



JOINT COMMITTEE ON GOVERNMENT AND FINANCE

MATERIALS DISTRIBUTED
SEPTEMBER 24, 2019

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
September 24, 2019

3:00 pm – 4:00 pm

Senate Finance Room

1) Approval of July 23, 2019 minutes:

Speaker Hanshaw: “The Committee will come to order. The first item on the agenda is the approval of the July 23, 2019. President Carmichael is recognized.”

President Carmichael: “I move the minutes of the July 23, 2019 meeting of the Joint Committee on Government and Finance as contained in the members packets be approved.”

Speaker Hanshaw: “President Carmichael moves that the minutes be approved. Discussion? All in favor say aye, opposed no. The ayes appear to have it, the ayes do have it. The minutes are approved.”

2. Monthly/Quarterly Reports Received:

Speaker Hanshaw: The next order of business before the Committee are the Monthly/Quarterly Reports. Members will find in their packets the reports from each Agency.

Status Reports on Lottery, Unemployment Compensation Fund, General Revenue Fund & State Road Fund

(William Spencer, Director, Budget Division)

Status Reports on Lottery

(John Myers, Director, West Virginia Lottery Commission)

General Revenue Fund & State Road Fund

(Mark Muchow, Deputy Secretary, West Virginia Department of Revenue)

WorkForce WV Unemployment Compensation Trust Fund Distribution

(Connie Kirk, UI Director, WorkForce West Virginia)

Monthly/Quarterly Reports from PEIA, BRIM & Real Estate Report

(Bob Paulson, General Council, Department of Administration)

Department of Health & Human Resources, Medicaid Report & Medicaid Waiver Report

(Cindy Beane, Commissioner, West Virginia Bureau for Medical Services)

- Requested information on cost savings initiatives report, see corresponding tab.

Children’s Health Insurance Program Report

(Jean Kranz, CHIP Executive Director, WVCHIP)

- Requested information on correlation between reduction in state’s unemployment rate and number of children on insurance program, see corresponding tab.

Investment Management Board Distribution

(Rod Livingston, Sr. Investment Officer, West Virginia Investment Management Board)

Workers Compensation

(James Dodrill, Insurance Commissioner, West Virginia Offices of the Insurance Commissioner)

Board of Treasury Report Distribution

4. Other Business:

“Motor Voter Act”:

Byrd White, Cabinet Secretary, WV Department of Transportation

Mac Warner, Secretary of State

DOH Worker Pay and Grievance Board

Byrd White, Cabinet Secretary, WV Department of Transportation

James Cox, Director, WV Grievance Board

Wait-times at Tolls

Greg Barr, General Manager, WV Parkways Authority

Doug Ratcliff, Director of Toll, WV Parkways Authority

5. Adjournment:

Speaker Hanshaw: “Any further business to come before the Committee? If not, I recognize President Carmichael for a motion to adjourn.”

President Carmichael: “Mr. President, I move that we adjourn.”

Speaker Hanshaw: “All those in favor say aye, opposed no. The ayes appear to have it, the ayes do have it, the meeting is adjourned.”

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5. Adjournment

JOINT COMMITTEE ON GOVERNMENT AND FINANCE
(Speaker Hanshaw)
July 23, 2019

3:00 p.m. – 4:00 p.m.

Senate	House
Carmichael, Chair	Hanshaw, Chair
Blair	Bates
Plymale	Cowles
Prezioso	Householder
Takubo (absent)	Miley
Trump (absent)	Shott
Weld (absent)	Summers

President Carmichael: “I recognize Speaker Hanshaw for a motion.”

Speaker Hanshaw: “Yes, Mr. President. I move that the Parks and Recreations and Natural Resources subcommittee be approved to tour North Bend State Park on August 11, 12, and 13, 2019.”

President Carmichael: “Speaker Hanshaw moves that the Parks, Recreation and Natural Resources subcommittee be approved to tour North Bend State Park. Is there discussion? If not, all those in favor will say aye, those opposed no. The ayes appear to have it, the ayes do have it. I declare the motion adopted.

The next order of business before the committee are the monthly and quarterly reports. the members find in their packets reports from each agency. The status reports on the Lottery, Unemployment Compensation Fund, General Revenue Fund, and State Road Fund. Is there anyone available to attend to speak to those reports today? I see it noted on the agenda that there is not. So, I call the status report on the Lottery, Mr. Meyers.”

William Spencer: “Mr. President, Mr. Speaker, members of the committee, we’ve submitted our report. They should be included in your packet. I’m here along with the CFO from the lottery to answer any questions.”

President Carmichael: “Are there questions? I recognize Delegate Summers.”

Delegate Summers: "Thank you, Mr. Meyers. When I was reviewing this, I noticed that it was dated June 7th. But it's the exact report we got last month, giving the statements for April ... for the month of April. Do you have anything updated, or do you only do these every quarter. How does that work?"

William Spencer: "No ma'am. I don't understand why it didn't get here correctly. But I have the correct one with me."

Delegate Summers: "Okay, we'd like to see that because we're looking at April."

President Carmichael: "You have it with you. I'll ask the staff to get a copy of that and then maybe move you to the bottom of the report agenda. Or are there questions that you could ...?"

Delegate Summers: "Well, I mean if he wants to go ahead and talk through it, that's fine. We can review it. But I just noticed it was an old report."

President Carmichael: "Okay."

William Spencer: "I can give you some highlights very quickly. We did have a very good year at Lottery this year. Our gaming revenues this year are \$51,979 above what we had for 2018. That is 4.76% higher. We were \$165,446 above projection for this year. That's 16.92% above our projection. The operating transfer to the state were \$494,379. Which is up 4.31% above the previous year. This year we, in sales, ranked about 20th in the 44 lotteries in the United States. So, I think we had a very good year."

President Carmichael: "Further questions? Other members desiring to ask questions? We'll have the report distributed before the end of the meeting, the updated report. So, thank you very much. Next item on the agenda is General Revenue Fund. Is Mark Muchow in the audience? There he is."

