looked forward to the gatherings in the West Virginia Building, in which left-behind safe deposit box contents are auctioned in accordance with state law.

Bidders generated a total of \$4,451 over five auctions.

Meanwhile, fair activities at the nearby WVU Building focus on drawing attention to the office's SMART529 college savings plans.

FINANCIAL EDUCATION

Education Center: A fun way to learn



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

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

For more than a decade, Treasurer's Office staffers have been traveling the state, giving middle school students a fictional, but first-hand look at what it means to negotiate life's twists and turns. "Get a Life" offers youngsters an unfettered look at how important financial literacy can be through a hands-on financial reality activity.

Nearly 11,000 students get a life, learn money lessons

Students begin the game with a hypothetical income and are asked to purchase common commodities and objects, such as a house, car, health insurance and other essentials. Often those given a low-paying job find themselves in financial trouble and are allowed to earn a college degree or trade midway through the simulation, making getting the life they want a little easier.

Dedicated office staff members brought "Get a Life" to 90 schools in fiscal year 2018, reaching 10,691 students mostly at the middle school level. The game is geared to that age group, who are just beginning to understand the relationship between life, money and, if not happiness, the necessity of at least enough green to pay one's bills.

"When I took office in January of 1997, I made financial education a priority," Treasurer Perdue said. "I could see the glaring need for it. From the feedback we're getting it seems we're helping, one school at a time."

Local businessmen and businesswomen help complete the learning experience by serving as sales people, insurance agents and doctors in the simulated world.



"With programs like the Get a Life activity, I believe students in West Virginia will be better prepared to live and succeed in the real world," said Treasurer Perdue. "As the State Treasurer of West Virginia, I believe it is my duty to help schools provide meaningful financial education."

The activity is part of Treasurer Perdue's NetWorth program, a comprehensive financial education initiative designed to teach personal financial management skills.



SMART529

SMART529, West Virginia's officially sanctioned college savings plan administered by the Treasurer's Office, landed more accolades for its WV Direct offering in fiscal 2018. It also conducted its annual SMART5.29K run/walk to raise college funds for children adopted from foster care. SMART529 also made the futures of 15 children from around the state brighter, with 15 regional winners and a grand prize champion crowned in its annual "When I Grow Up" essay contest.

Bright futures for SMART529 "When I Grow Up" winners

The West Virginia State Treasurer's Office and SMART529 celebrated 10 years of the SMART529 "When I Grow Up" essay contest for elementary school students with an award ceremony at the West Virginia State Culture Center in September 2017. State Treasurer John Perdue recognized 15 West Virginia students for their essays detailing what they want to be when they grow up.

The regional winners were selected from more than 3,000 entries. Each winner received \$500 invested into a SMART529 WV Direct account. An additional \$4,500 was awarded to Madalyn Brown of Berlin McKinney Elementary in Wyoming County, after being selected

***"I want to cure diseases.
My grandmother has
cancer, and I would like to
find a cure for cancer."
- Grand prize winner
Madalyn Brown***

as the grand prize winner during a random drawing at the event.

Madalyn has big plans for her future. Thanks to winning the big prize, Madalyn now has \$5,000 to go toward her college fund. Madalyn dreams of becoming a biomedical scientist.

"I want to cure diseases," she said. "My grandmother has cancer, and I would like to find a cure for cancer."

Each winning student's school was also recognized and awarded a \$500 cash prize to support school programs.



Treasurer Perdue presents Madalyn Brown of Wyoming County a SMART529 check. Brown's name was drawn randomly from the list of regional winners.

Rock Branch teacher 2017 contest winner



Perry

In addition to the student winners, Rock Branch Elementary School second grade teacher Lori

Perry was awarded \$2,500 cash for her essay on how she planned to educate children about going to college and saving with the SMART529 program.

The "When I Grow Up" student and teacher essay contests are sponsored by the SMART529 College Savings Program, The Hartford and the West Virginia State Treasurer's Office to promote awareness of SMART529 and the need for higher education savings.

Information about this year's essay contests were made available through www.SMART529.com, on Facebook, in SMART529's school newsletter, and through direct mail publications.

SMART529 is a qualified tuition program issued by the West Virginia Prepaid College Tuition and Savings Program Board of Trustees and administered by Hartford Funds. Learn more about the program at www.SMART529.com.

