



Executive Summary

The purpose of this report is to provide a high-level overview of the State of West Virginia's outstanding debt as of March 31, 2023. Per West Virginia Code, the West Virginia State Treasurer's Office (WVSTO) prepares quarterly debt update reports. The March and September reports are shorter in length, providing three-month updates. The June and December reports are more detailed, covering six months of the fiscal year. In addition, the WVSTO compiles an Annual Debt Report as of June, summarizing the entire fiscal year.

This report is the third for fiscal year 2023. Tax-supported debt as of March 31, 2023, decreased \$26.9 million from the December 31, 2022 balance. Non tax-supported debt increased \$177.9 million during the same time period.

The focus of this letter is to provide some information about the importance of collateralization.

On March 10, 2023, the nation's sixteenth largest bank, Silicon Valley Bank, failed after a "run" on deposits. Silicon Valley Bank was a prominent lender in the start-up ecosystem and provided specialized services to venture capital and tech-centric companies.

The collapse of Silicon Valley Bank became the second largest bank collapse in the history of the United States and placed nearly \$175 billion in customer deposits under the control of regulators. The collapse of Silicon Valley Bank sent shockwaves through parts of the banking sector.

Limiting Liability through Collateralization

Bank "runs" are a phenomenon familiar to most bank collapses and occur when depositors withdraw more money than the bank has on hand. This happens because banks are not required to hold 100-percent of deposits in reserve.

In recent years, banks that fall under the same classification as Silicon Valley Bank have had their reserve requirements drop from approximately 10-percent to 0-percent. The Federal Reserve Bank instead incentivizes banks to hold more reserves by providing interest on reserve funds.

The West Virginia Treasury is responsible for monitoring the collateral for all state funds on deposit in any depository in excess of the amount insured by an agency of the federal government such as the Federal Deposit Insurance Corporation (FDIC).

State funds include monies held in designated state depositories, which are funds due the state, and monies held in outside bank accounts by any spending unit of the state. Ensuring proper collateral helps reduce the state's financial risk.

All monies kept in outside bank accounts are collateralized under [West Virginia Code §12-1-4](#) due to the liability incurred by the state. If the State Treasury is not aware the accounts exist, the funds in the accounts would not be collateralized and would therefore be at risk of loss.



The State Treasury has established [Outside Bank Account Policy and Procedures](#) to ensure compliance with [West Virginia Code §12-2-3](#), which governs deposits of monies not due the state. These policies and procedures are published to provide a comprehensive guide to state spending units/agencies that have established or need to establish bank accounts outside of the State Treasury. The State Treasury will request various types of information throughout the year to help analyze and review the maintenance of the accounts by state spending units/agencies.

There are penalties for opening an outside bank account without prior West Virginia Treasury authorization. See [West Virginia Code §12-2-6](#) for more information.

The [Outside Bank Account Policy and Procedures](#) and applicable forms are accessible on the [Treasury website](#).

If you have questions about whether funds should be approved for an outside bank account or held in a Treasury account, please email outsidebankaccounts@wvsto.com or call the Check Hotline at (304) 558-3599.

Works Cited

- *After 2 Historic US Bank Failures, Here's What Comes Next.* *WCHS*, 13 Mar. 2023, wchstv.com/news/nation-world/after-two-historic-us-bank-failures-heres-what-comes-next-emergency-measures-financial-crisis-silicon-valley-bank-federal-reserves-aggressive-plan-washington-mutual-collapse-2008#. Accessed 29 Mar. 2023.
- *What Is Silicon Valley Bank and Why Did It Suddenly Collapse?* 10 Mar. 2023, nypost.com/2023/03/10/what-is-silicon-valley-bank-and-why-did-it-suddenly-collapse/.

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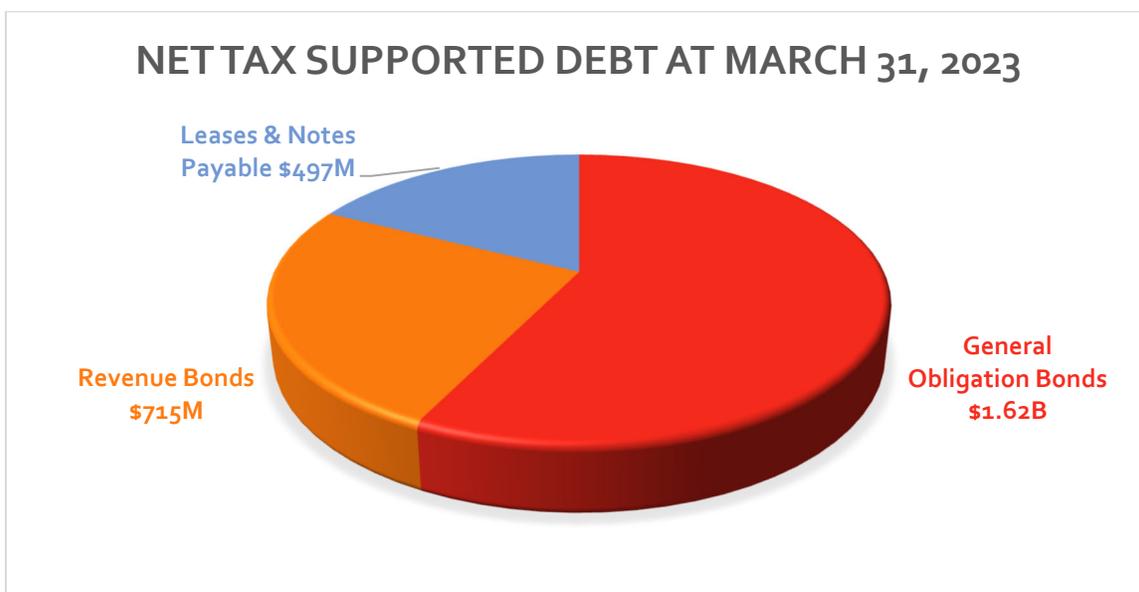
Debt Position Report