Mark Muchow: "Mark Muchow, WV Department of Revenue and for the month of June, and I'm going to talk mainly about collections, not so much about estimate because we revised our estimates up about four different times during the fiscal year and the numbers had to balance out one way or another. So, technically speaking with all the revisions, we missed estimate in June by \$8.95 million. But that's because we had to do all those revisions to make things meet."

Overall revenues in June, for General Revenue were very close to \$478 million.

That was 13.9% ahead of last year. So, better than ... for the year as a whole, for the year as a whole up 12%, in June up 13.9%. Good numbers in most of the categories. The sales tax, that was \$151.2 million. That was 5.2% ahead of last year for June. Year to date, for the whole year was 9.9% ahead, a total of \$1.37 billion in sales tax collections for the year.

Personal income tax in June, \$200.5 million for General Revenue plus another \$12 million that we put in the income tax refund reserve account. So, very strong June collections on personal income tax for the whole year. \$2.097 billion in personal income tax for the General Revenue Fund. That was 9.2% ahead of last year.

The B&O tax, almost \$11.2 million for June, for the whole year \$124.5 million. The B&O tax was 8.3% ahead of the prior year. A big reason for the increase in B&O taxes, the number those industrial tax credits related to investments that were put in place several years ago were starting to roll off the books in significant amounts, and that's the reason for why that number went up.

The severance tax, \$51.9 million in June. That was 46.6% ahead of the prior year. For the whole year we collected \$462.4 million in severance tax. That was 33.7% ahead of last year. So, a huge increase there, and just a little bit of feedback from the local tax distributions, which were not included. Of course, the general revenue, these are monies that go to local governments. For the whole year the ... and the oil and gas distribution runs on a laggard basis, so it's ... but it still shows up ... the trend.

Oil and gas, \$15.6 million distribution. That was 60% ahead of the prior year. There are two separate coal severance tax distributions to local governments totaling \$33.6 million. That was 7.5% gain there. So, we have gain in almost all categories. Actually, the leading categories in terms of percentage gain in severance tax were oil and gas liquids. By far they were the top performers and then natural gas did well, and coal did fairly well too. Coal was up by, in the neighborhood of 10% to 12% as a whole for the year.

Corporate Income tax, in the month of June we collected \$36.5 million and that was double, 103.5% ahead of the prior year. And for the whole year of corporate net, \$198 million, up basically 80%, and some of that is because corporate profits are naturally higher because the economy is doing well. Some of it had to do with behavioral reaction

related to federal tax reform. Because at the federal level there was a big tax rate reduction for corporations, and that would cause some folks to ... on the ... to kind of move some of their expenses to the prior year when the tax rates were higher. You get a bigger bane on that and then move ... shift the income if you can to the current year and that reflects in the income tax numbers across the country, not just West Virginia, just across the country at the state level.

Insurance premium tax for the year, \$129.1 million, net was 3.9% ahead of the prior year. Tobacco tax, tobacco tax was one of the few revenue sources that actually declined. We collected \$171.2 million for the year. That was down 3.7%. In past history typically, tobacco tax declines about 1% a year or somewhere in that neighborhood of 1%. The decline rate in the recent last couple of years has been a bit steeper than that.

Interest income for the year was up significantly. We increased from \$7.8 million in general revenue in 2018 to almost \$27.8 million in 2019, and that's due to short term interest rates being a lot higher. There may be a little bit of a reversal on the short-term interest rates sometime in the near future with the federal reserve. But for this past year, big gains associated with the higher short-term interest rates.

I'm going to move to the State Road Fund real quickly. The State Road Fund, I'm going to give you the total numbers for the year for State Road Fund. We collected \$443.4 million in motor fuel tax. That was 5.7% gain over 2018. It ended up just a little bit below estimate, about \$470,000. There were some refund issues related to a certain subset there that occurred.

Registration fees did really well, \$168.8 million. That was 13.6% higher than 2018 and \$26.6 million above the estimate that is provided. Motor vehicle sales tax collection is \$236.1 million, that was up 3.8% and the big one, which is due to the legislative appropriations, is the miscellaneous category. We collected \$122.7 million in miscellaneous of which over \$100 million was those transfers from general revenue fund over to road fund that occurred in the last month, and that was up 134% from the prior year. So, overall on state source revenues we were \$972.7 million. Which is an all-time record for state road fund, \$33.2 million above the estimate and 14.5% ahead of last year.

On the federal reimbursement side, total federal reimbursements were \$366.9

million. That was actually down 6.2% from 2018 where it was \$391 million. Keep in mind that federal reimbursements run on a federal fiscal year and the timing will kind of gyrate back and forth. But I'm assured that the state's captured every federal dollar that's available in any given federal fiscal year."

President Carmichael: "Fantastic report. Are there questions? There's got to be some questions. I just want to make sure Phil Kabler got all that. Are there further questions of ...? I mean, that is a terrific report. Thank you."

Mark Muchow: "We had a very good year. Sometimes the stars align, and the stars aligned this past year in a big way."

President Carmichael: "Alright, thank you. The next item on the agenda is Workforce WV ... Craig did you have any questions for State Road Fund or anything?"

Senator Blair: "You've got it down here in other business."

President Carmichael: "Okay Workforce WV, Unemployment Compensation Trust Funds, Connie Kirk."

Andy Osborne: "Thank you Mr. President. I'm stepping in for Ms. Kirk today. My name is Andy Osborne. I believe you guys have received a copy of the report from Ms. Kirk. Today's balance as of this morning is \$201,284,578. By the end of the month we expect that balance to be \$220,993,771. The unemployment rate in the State of West Virginia today is 4.7%, the national average is 3.7%."

President Carmichael: "Thank you. Are there questions? I've got a quick question. How much has the unemployment rate dropped in WV over the past year?"

Andy Osborne: "If you'll bear with me. In January of 2019 it was 5.2%, and as I said it is currently 4.7%."

President Carmichael: "Okay. Are there other questions? If not, thank you very much for your report. The next item on the agenda is the report from the PEIA, BRIM, and Real Estate division. Is Allan McVey ... yes, there he is."

Allen McVey: "Thank you Mr. President and Mr. Speaker, esteemed members of the committee. You have our reports and I'm here to answer any question. I also have representatives from each of the agencies here to answer any specific questions as well."