SMART529

More ways to use your SMART529 account

SMART529 plans help with saving for a college or other post-secondary education because they offer tax advantages when used for qualified expenses. Account owners can now withdraw up to \$10,000 in annual expenses for tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school.

A Few Facts

- K – 12 SMART529 distributions can be made from existing or newly opened accounts
- Qualified K – 12 SMART529 distributions are tax exempt at the federal level
- Contributions to a SMART529 account provide state tax advantages

SMART529 plan rated No. 1 for three-year return

West Virginia's SMART529 WV Direct College Savings Plan ranked first on savingforcollege.com's national list of direct-sold plans, based on three-year investment performance.

"We're thrilled to be first in a national ranking, particularly one associated with something as meaningful as college savings," said Treasurer Perdue, who chairs the Board of Trustees that administers SMART529's savings plans. "Creating a better way to save for higher education is what our program is about. Personally, I know how important higher education has been for me in my life."

SMART529 topped the three-year investment performance category and ranked tenth nationally for one- and five-year performance. West Virginia's direct-sold plan is compared against similar plans sold nationally.

Direct-sold plans are those consumers can enroll in without using a broker. Savingforcollege.com prepared one-year, three-year, five-year and ten-year performance tables. Figures are as of the end of the first quarter, March 31, and track exactly three years back.

The site compared a subset of portfolios from each 529 savings plan and selected those ranked based on their mix of stocks, bonds and money market funds, which allows for an apples-to-apples comparison in seven asset-allocation categories.

SMART529 WV Direct requires no minimum dollar amount for a beginning contribution, no enrollment fee, and no regular subsequent contributions, though systematic contributions greatly contribute to a plan's growth. The Hartford reduced fees to the WV Direct plan in order to make it more friendly to as many people as possible.

SMART529 Plan Comparison Chart

	SMART529 WV Direct	SMART529 Select	The Hartford® SMART529®
How To Open An Account	Direct through www.smart529.com or by mail	Direct through SMART529Select.com website or by mail	Available through Financial Investment Professionals in your area
Residency	West Virginia residents	Available nationwide	Available nationwide
Minimum Initial Investment	No minimum	\$250 (\$50 for West Virginia residents)	\$250 (\$50 for West Virginia residents)
Minimum Subsequent Investment Per Fund	No minimum	\$25 (no minimum for West Virginia residents)	\$25 (no minimum for West Virginia residents)
Sales Charges	None	None	Varies by Share Class and Investment Option
Annual Fee	None	\$25	\$25
Investment Options	5 Age-Based Portfolios, 5 Static Portfolios, a Stable Value Fund, and an Indexed Fund	7 Age-Based Portfolios and 10 Static Portfolios	9 Age-Based Portfolios, 5 Static Portfolios, and 14 Individual Fund Options
Who Chooses the Investments	Selected by the Account Owner	Selected by the Account Owner	Selected with assistance from a Financial Investment Professional
Contribution Limit	\$400,000	\$400,000	\$400,000

SMART529

Annual road race raises money for foster children

The Treasurer's Office, in conjunction with Frameworks, Inc. and a host of other partners, presented the fourth annual SMART5.29K run/walk in May 2018.



Dozens of runners and walkers kickoff the SMART5.29K event on Charleston's East End.

Held each year to raise college saving funds for children adopted from foster care, runners and walkers weaved through Charleston's warehouse district, then on to the Capitol and back. The course is longer than a standard five-kilometer race, to reflect the SMART529 college savings tie-in, and included plenty of walkers and a kids' fun run.

Sponsors primarily help supply the SMART529 awards that are distributed to families through an application process administered by Frameworks, the adoption arm of Mission West Virginia. Prior to the 2018 race, 31 families had been awarded a cumulative of \$37,000.

Event partners in 2018 included Mission West Virginia, the Children's Home Society, Braley and Thompson, KVC, NECCO and Pressley Ridge.



Carter Joyne, 4, participates in the Kid's Fun Run ahead of the adult portion of the race.

SMART529

Twelve children receive SMART529 awards

For the third year in a row, West Virginia State Treasurer John Perdue and Mission West Virginia presented 12 children with SMART529 college savings awards.