Update: March 31, 2023

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. The State of West Virginia had a net tax-supported debt of \$2.81 billion as of March 31, 2023.

liabilities of the state. Those obligations are detailed in the state's Annual Comprehensive Financial Report available from the Division of Finance of the Department of Administration or online at www.wvfinance.state.wv.us.

The net tax supported debt calculation does not include claims and judgments, accrued compensated absences, pension costs, other post-employment benefits costs or other



DISCLAIMER

Pursuant to W.Va. Code §12-6A-6, every state spending unit is required to report quarterly on its debt to the West Virginia State Treasurer's Office. The Treasurer's Office prepares this Report using information provided by the spending units and information from other sources considered reliable. This report is unaudited and may be amended when updated information is provided to the Treasurer's Office.

The following spending units did not report for this current update: Hospital Finance Authority, WV Dept. of Adjutant General, Board of Examiners in Counseling, Ethics Commission, Division of Forestry, Dept. of Health & Human Resources, Board of Medicine, Public Employees Grievance Board, and the Secretary of State.



West Virginia Net Tax Supported Debt Outstanding as of March 31, 2023

Type of Debt	Principal Outstanding March 31, 2023
GENERAL OBLIGATION BONDS	
Safe Road Bonds	\$ 70,540,000
Roads to Prosperity Bonds	1,512,430,000
Infrastructure Improvement Bonds	56,374,103
Total General Obligation Bonds	\$ 1,639,344,103
REVENUE BONDS	
School Building Authority Capital Improvement Bonds	61,921,250
Economic Development Authority, Lottery Revenue Bonds	261,140,000
Economic Development Authority, Excess Lottery Revenue Bonds	127,200,000
Higher Education Policy Commission, Lottery & Excess Lottery Revenue Bonds	237,172,500
Higher Education Policy Commission, Excess Lottery Revenue Bonds (BABs)	50,265,000
School Building Authority, Lottery Revenue Bonds	92,963,500
School Building Authority, Excess Lottery Revenue Bonds	81,454,000
School Building Authority, Excess Lottery Revenue Bonds (QSCBs)	150,480,000
West Virginia Infrastructure & Jobs Development Council (Excess Lottery Revenue Bond)	53,150,000
Total Revenue Bonds	1,115,746,250
TOTAL LEASE OBLIGATIONS/NOTES PAYABLE	496,931,182
GROSS TAX SUPPORTED DEBT	3,252,021,535
DEDUCTIONS FOR ESCROW/SINKING FUND/RESERVE FUNDS	
Economic Development Authority, Excess Lottery Revenue Bonds	(26,900,551)
Economic Development Authority, Lottery Revenue Bonds	(135,940,000)
Safe Road General Obligation Bonds	(14,890,000)
Higher Education Policy Commission Excess Lottery Revenue Bonds	(79,220,000)
School Building Authority Capital Improvement Bonds	(61,921,250)
School Building Authority Excess Lottery Revenue Bonds	(17,350,000)
School Building Authority, Excess Lottery Revenue Bonds (QSCBs)	(106,501,624)
Total Deductions	(442,723,425)
NET TAX SUPPORTED DEBT	\$ 2,809,298,110



Debt Position Report

Update: March 31, 2023

The State of West Virginia has more than 20 bonding authorities that may issue revenue bonds backed by various pledges of revenue. Each authority has its own specific parameters such as volume caps, interest rate caps, etc., and any parameters are codified in West Virginia Code. The authorities listed below have outstanding debt, which is categorized as self-supporting and is not considered as part of the state's direct debt burden. This debt is considered "non-tax supported debt."

West Virginia Non-Tax Supported Debt Outstanding as of March 31, 2023

Issuer	Principal Outstanding March 31, 2023
Commissioner of Highways	\$ 205,895,000
Concord University	14,233,300
Economic Development Authority	4,368,337,369
Fairmont State University	49,919,448
Glennville State University	36,299,631
Higher Education Policy Commission	38,452,668
Hospital Finance Authority	2,840,752,352
Housing Development Fund	368,580,000
Marshall University	97,925,000
Parkways Authority	482,795,000
Shepherd University	30,366,596
Tobacco Settlement Finance Authority	684,454,000
Water Development Authority	126,280,000
West Liberty University	15,725,831
West Virginia Infrastructure & Jobs Development Council	79,590,000
West Virginia State University	36,867,864
West Virginia University	711,917,982
NON TAX SUPPORTED DEBT (net)	\$10,188,392,041