President Carmichael: "Thank you Mr. McVey. Are there questions? I recognize

Delegate Bates.”

Delegate Bates: “Thank you Mr. Chairman, Mr. President for the ... Mr. Cheatham, if I can at the appropriate time.”

Allen McVey: “Certainly, I’ll defer to the director of PEIA. By the way, good looking coat and tie by the way.”

Delegate Bates: “My wife dresses me.”

Ted Cheatham: “Ted Cheatham, PEIA.”

Delegate Bates: “Thank you Mr. President. Mr. Cheatham, I made note of some comments that you’d made in the media within the last month or so about the strong financial position of the PEIA and the reserves, and I noted that you’d mentioned some of that had to do with declining enrollment numbers, that there are less people that are actually covered by the state for insurance, and I wonder if you had any more details on that that you could share with me and the members of the committee and those in terms of what dynamic is going on there. Are there any trends? Is it moving in a particular direction, any analysis that you might have done that would be helpful to us and our planning?”

Ted Cheatham: “So, we were talking primarily about the active population when I said that. So, the retiree population is actually growing. The active population is declining, and oddly enough at about the same rate. On the retiree side, we get about 3000 retirees new every year and unfortunately, we lose about 1500 every year. So, we have been growing at 1000 to 1500 retirees a year.

On the active side, over the last five years, we’ve lost about 1000 people a year. So, we’ve lost about 5000 actives in the last five years. I’m rounding, please. About 3000 of that is education, it’s school boards of education. About 1000 at the higher ed and about 1000 at the state. So, that’s how it roughly breaks up.”

Delegate Bates: “And these are workers? These are employees of the state? They’re not spouses or families? Would the number be higher if you included ...?”

Ted Cheatham: “It’s a pretty homogeneous drop. It’s employee only, employee with family. It’s a pretty homogeneous drop.”

Delegate Bates: “And what impact does that have moving forward?”

Ted Cheatham: “Well, we’ve been looking. You know, our concern to ... you know, we’re cautiously optimistic. It’s not an issue. We’ve been looking at what’s left as opposed to what’s stayed. We’ve had a couple of things happen in the last five years. Most notably, five years ago, we had about 95% of our population in Plan A. Which is our very rich plan. Today it’s about 80%. So, not only have we been losing population, but population is also migrating to this higher deductible, lower premium plan. That’s been going on as well. So, we look at what the risk is. Are the people that are leaving, has it changed the risk mix? And the answer is not really. It’s easily within 10% risk mix, and so what’s really happening is the premium was here, the claims were here. Because we break even, right? And all that’s happened when the people leave is the premium has gone down, but they’ve taken their claims with them, and their claims are about the same claims as everybody else. So, we’ve really just stayed fine in our loss ratios.”

Delegate Bates: “And what impact does that have on the amount of dollars that’s necessary for ... from the state to fund PEIA? What has that done to your ...?”

Ted Cheatham: “Yea, even with the loss of membership, don’t forget the claim costs are still trending up at 5% a year. So, you know, that’s one of the reasons PEIA is doing better. I mean we need less premium and we need ... and we have less claims, and as people move to Plan B, we need to charge less premium and spend less on claims. So, the need is there but we’re still sitting at 80/20 on our financials. It hasn’t really impacted us on that regard either.”

Delegate Bates: “And one more if I can, Mr. President. My understanding is that the active population supports the retiring population, that there’s a transfer that goes on in some way to be able to ...”

Ted Cheatham: “Absolutely, it’s about a 70% subsidy from the active side. This year, I believe it’s \$140 million is being transferred from active premiums to retirees.”

Delegate Bates: “So, this trend of more retirees, less actives, if that continues that becomes a ... could potentially become a problem that ...”

Ted Cheatham: “It does, it does. Considering we have on the active state side, about 58,000, 58 ½, as opposed to 51,000 retirees. Now do understand that number is going to get evened up in a few years. But we do have non state agencies also supporting

the OPEB retires. They're also supporting to the tune of about 70% as well. They're not state agencies."

Delegate Bates: "Thank you. Thank you, Mr. President."

President Carmichael: "Thank you. I recognize Delegate Shott."

Delegate Shott: "Thank you Mr. President. Good afternoon, I have a question about the process that is involved when a physician prescribes a particular medication for a patient and a different medication is basically approved but not the prescription that was prescribed, and the reason for my inquiry is that I received a call from the widow of a beneficiary who was a deceased member of the Legislature who was prescribed a certain prescription that she's been using for a long time that seems to be very helpful, and another prescription was substituted for that and she's not been able to get any kind of explanation for what happened or what has to occur in order to see if she can challenge that to get back on the medication that works."

Ted Cheatham: "So, there's ... I hate to tell you this, but I mean without knowing what the medication is and the circumstance, that's a difficult particular to answer. I can give you some generalities."

Delegate Shott: "Well, just the process. I mean, who makes the decision that the prescription that's actually written by the prescribing physician is not approved for being filled?"

Ted Cheatham: "So, in West Virginia pharmacists have the ability to substitute drugs to a generic at point of sale. So, it could happen there. It also could be that the initial drug that was prescribed gets denied at the pharmacy because it needs an authorization. The pharmacist would call the doctor's office and say, "Hey, you need an authorization, or you can prescribe this preferred drug, which is on the formulary," and the doctor will make the prescription over the phone. In which case they can pick it up at the pharmacy, but it's changing the drug as you've said. The other thing that happens is, in this case, if she's been taking it a while, it's possible that it changed the formulary tier, and she's looking for an exception because the cost changed as opposed to not getting the drug."

Delegate Shott: "And when you say they changed the formulary; can you be more

specific as to what that means?”

Ted Cheatham: “Yes. About every quarter we look at the drugs, our rebates, our efficacy of drugs, new drugs coming out on the market, and sometimes we say this drug is no longer appropriate. There’s a better drug for this disease state, at a lower cost or a better rebate or whatever, and those drugs change.”

Delegate Shott: “But if it doesn’t turn out to be a better drug to treat that particular condition, what does the beneficiary do?”