Held in November 2017 as part of the third annual SMART529 Smart Start Award



Three members of the Saidi family - from left, Jasmine, Noel and Jaxon - each received \$1,200 awards.

program, the ceremony provided each child with \$1,200 invested in a SMART529 account. The awards help boost college savings for children adopted from the foster care system in West Virginia.

The ceremony and luncheon at the Clay Center also served as a local kickoff for November's designation as National Adoption Awareness Month. Children participated in a Build-a-Bear workshop and the "My Town" exhibit at the Clay Center.

The 12 children represented six families, which included four sets of siblings, ranging from 10 months to 12 years old. All recipients were adopted from the state's foster care system and selected by Mission West Virginia's Frameworks program through a judged application process.

"I can't think of a better cause or a more vulnerable population to help send to college," Treasurer Perdue said. "National statistics indicate that less than 3 percent of foster care children end up graduating from college or receiving some type of higher education.



Greyson Herrmann and mom Heather enjoy the ceremony.

Together we have an opportunity to improve those numbers here in our state."

Treasurer Perdue started the project in 2015 through a partnership with Mission West Virginia. Funds for the award are raised through the SMART5.29K run/walk. Races have been held in May of the past four years in Charleston's East End. The May 2018 race raised more than \$16,000. Nearly 60 people ran the course, marked off at exactly 5.29 kilometers.



Mayah Basham at the Smart Start event.

BOARD OF TREASURY INVESTMENTS

The West Virginia Board of Treasury Investments (BTI) manages approximately \$4.4 billion in short-term, fixed income investments. It serves as an investment vehicle for the operating cash of West Virginia state agencies and authorities, local governments and other political subdivisions.

The State's Investment Vehicle

Various investment pools and individual investment accounts managed by the BTI are collectively known as the Consolidated Fund. The Consolidated Fund's investment pools and accounts contain short-term fixed income instruments managed for the participant's sole benefit. The BTI only invests in fixed income securities and does not invest in equities. Its investment policy objectives put safety first, followed by liquidity of assets and rate of return.

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

BTI receives 12th consecutive CAFR award

The West Virginia Board of Treasury Investments has been awarded its 12th consecutive Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA).

The Certificate of Achievement for Excellence in Financial Reporting is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

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

The GFOA is a nonprofit professional association serving approximately 17,500 government finance professionals with offices in Chicago, Ill. and Washington, D.C.

Members of the Board of Treasury Investments

John D. Perdue, Chairman - West Virginia State Treasurer

Jim Justice - Governor

J.B. McCuskey - West Virginia State Auditor

Glenda Probst - Appointed by the Governor

Michael L. Glasser, Esquire - Appointed by the Governor

Producing Results

- The BidWV CD Program was developed by the BTI to invest state dollars back into West Virginia financial institutions. The program, which has awarded over \$1.9 billion in funds to West Virginia banks, has consistently outperformed its benchmark. For the one-year period ending June 30, 2018, the program beat its benchmark by 21 basis points.
- The BTI reached an all-time high Consolidated Fund balance of over \$4.4 billion in June 2018.
- The BTI has received the GFOA's Certificate of Achievement for Excellence in Financial Reporting for 12 consecutive years.
- The BTI received Standard & Poor's AAAM rating for the West Virginia Money Market and West Virginia Government Money Market funds for 12 consecutive years.
- The BTI developed peer group benchmarks to measure performance against similar money market funds. As of June 30, 2018, the BTI ranked first for the WV Money Market fund when compared against 308 institutional funds for the 1, 3 and 5 year periods ending June 30, 2018.

WVABLE Easy as 1, 2, 3

1

CREATE AN ACCOUNT

Open your account online at
www.wvable.com.

2

FUND YOUR ACCOUNT

Establish an account with as little as \$50. Deposit up to \$15,000 (up to \$27,060 if employed) in your STABLE account every year.

3

SAVE, INVEST & SPEND

Balances and distributions do not affect needs-based financial aid such as Medicaid or SSI.

WVABLE

New program allows individuals with disabilities to save

What if someone told you that you could only save up to \$2,000 before your monthly income and benefits were jeopardized? You might think that type of financial limitation would make your life much more difficult. However, that scenario has long been the reality for many individuals living with some type of disability.

Federal eligibility standards for certain needs-based benefits programs have historically limited personal assets to \$2,000 for individuals with disabilities.



Treasurer Perdue speaks during the launch event of the WVABLE program.

This policy stripped economic opportunity and dignity away from thousands and led to a diminished quality of life for many.

Simply put, individuals with disabilities and parents of children with disabilities have not been able to save for the future, as others have for decades. There was no parallel opportunity to traditional retirement plans and 529 college savings accounts that encouraged and incentivized savings — until now.

WVABLE, a new program enacted by the Legislature and established by the West Virginia State Treasurer's Office, is designed to change the landscape of finances for individuals with disabilities. West Virginia was one of the first states to pass the Achieving a Better Life Experience (ABLE) Act. It created a savings and investment program designed to cut through a web of complicated rules and regulations that prevented people from being able to save for future expenses.

"I'm excited this type of savings program is now available to those who need it most here in West Virginia," said Treasurer Perdue. "This is an important step toward empowering more individuals in our state to plan for their financial future."

Prior to passage of the ABLE Act, individuals receiving government benefits were restricted in the amount of money they could save or invest without losing public benefits, such as Supplemental Security Income (SSI) or Medicaid. Before, financial resources in excess of \$2,000 in savings could result in the loss of benefits.



WVABLE

As one of many states offering ABLE accounts, West Virginia no longer financially limits individuals or loved ones. People with disabilities may now put aside money for qualified expenses, such as rent, basic living expenses, transportation, education and training. Individuals may save up to \$15,000 per year in a WVABLE account, and up to \$27,060 if employed, with earnings accumulating tax-free.

The account comes with a loadable debit card and has features similar to a checking account, but it also functions like an investment account. Individuals must have developed the disability before the age of 26 to qualify.

Kevin Smith, a longtime advocate for people with disabilities, helped West Virginia launch WVABLE in February as one of the first people to sign up.



Kevin Smith shares how important it is to be able to save with WVABLE.

"This WVABLE plan will allow me to have more control of my day-to-day life to take care of medical emergencies and unexpected home repairs," Smith said. "The difference between me and others in the community is that they can save for those emergencies, but I have always had to watch the balance of my bank account due to asset limits because I receive SSI and Medicaid."

"As a parent of a child with a developmental disability, I can tell you that rolling out the WVABLE program has eased my mind," said Christina Smith, executive director of The Arc of West Virginia. "We are thrilled that it is finally available in West Virginia, and I am personally excited that my daughter will now have access to a resource that will enable her to achieve more independence, financial security, and an overall better quality of life."

Education and Outreach

A WVABLE representative is available to present to organizations or groups in person throughout the state. We can also be on site to assist with online enrollment at the conclusion of our presentation. If you would like to schedule a presentation or any type of outreach event, call 304-340-5050 or email wvable@wvsto.com.

Did you know?

- Up to \$15,000 annually may be rolled from a 529 college savings accounts to a WVABLE account
- You can set up payroll deductions with your employer to contribute to your WVABLE account or a loved one's account
- Earnings from a WVABLE account grows tax free and you have direct access to funds unlike a Special Needs Trust

SAVING AND INVESTING

DIVERSE CHOICES

You can put your money in up to five different saving and investment options, including four mutual fund based options and an FDIC-insured savings option.

TAX-FREE EARNINGS

Investment earnings are tax-free when used to pay for qualified expenses.

EASY ONLINE ACCESS

Monitor your investments, make contributions, and request withdrawals all online.

WV RETIREMENT PLUS

An impressive resume

- More than 300 political subdivisions have joined the Plan since the Treasurer's Office assumed custody in 2006
- Participant base has grown to more than 17,500 members
- Total assets have grown by \$165 million

West Virginia Retirement Plus is a supplemental retirement plan designed to provide an extra savings alternative for all state, county, city and other political subdivision employees. Such 457 programs, named for a section of IRS code, are similar to a 401(k) plan in structure except they are designed to supplement a participant's primary retirement plan.

Get in on the saving

Those who save through West Virginia Retirement Plus may have contributions conveniently deducted from their paychecks, lowering taxable income. A Roth 457 option is also available for employees wishing to save on an after-tax basis.

The plan also offers an array of investment options to fit several investment styles.

Treasurer supports retirement week

Potential enrollees and those already invested in the West Virginia Retirement Plus Plan received free consultation Oct. 19, 2017, as part of the Plan's "Fall into Savings" open house.

The Treasury's main reception area at the Capitol provided space for attendees to enjoy refreshments and socialize, while offices across the hall afforded meeting space for one-on-one sessions.