Ted Cheatham: “The beneficiary has every right ... well, most drugs are covered under PEIA. There are very limited drugs that are absolutely excluded, and that’s only been within the last two years. We’ve covered everything. The problem is, a lot of things are covered at third tier, which is 75% coinsurance. So, if they’re prescribed at 75% coinsurance, and I want to remind everybody, we do have a maximum on drug spend annually, \$1750 personal. So ... but if they get to that expensive drug, it’s 75%. Effective July 1st, it passed last year, we do have an appeal process with CVS that allows them to say we can’t afford this medication. There is no other medication that works, and they’d like a tier exception to get a lower copay for that drug.”

Delegate Shott: “That’s helpful, thank you.”

President Carmichael: “Thank you. Are there further questions? I recognize Delegate Summers.”

Delegate Summers: “Thank you, Mr. Cheatham. I have a question because he brought this up about drugs. Does this happen with PEIA where people are going to pay a maximum for a drug until they’ve reached their deductible? You’re saying that people are migrating to the higher deductible plan. Which when I’ve talked to some insulin companies, because people are having a really hard time with this high insulin. They’re telling me that, and I don’t know if this is true, that’s why I’m inquiring, that because people are changing to the higher deductible plan, they’re paying more for their drug until they meet a deductible and then it goes down. Is that true with PEIA or that’s not true?”

Ted Cheatham: “Yes and no. On Plan A, B, and D, which are three of our regular traditional looking plans, we have a separate drug deductible for those plans. On A ... Plan A and D, it’s \$75. So, they’ll pay their first \$75 and then copays kick in and

coinsurance to the out-of-pocket maximum. On Plan B it's \$150 deductible. Plan C is a consumer directed high deductible plan. On a consumer directed high deductible plan, any drugs that are not considered pure maintenance medications, which will get a copay, they do have to meet full deductible before the plan pays anything. That's medical and pharmacy. There are exceptions though, for required maintenance drugs and I would ... I could check, I'm not ... off the top of my head, I would believe that insulin is one of those.

Delegate Summers: "I would think so."

Ted Cheatham: "So, routine maintenance drugs do take a copay on the high deductible plan outside of the deductible."

Delegate Summers: "Once you start to meet that, the \$150 or ..."

Ted Cheatham: "Not ... on the high deductible plan, there is exceptions for maintenance medication to go to a copay without going to the deductible first."

Delegate Summers: "Okay, thank you."

President Carmichael: "Are there further questions? Further questions? Thank you very much, Mr. Cheatham. Other questions of either BRIM or Real Estate area? If not, Mr. McVey, thank you very much."

Allen McVey: "Thank you, I appreciate it."

President Carmichael: "DHHR, Medicaid and Medicaid Waiver reports, Cindy Beane?"

Cindy Beane: "Hi, members of the committee, Cindy Beane, Commissioner for Medicaid. You have your reports before you. Do you have any questions today?"

President Carmichael: "Are there questions? I recognize Delegate Bates."

Delegate Bates: "Thank you again, Mr. President. Ms. Beane, I'm actually going to refer to some information I requested that was actually in last month's report that we didn't get a chance to deal with because we were dealing with betterment, and it was related to the Medicaid surplus balances. So, you'd provided at my request in the previous meeting, a summary of the amounts that were available under Medicaid surplus for the medical services trust fund and provider tax. So, if I could just refer to that. I'm looking at a number here that indicates there's \$218 million surplus at the end of 2018. Was that an anticipated surplus or was that the surplus that was accrued because of some particular

reason, or ...?”

Cindy Beane: “Well, we are currently in the process of revising our six-year budget and we will have a surplus of a little over \$200 million, probably at the \$218, but we have experienced several savings initiatives that have increased our surplus amount. So no, that amount was not necessarily anticipated. Although it is better to have a surplus than a deficit. So, we have been fiscally conservative with the program and are making sure that we have those dollars in place for the program for things that we know that are coming up, such as our SUD waiver and some of the savings that you’ll see in that surplus amount is where we started the SUD waiver for substance abuse. We didn’t get the initial intake that we thought we were going to get. So, we had a \$32 million savings there that we anticipated, an initial \$52 billion spent.”

Delegate Bates: “So, I’m ... that amount, what does that represent as far as your overall budget. I mean, it’s about ...”

Cindy Beane: “I mean, \$4 billion is, you know, roughly ...”

Delegate Bates: “Do you have a target for that amount? Is there some sort of ... do you anticipate in your planning process to maintain a surplus of a certain level?”

Cindy Beane: “So, we do like to maintain a surplus of a space capital of at least 80 for different things and in the private sector and private insurers, they also have to have a surplus as well, and I think that’s important for the Medicaid program as well. But in addition to the \$80 million, like I said, there are expenditures there that are reflected that we are still committed to. That is, even though it is showing a surplus, it’s not technically surplus because those dollars have been committed for future spent.”

Delegate Bates: “Just not spent in fiscal year?”

Cindy Beane: “Right, for an example our MCO rates, CMS to 13 months to approve our MCO rates. So, we have \$26 million that we still owe the MCOs because they went ahead and paid the new rate at risk, that we’ll now have to pay in the next fiscal year.”

Delegate Bates: “So, I perhaps request a little bit more detail, you know for the next meeting in terms of what that \$218 million consists of. You mentioned a couple of things there that ... and what I’m trying to identify is what’s monies that we’re ... are there

savings through operational services vs. ...”

Cindy Beane: “Right, so we’ve had several cost savings initiatives with the program that have actually produced cost savings. So, we can certainly provide more detail to you next month.”

Delegate Bates: “Okay, and these would be matchable dollars, is that correct? These would ... if these dollars were spent on medical services then there would be ... so, I would just ... I think that most would agree that there are extensive health care needs within the State of West Virginia, and if the money’s allocated for medical services, and we have that available, then we’d hope that we’re able to spend those monies.”

Cindy Beane: “Right. Absolutely, and I don’t want to lead you to believe that all of those monies are currently available. It’s ... the spend and the timing is a little bit different.”

Delegate Bates: “Okay, thank you for that. Mr. President ...”

President Carmichael: “So, you’ve got his request in terms of for next report?”

Cindy Beane: “Absolutely.”

President Carmichael: “Very good. Are there further questions of Ms. Beane? If not, thank you very much. Delegate Summers did you have a question? Okay, next item on our agenda is the Children’s Health Insurance Program report, Jean Kranz.”