Traffic was steady for the three-hour session, as potential and established clients streamed through. The plan has grown greatly under Treasurer Perdue's administration, to more than 300 political subdivisions and 17,500 enrollees.



West Virginia Retirement Plus' Steve Kerns assists Mischa DiFilippo of the Board of Risk and Insurance Management.

"It is sometimes hard to save, granted, but you will thank yourself by whatever you are able to put back on a regular basis," he said. "We obviously advocate West Virginia Retirement Plus but any savings vehicle paying competitive interest is a no-lose proposition."

The website nerdwallet.com has estimated needed retirement savings amounts by age group. Median is differentiated by average in that it is the exact halfway point in a statistical group. Half fall above the mark and half below.

<i>Under 35</i>	<i>Ages 35 to 44</i>	<i>Ages 45 to 54</i>	<i>Ages 55 to 64</i>
Average retirement savings: \$32,500	Average retirement savings: \$100,100	Average retirement savings: \$215,800	Average retirement savings: \$374,000
Median retirement savings: \$12,300	Median retirement savings: \$37,000	Median retirement savings: \$82,600	Median retirement savings: \$120,000

Visit www.wv457.com for more information.

WV RETIREMENT PLUS

A customized investment plan

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

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

City of Buckhannon hosts WV Retirement Plus event

State Treasurer John Perdue and staff visited Buckhannon City Hall in April 2018, where 13 municipal employees enrolled in the West Virginia Retirement Plus supplemental retirement program.

"Anything that enhances our employees in their post-work life of being able to live more comfortably, we certainly endorse that," said Buckhannon Mayor David McCauley. "Anything that supplements what you're otherwise going to get through the state retirement system is huge. You can never have enough in retirement."

Of 80 full-time city employees, Buckhannon now has 49 enrolled in West Virginia Retirement Plus. In addition to the 13 new enrollees, two city employees increased their contributions during the day-long seminar, tailored to each city department.

Amberle Jenkins is the city's finance director. She says this year's federal tax reform bill came in handy for both those already enrolled or deciding whether to enroll in West Virginia Retirement Plus.

"They just figured out how much more they would get in their checks and dedicated that directly to their retirement accounts," she said. "They weren't accustomed to having it anyway."

"From what I can tell our employees are happy with it as a supplemental plan. We don't have anyone dropping out of it unless they leave."

She said it is easy and automated to send an enrollee's pay to West Virginia Retirement Plus, where it is invested in large mutual funds of the employee's choosing. "It only takes me five minutes to process that report."



Helping Buckhannon sanitary worker Bryan Samples (center) enroll in West Virginia Retirement Plus are Empower Retirement's Bob Aman (left) and State Treasurer John Perdue.

Plan Statistics for FY2018

Total Contributions -
\$16.5 million

Additional Deposits -
\$2.9 million

Total Net Earnings -
\$19.9 million

**Total Withdrawals/
Distributions -**
\$19.4 million

Total plan assets -
\$235 million

Top e-Government agencies by dollar amount processed

Municipal Bond Commission	\$132 million
West Virginia University	\$119 million
Workforce OBA	\$84 million
Consolidated Public Retirement Board	\$77 million
PEIA	\$70 million
Marshall University	\$25 million
Motor Vehicles	\$12 million
Fairmont State University	\$9 million
Shepherd University	\$7 million
Natural Resources	\$6 million

**Numbers rounded to the nearest million*

CASH MANAGEMENT

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

Treasurer's Office hosts cash handling conference for financial professionals

The West Virginia State Treasurer's Office hosted the 2018 Cash Handling Conference for state financial professionals in April 2018 at Stonewall Resort in Lewis County.



Conference attendees packed Stonewall Resort for an information filled two-day conference.

State Treasurer John Perdue welcomed more than 100 attendees to the conference, titled "Exploring the Wild Frontier."

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

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

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

"I can't stress enough the importance of frequent and complete PCI compliance training. We feel it's our responsibility to help state financial professionals be as prepared as they can be in this area," said Misty Price, Deputy Treasurer of Cash Management and conference presenter.

This was the fifth Cash Handling Conference hosted by the State Treasurer's Office.



Treasurer Perdue talks with attendees at the 2018 Cash Handling Conference.

CASH MANAGEMENT

Revenue Collections

Monies received by the state include:

Federal Funds - West Virginia receives over half its funds from the federal government in the form of direct appropriations, grant awards and special program support.

Tax Payments - Individual, corporate and government tax payments are collected by the State Tax Department and held and/or distributed by the State Treasury.

Licensing and Services - Many licensing and state services require payments to the state.

Fees and Fines - Many fees and fines are collected by the state to support various areas of government.

Higher Education - Tuition and fees collected from students support the state's colleges and universities.

Lottery Sales - The state receives revenue from the sales of lottery tickets, video lottery and table gaming.

Agency Revenues - Revenues collected by a state agency are deposited with the State Treasurer's Office for credit to the agency's appropriate account.

The various methods of accepting deposits include:

Direct Deposits/Payments to the state by ACH - The federal government, large dollar tax payers, and various businesses make payments by sending a direct deposit to the state's bank account. The Treasurer's Office will also debit individuals and collect monies for most large agencies.

Wire Transfers - Large dollar items can be transmitted to the bank by using wire transfers. This allows the funds to be deposited instantaneously.

Credit Card Payments - The state collects credit card payments in person with a point of sale (POS) terminal and over the internet for many of the state agencies and schools.

Checks and Cash - Payees may hand deliver or mail their checks and cash to the state office where they make their payment.

Top e-Government agencies by total transactions

Secretary of State	201,474
Motor Vehicles	176,359
West Virginia University	114,716
Natural Resources	113,378
WV State Treasurer's Office - Service Fee Account	91,246
Board of Registered Nurses	66,923
WV State Treasurer's Office	61,482
Workforce OBA	50,363
Marshall University	42,153
PEIA	34,212

REVENUE DISBURSEMENTS

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

Coal County Reallocation Severance Tax Distribution..... \$11,066,718.57

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

Coalbed Methane Gas Severance Tax Distribution..... \$1,072,424.86

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

Greenbrier Table Games..... \$376,974.02

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

Limited Video Lottery Distributions \$7,149,308.00

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

Wine, Liquor and Private Club Tax Distribution \$9,733,924.51

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

Regional Jail Fund Distribution \$3,911,485.35

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

REVENUE DISBURSEMENTS

Municipal Sales and Service Use Tax \$73,989,755.81

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

Oil and Gas Severance Tax Distribution \$15,568,885.43

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

Volunteer Fire Department \$22,240,254.51

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

An additional one percent is allocated to be levied on fire and casualty insurance policies. These funds are collected by the Insurance Commissioner and transferred to the State Treasurer's Office for distribution. Twenty-five percent of this one percent surcharge goes to volunteer fire departments.

Table Games Distribution \$9,972,851.86

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

Coal Severance Tax Distribution..... \$20,078,082.28

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

Coal severance distributions past 10 years



DEBT MANAGEMENT

Debt Outstanding

One of the most important measurements of debt for a state, city, county or any other municipal bond issuer is the amount of net tax supported debt outstanding. As mentioned earlier in the report, the State of West Virginia ended Fiscal Year 2018 with a net tax supported debt outstanding of \$2.29 billion.

One of the most important measurements of debt for a state, city, county or any other municipal bond issuer is the amount of outstanding net tax supported debt. The State of West Virginia ended fiscal year 2018 with a net tax supported debt outstanding of \$2.29 billion.

General Obligation Bonds

Approximately \$1.1 (net) billion of West Virginia's outstanding net tax supported debt for fiscal year 2018 consisted of General Obligation (GO) bonds. Over the years, West Virginia's GO bonds have been issued for road construction, school construction, veterans' bonuses and infrastructure development. All of these bonds carry a pledge of the state to levy taxes if funds are insufficient to meet debt service. Outstanding GO bonds include road bonds and infrastructure improvement bonds.

Revenue Bonds

Revenue bonds make up more than \$895 million (net) of West Virginia's net tax supported debt. A revenue bond is typically supported by the revenue from a specific project. For example, a bond issue for dormitory renovations at a college or university may be supported by certain student fees. The revenue bonds included in net tax supported debt are unique since the revenue source for repayment of the bonds is not tied to a specific project directly linked to the bond issues. The issuing authorities included in this section are the Economic Development Authority, the Higher Education Policy Commission, the School Building Authority and West Virginia Infrastructure & Jobs Development Council.