Jean Kranz: “Good afternoon, Mr. President, Mr. Speaker, members of the committee. I’m the new director of the CHIP program, I’m Jean Kranz. I believe you have before you the report that was submitted by our agency and I’d be glad to answer any questions that you might have for our agency, and if I’m unable to answer them, we might be able to pull in some of our fellow partners from the bureau to assist with some of those.”

President Carmichael: “Well, welcome, and are there questions of Ms. Kranz? If not, ... I’ve got a ... I probably shouldn’t go into this, but there was a report published in, I don’t know, one of the local papers about the amount of homeless students that are in West Virginia. How does this data correspond to those children, or does it?”

Jean Kranz: “Well, I don’t think the homeless children impact the CHIP population. You know, there are some of our children that could be homeless, but those children would primarily be receiving the Medicaid benefit, the fee for service benefit, or the managed care benefit. The CHIP population are those individuals that we might reference

as the working poor parents and so this is the more ... the lower income families, but not those that are eligible for CHIP. I mean for Medicaid.”

President Carmichael: “Well, and as I started digging into some of that data also, it was a lot of these ... or the numbers that were associated with these homeless children, were perhaps living with other family members or grandparents, or something like that.”

Jean Kranz: “Correct. Yes, that is correct.”

President Carmichael: “Are they eligible for CHIP? Depending on ...”

Jean Kranz: “Eligibility for CHIP is based on the income for the families, so yes.”

President Carmichael: “Okay, I recognize Delegate Shott for a question.”

Delegate Shott: “Thank you Mr. President. Just curious, as our unemployment rate has decreased, I’m wondering if we’re having fewer children leave the program because the income of their parents or the household they live in is growing. Are you seeing any correlation there at all?”

Jean Kranz: “That’s a difficult question for me to answer as somebody who’s been in the department less than a month. But we could look at that and get you an answer.”

Delegate Shott: “If you could before, or for the next meeting, I’d be curious. Thank you.”

President Carmichael: “Thank you, good question. Are there other questions? I recognize Delegate Cowles.”

Delegate Cowles: “Thank you Mr. President. I notice in the map for the CHIP enrollment, the last page of your report, there are about 10 counties it looks like, that have the highest number of uninsured children, and five or six of those counties are in the eastern panhandle or in the east. Is there anything that can be deciphered from the fact that ... it seems by this map, this depiction, that a lot of children on the east side of the state are uninsured, compared to the rest of the state.”

Jean Kranz: “The deduction that I might make from that is that these children might not be eligible for the CHIP benefit and they’re not enrolled in the Medicaid, managed care, or fee for service program, and so those children who fall into that gap between those two services.”

Delegate Cowles: “That gap, could you explain to me what that gap is. Is ... CHIP

covers above Medicaid, but is capped out at what point?”

Jean Kranz: “CHIP eligibility is at 300% FPL.”

Delegate Cowles: “That’s the cap?”

Jean Kranz: “That’s the cap.”

Delegate Cowles: “Thank you very much. Thank you, Mr. President.”

President Carmichael: “Are there further questions? If not, thank you very much. The next item on our agenda is Investment Management Board Distribution. I thought I saw Craig.”

Craig Slaughter: “Ladies and Gentlemen, you have the May 31, 2019 report in your packets. You all know that May was a terrible month. We lost ... we were down 2.5% in May, which really, just barely leaves us above water for the fiscal year. The good news is that we know that June is a lot better. We got all that back and more. I just don’t know how much yet. We’ve still got to crunch those numbers. So, I think it’s actually ... you know, the markets were up. The stock market was up dramatically in May. It was just a, you know, shocking almost. So, the fiscal year numbers will come in a lot better than I thought a couple of months ago, and I don’t think we’ll make 7.5%. But given where we were a couple of months ago, I think you know, missing it by a small amount is good news.

If you go on down the list, revenue short ... I got a ... somebody called me about the Revenue Shortfall Reserve Fund earlier today and from the administration. Just to point out for the fiscal year the Revenue Shortfall Reserve Fund, A) which is up 5% for the fiscal year for the first 11 months of the fiscal year. June probably didn’t change their return that much because they don’t have any stocks. The Revenue Shortfall Reserve, B) is up 3.5% and probably a modest improvement in that as well for June.”

President Carmichael: “Alright, are there questions for Mr. Slaughter? Questions? If not, thank you very much. The next item on the agenda is Workers Comp, Jim Dodrill.”

James Dodrill: “Good afternoon Mr. President, Mr. Speaker, and members of the committee. I believe you do have our report and I’ll be happy to try to answer any of your questions if you have any.”

President Carmichael: “Thank you Jim. Are there questions? Any questions? If not, thank you very much. The Board of Treasury Report Distribution is in your packet. Is there other business? Under other business we have called to podium Mr. White, Byrd White. Do you want to just state your name for the audience?”

Byrd White: “Mr. President, it’s Byrd White, Secretary of the Transportation.”

President Carmichael: “Well, you’re on the agenda to ... regarding questions about DOH worker pay and just any general questions.”

Byrd White: “Yes sir, I am, and I brought with me Mr. Julian Woods, who’s our HR director in case you ask any pertinent questions, I don’t know. He does.”

President Carmichael: “Okay. Well thank you. Are there questions of Mr. White? I recognize Delegate Summers.”

Delegate Summers: “Thank you for being here Mr. White. The questions that we had were, the legislators were receiving a lot of emails and communications from employees that had filed a petition and were concerned about salary adjustments that had been made at the Department of Transportation, Department of Highways. We need an explanation of that. How those salary adjustments were made. I think it was in regards to Senate Bill 2003, so that we can understand that better.”

Byrd White: “That’s a very difficult question because those questions are currently in the grievance stage and it is an active grievance, and I am hesitant to say anything about it until it finishes the grievance process. The ... as you know there’s steps to the grievance process. Those exact things were grieved at the first level. The grievance was denied, it has gone to the second level. We have not gotten an answer on that. It then goes to the third level, and if it’s not resolved it can go to court. So, I’m really hesitant to say anything.”