Leases and Notes Payable

The State of West Virginia depends on lease and notes payable obligations to finance capital improvements, large purchases of computer equipment, vehicles and many other projects. There was approximately \$334.9 million in lease and notes payable obligations outstanding at the end of fiscal year 2018.

Roads To Prosperity General Obligation Bonds

The Roads to Prosperity Amendment of 2017 authorized bonds in the aggregate amount of \$1.6 billion, to be issued over a four year period, as follows:

July 1, 2017, an amount not to exceed \$800 million	July 1, 2018, an amount not to exceed \$400 million	July 1, 2019, an amount not to exceed \$200 million	July 1, 2020, an amount not to exceed \$200 million
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Bonds not issued may be carried forward and issued in any subsequent year before July 1, 2021. Proceeds are to be used to match federal funds for highway and bridge construction and for general highway and secondary road and bridge construction and improvements in each of the 55 counties.

Issue Dated	Principal Outstanding	True Interest Cost	Average Annual Debt Service FY19 - Maturity	Final Maturity
June 7, 2018A	\$167.6 million	2.85%	\$9.0 million	June 1, 2043
June 7, 2018B1	\$330.3 million	3.37%	\$28.6 million	December 1, 2036
June 7, 2018B2	\$302.1 million	3.89%	\$24.7 million	June 1, 2043

46%
General Obligation

38%
Lottery Revenue Bonds

15%
Leases and Notes Payable

1% Revenue Bonds

FINANCIAL HIGHLIGHTS

Assets Under Management

For the Year Ended June 30, 2018

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

Board of Treasury Investments	\$4,437,140,000
West Virginia College Prepaid Tuition and Savings Program	2,642,001,000
Unclaimed Property	270,000,000
Securities held in Safekeeping.....	109,236,000
West Virginia Retirement Plus	235,345,000
Total Assets Under Management	\$7,693,722,000

FINANCIAL HIGHLIGHTS

Fund Revenues & Inflows

For the Year Ended June 30, 2018

Board of Treasury Investments:

Net investment increase from operations	\$50,222,000
Participant purchases, contributions & reinvestments	11,623,844,000
Operating Funds revenues & gains.....	2,842,000
Total Board of Treasury Investments	11,676,908,000

West Virginia College Prepaid Tuition and Savings Program:

Prepaid Tuition Trust Fund net revenues	2,274,000
College Prepaid Tuition and Savings Program Administrative Account.....	1,557,000

Savings Plan Trust Fund:

Net Investment Gain	181,425,000
Contributions.....	206,199,000
Total WV College Prepaid Tuition and Savings Program	391,455,000

West Virginia Retirement Plus:

Contributions.....	16,535,000
Net investment gain	19,950,000
Total West Virginia Retirement Plus	36,485,000

Unclaimed Property:

Holder Remittances	28,300,000
Stale Dated Checks	8,200,000
Total Unclaimed Property	36,500,000

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

Collections	326,866,000
Appropriations.....	3,329,000
Transfers	86,466,000
Total Other Funds and Accounts	416,661,000

Total Revenues & Inflows **\$12,558,009,000**

FINANCIAL HIGHLIGHTS

Fund Outflows

For the Year Ended June 30, 2018

Board of Treasury Investments:

Participant distributions, redemptions & withdrawals.....	\$10,244,511,000
Operating Fund expenses.....	2,786,000
Total Board of Treasury Investments	10,247,297,000

West Virginia College Prepaid Tuition and Savings Program:

Prepaid Tuition Trust Fund expenses	964,000
College Prepaid Tuition and Savings Program Administrative Account expense...	1,258,000

Savings Plan Trust Fund:

Participant redemptions	250,658,000
Administrative expense.....	5,357,000
Total West Virginia College Prepaid Tuition and Savings Program	258,237,000

West Virginia Retirement Plus:

Distributions and Withdrawals	19,464,000
Fees	721,000
Total West Virginia Retirement Plan.....	20,185,000

Unclaimed Property:

Claims paid	18,100,000
Transfers	11,400,000
Administrative expense.....	4,900,000
Total Unclaimed Property	34,400,000

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

Transfers	174,179,000
Distributions	159,131,000
Disbursements.....	15,918,000
Total other funds and accounts	349,228,000

Total Expenses & Outflows **\$10,909,347,000**



wvtreasury.com