Delegate Summers: “Well, I understand your hesitancy, but would it not be public knowledge on how you spent the tax payer dollars on awarding different salaries to different people or different positions.”

Byrd White: “I can tell you that we did make a salary adjustment in a couple of areas. One of them was our bridge inspectors who were leaving at an unacceptable rate and were supervising people that made more money then they did, and there was an

adjustment that went through for them and some others. Our HR department is currently revising our whole salary schedule and job descriptions. I'd ... Mr. Woods could probably give you a little more detail on that than I can, but we're addressing our salary scales. We do have some problems and we have some that aren't problems."

Delegate Summers: "Okay, what is your anticipated date of having that revised salary schedule done?"

Byrd White: "Mr. Woods, front and center, sir."

Julian Woods: "Good afternoon."

President Carmichael: "Will you state your name for the audience?"

Julian Woods: "Julian Woods, I'm the current HR director for the Department of Highways, Department of Transportation."

President Carmichael: "Delegate Summers, you have questions?"

Delegate Summers: "I'm understanding from him that certain categories of employees were making perhaps more money in the private sector instead of the state and were leaving at certain rates, and so those salaries were bumped up. We're just curious about what salaries were bumped up and did the other Department of Highways employees receive the 5% pay raise that we passed across the board for last year and this year. Is that through the works? Are they receiving that?"

Julian Woods: "Okay, I'll answer the 5% first. Yes, all of our employees received the 5% both last year and this year. That's something done in partnership with the budget office and is actually done for us, and then we actually check the numbers. So, as far as I'm aware, all employees did receive the Governor's 5%."

Delegate Summers: "Did the people that get the salary adjustments, say of \$20,000, did they also receive the 5% pay raise each year, or was that incorporated as a consideration in the raises that they got?"

Julian Woods: "I would have to double check the first one. That's prior to my coming to the department. I came in January of 2019. However, I do know that everyone did receive it, the second pay raise."

Delegate Summers: "Okay, well perhaps for the next meeting or when this grievance process plays out, I know that they filed a response in May and still haven't

heard from department of personnel a response to that grievance. So, I don't know how long a process that takes, but this is the end of July."

President Carmichael: "I don't know, in terms of the grievance process. But I understand your questions and we'll try to get answers for those. Further questions? Delegate Summers? Other questions? I recognize Senator Blair."

Senator Blair: "Thank you Mr. Chairman. This is to you, Byrd. I've got a bunch of questions here. On the Roads to Prosperity, the bond that was \$931, it was an \$800 million loan. I keep hearing that there's only been contracts that paid out, it's less than \$50,000 million, but I see work going on out here. Help me understand a little bit about what's going on with that. Because we just passed today \$600 million, but yet I keep having people say to me, "Well, they've only spent \$31 million," or something like that. Can you enlighten the committee on that a little bit?"

Byrd White: "I think so. If I'm understanding the question correctly, yes sir, I think I can. We've ... out of first bond issue, we have let seven projects totaling \$448 million. Those are out and done. We've got one ... there was 10 projects in GO1. The 10 projects totaled a little over a billion dollars, and it was an \$800 million bond issue. So, we had to do something. We have one project, the Merritt's Creek project, we federalized that. It was \$71 million and change that we moved out of the bond and into a federal project. We've got two projects left which are not let, which is the St. Albans bridge, which is going to be approximately \$170 million plus some federal aid that we're going to put with that, and we've got the I70 Wheeling bridge that's approximately \$210 million. Those projects will be let in August and October, and then we'll have the entire GO1 out on the street."

Senator Blair: "So, when somebody tells me, "Well, they've only spent \$32 million of the \$900," they're not understanding the process, correct?"

Byrd White: "That is correct. We may have only spent that, but we've obligated the balance of it on these other contracts. I'm not sure exactly what we've spent to date, but I know that we've obligated all of that money."

Senator Blair: "Okay. Give us an update on secondary roads on what's taking place with additional monies going there? I've seen lots of work taking place on that, but I hear lots of people saying it ain't. So, tell us where you're at in the pipeline on that."

Byrd White: “Well, I have a total report that I’m giving to the next meeting, but I can tell you that through last meeting we have paved 982 lane miles of road. We have repaired 193 slips. We fixed 2800 miles of the unpaved roads that, you know, are gravel or tar and chip, one or the other. We patched 7000 miles of road and ditched 4600 miles of road. That’s since April 1, since I got ... right after I got there.”

Senator Blair: “Okay, I’m going to go to another question now of hiring of contractors. You know, we had that bill down here that didn’t make it across the line, Randy’s Dream. I forget the ... 622, I think was the bill number on it for a Senate Bill. But it didn’t make it across the board, but I’ve noticed that we’ve got contractors out here that are doing jobs. For instance, painting the lines on the roads, putting guard rails down. Where are we at on being able to do mowing and some things like that. Why isn’t some of that, or the ditching, taking place? What’s the mechanics on that?”

Byrd White: “We have recently gotten contracts with different people to ... and they’re per mile contracts in general that, you know, Joe in County X will ditch for \$4000/mile, or whatever the number is, and there are different contracts in different areas. We are going to start using those in certain areas. They’re more expensive than what our people ... what it costs our people to do. But if we can’t get it done, we’re going to have to contract some of it out. If that ... I don’t know if that answers you question.”

Senator Blair: “No, it answered it, and I appreciate the response. I’ve noticed something else too. Because I know that you’re getting new equipment out there and getting it into the field for our guys to ... that are working for the Department of Highways, and I’ve noticed something, and that is, is that a lot of it’s not getting painted white with the stickers on it, and I’m assuming that this is a cost saving measure that we’re not going to paint something a new color, you’re going to slap a sticker on and put it to work rather than having it tied up for two months getting a paint job to make it look like West Virginia DOT, and rather than putting it to work. Am I wrong or am I right?”

Byrd White: “I don’t know. I wasn’t aware of that. Jimmy, do you know?”

Jimmy Wriston: “Yes, the Senator’s assumption is correct.”

Senator Blair: “Good, because I’d much rather see pot holes getting fixed than paint jobs on tractors.”

Byrd White: “We have received about \$15 million worth of the equipment that you all authorized for us. Some of it ... most of it’s a Buchanan and hopefully we’ll get at least a sticker on it before it goes out.”

Senator Blair: “Alright, I get the sticker and everything, but when I travel through Maryland and Pennsylvania and everyplace else, you can see a John Deere tractor being John Deere green or John Deere yellow with their sticker on it and gone. But everything we had for decades was white, white, white, with stickers and blue and gold lines down it, and they look pretty, but you know ... “

Byrd White: “You’d rather have them doing some work.”

Senator Blair: “Yea, I’d rather see the work getting done. One last question if I may, and that is the hiring. When you were last here last month where you know, we were hiring more people. We’re trying to get ... where are we at on that, on getting word of Department of Highways workers in the pipeline, and again, is there anything that we need to do to help with that?”

Byrd White: “I think we’re doing good on that. I’m going to defer to Julian to give me some numbers here.”

Julian Woods: “And I’ll return to your question Delegate Summers. All employees did receive the 5% across the board, both times.”

Byrd White: “How are we doing with hiring?”

Julian Woods: “Hiring, we’re doing ... I think we’re moving in a positive direction. The total since March of 2019, we’ve gained 1,048 positions. That’s both permanent and temporary. For 255 permanent positions, 893 temporary positions, total gain of 19 engineers as well.”

Senator Blair: “Nineteen engineer increase?”

Julian Woods: “Yes sir, since March of 2019. So, we’re making gains and we plan to do even more than that. We’re working with DOP to strengthen our process, so to speak, and be able to get more employees in faster as well.”

Senator Blair: “Very good.”

Julian Woods: “Thank you, sir.”

Senator Blair: “Thank you for answering my questions. Thank you, Mr. Chairman.”

President Carmichael: “I recognize Delegate Summers.”

Delegate Summers: “Thank you, I had one more question. By our next meeting, do you think you could give us an update on the salary schedule plan and also maybe an update on the grievance. Maybe we can reach out to DOP and see why this is taking so long. We need some resolution to this, and we also need to know what these salary schedules are going to be because we have the same problem with Department of Corrections. We couldn’t retain people. So, we needed to increase those. We need to be able to make some decisions next session, if there’s something we need to do with Department of Highways employees, and I don’t know if that’s giving you a bulk sum and then it’s just going to certain people at the top. While I understand you need to retain those people, we also need to retain the people that are on the ground working as well. So, if you could get us that information, we would appreciate it. Thank you.”

Julian Woods: “Actually the grievances are with the grievance board. I’m not sure that DOP plays a role in that.”

Byrd White: “Yes, it’s separate and apart from DOP.”

Delegate Summers: “Yes, the grievance board. We can reach out to them and find out what’s taking so long so you can get some resolution and these employees can as well.”

President Carmichael: “Thank you. Are there further questions for Mr. Byrd? If not, thank you very much. Is there other business to come before the committee? I recognize Speaker Hanshaw.”

Speaker Hanshaw: “Thank you, Mr. President. I am in receipt of a letter received today, signed by the majority chairman and minority chairman of the House component of the Joint Committee on Government Organizations indicating that due to the schedule of the special session over the course of the last intervening period that their committee has been unable to meet at all during the interim process and they’re asking that the Joint Committee authorize one extra day of interim meetings to be added to the September schedule to accommodate those committees which have been unable to meet thus far this interim session. So, I move we authorize one additional day of interims on the September interim schedule to accommodate those committees which have been unable

to meet thus far.”

President Carmichael: “Is there discussion? You’ve heard the motion. Discussion? If not all those in favor will say aye, those opposed, no. The ayes appear to have it. The ayes do have it. I declare the motion adopted. Is there further business to come before the committee? I recognize Senator Blair.”

Senator Blair: “Thank you. The Flood Committee is going to meet on August 14. Is this committee going to meet in the month of August? I’m just curious, because normally we meet on the monthly, correct? Now, I’m just asking the question from that standpoint. Because if flood is going to meet on the 14th and we were going to meet again, well, factor it in around that time period, that’s all. I didn’t know.”

President Carmichael: “Yea, well in response to your question, it’s not our intention to meet in August.”

Senator Blair: “Got it.”

President Carmichael: “Is there further business or questions to come before the committee. If not, I recognize Speaker Hanshaw for a motion.”

Speaker Hanshaw: “Mr. President, I move the committee adjourn.”

President Carmichael: “All those in favor will say aye, those opposed, no. The ayes appear to have it, the ayes do have it. I declare the committee adjourned.”

WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor



*Budget Division
Building 1, Room 314-West Wing
1900 Kanawha Blvd. East
Charleston, WV 25305-0590*

304-347-4870

September 17, 2019

Executive Summary WV Lottery, Unemployment Trust, General Revenue and State Road Fund

- West Virginia Lottery as of August 31, 2019:
Gross profit year to date was \$85 million. Gross profit for fiscal year 2019 was \$84.6 million.
- West Virginia Unemployment Compensation Fund as of August 31, 2019:
Total disbursements were \$5.6 million higher than in fiscal year 2019. Overall ending trust fund balance was \$57.3 million higher on August 31, 2019 than on August 31, 2018.
- General Revenue Fund as of August 31, 2019:
The general revenue collections ended the second month of fiscal year 2020 at 93% of the estimate for the year.
- State Road Fund as of August 31, 2019:
The state road fund collections ended the second month of fiscal year 2020 at 95% of the estimate for the year.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



*Budget Division
Building 1, Room 314-West Wing
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Charleston, WV 25305-0590*

MEMORANDUM

To: Honorable Chairmen and Members of the Joint Committee on
Government and Finance

From: William Spencer, CPA
Director Budget Division
Legislative Auditor's Office

Date: September 19, 2019

Re: Review of West Virginia Lottery Financial Information
As of August 31, 2019

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for August 31, 2019, from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. The results are as follows:

Lottery Revenues:

Gross lottery revenues are receipts from on-line games, instant games, table games and video lottery. These gross receipts totaled \$190 million for July - August 2019. Table games accounted for \$5.5 million of this total. Historic Resort Hotel video lottery and table games accounted for \$1.1 million of total gross receipts. Gross lottery revenue has increased by 1% when compared with July - August of fiscal year 2018-2019. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July - August was \$85 million; for July - August of last fiscal year it was \$84.6 million. Expressed as a percentage, gross profit is less than 1% higher for fiscal year 2020 than for fiscal year 2019.

Lottery continued

Operating Transfers to the State of West Virginia:

A total of \$82,442,000.00 has been accrued to the state of West Virginia for fiscal year 2019-2020. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. Amount owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.

A schedule of cash transfers follows:

State Lottery Fund:

Bureau of Senior Services	\$21,314,000.00
Community and Technical College	\$1,000,000.00
Department of Education	\$9,907,000.00
Library Commission	\$6,105,000.00
Higher Education-Policy Commission	\$3,793,000.00
Tourism	\$3,509,000.00
Department of Natural Resources	\$1,733,000.00
Division of Culture and History	\$2,175,000.00
General Revenue Fund	\$0.00
Economic Development Authority	\$1,999,000.00
School Building Authority	\$3,600,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$55,135,000.00

Lottery continued

Excess Lottery Fund

Economic Development Fund	\$4,204,000.00
Higher Education Improvement Fund	\$3,000,000.00
General Purpose Fund	\$5,025,000.00
Higher Education Improvement Fund	\$2,242,000.00
State Park Improvement Fund	\$116,000.00
School Building Authority	\$3,798,000.00
Refundable Credit	\$393,000.00
WV Racing Commission	\$155,000.00
WV DHHR	\$0.00
Teacher's Retirement Savings	\$0.00
Division of Human Services	\$0.00
WV Lottery Statutory Transfers	\$4,718,000.00
Economic Development Authority	\$879,000.00
Office of Technology	\$0.00
Excess Lottery Surplus	\$0.00
WV Infrastructure Council Fund	\$4,294,000.00
Total State Excess Lottery Revenue Fund	\$28,824,000.00

Total Budgetary Distributions:	\$83,959,000.00
Veterans Instant Ticket Fund	\$116,000.00
TOTAL TRANSFERS	*\$84,075,000.00

Lottery continued

* CASH BASIS

Total Accrued last FY 2019:	\$162,718,000.00
Total Cash Distributions FY 2020:	\$84,075,000.00
Applied to FY 2019:	\$84,075,000.00
Applied to FY 2020:	\$0.00
Accrued for FY 2019 as of August 31:	\$78,643,000.00
Accrued for FY 2020 as of August 31:	\$161,085,000.00



P.O. BOX 2067
CHARLESTON, WV 25327

JOHN A. MYERS
DIRECTOR

PHONE: 304.558.0500
wvlottery.com

MEMORANDUM

TO: Joint Committee on Government and Finance
FROM: John A. Myers, Director

A handwritten signature in black ink that reads "John A. Myers".

RE: Monthly Report on Lottery Operations
Month Ending August 31, 2019

DATE: September 17, 2019

This report of the Lottery operations is provided pursuant to the State Lottery Act.

Financial statements of the Lottery for the month ending August 31, 2019 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$96,948,967 for the month of August.

Transfers of lottery revenue totaling \$37,928,542 made for the month of August to the designated state agencies per Senate Bill 160, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 11 on pages 19 and 20 of the attached financial statements.

The number of traditional and limited retailers active as of August 31, 2019 was 1,462 and 1,253 respectively.

A listing of the names and amounts of prize winners has been provided to the Clerk of the Senate, the Clerk of the House and Legislative Services.

If any member of the Committee has questions concerning the Lottery, please call me. Also if any members of the Legislature wish to visit the Lottery offices, I would be pleased to show them our facilities and discuss the Lottery with them.

JAM
Attachment

pc: Honorable Jim Justice, Governor
Dave Hardy, Cabinet Secretary – Dept. of Revenue
John Perdue, Treasurer
J. B. McCuskey, Auditor
Members of the West Virginia Lottery Commission

WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

August 31, 2019

WEST VIRGINIA LOTTERY

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WEST VIRGINIA LOTTERY
STATEMENT OF NET POSITION
(In Thousands)
-Unaudited-

ASSETS	August 31, 2019	June 30, 2019
Current Assets:		
Cash and cash equivalents	\$ 184,922	\$ 190,837
Accounts receivable	32,501	33,581
Inventory	763	641
Other assets	1,897	1,790
Total Current Assets	<u>220,083</u>	<u>226,849</u>
 Capital assets	 61,552	 61,552
Less accumulated depreciation and amortization	<u>(15,458)</u>	<u>(15,179)</u>
Net Capital Assets	<u>46,094</u>	<u>46,373</u>
 Total Noncurrent Assets	 <u>46,094</u>	 <u>46,373</u>
 Total Assets	 <u>\$ 266,177</u>	 <u>\$ 273,222</u>
 Deferred outflows of resources	 \$ 1,306	 \$ 1,306
 Total assets and deferred outflows	 <u>\$ 267,483</u>	 <u>\$ 274,528</u>
 Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 161,085	\$ 162,718
Estimated prize claims	15,179	14,918
Accounts payable	1,775	2,260
Other accrued liabilities	32,158	37,345
Total Current Liabilities	<u>210,197</u>	<u>217,241</u>
 Deferred inflows	 \$ 1,666	 1,666
 Net Position:		
Net Investment in capital assets	46,094	46,373
Unrestricted	<u>9,526</u>	<u>9,248</u>
Total Net Position	<u>55,620</u>	<u>55,621</u>
 Total net position, liabilities, and deferred inflows	 <u>\$ 267,483</u>	 <u>\$ 274,528</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE ONE MONTH PERIOD ENDED AUGUST 31, 2019
(In Thousands)
-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	FY 2020	FY 2019	FY 2020	FY 2019
Lottery revenues				
On-line games	\$ 5,053	\$ 5,607	\$ 10,222	\$ 12,312
Instant games	10,827	9,958	20,875	16,645
Racetrack video lottery	43,427	43,571	85,700	88,085
Limited video lottery	33,765	32,490	66,384	63,211
Table games	3,119	2,782	5,521	6,017
Historic resort	605	679	1,056	1,359
Sports Wagering	153	-	223	-
	<u>96,949</u>	<u>95,087</u>	<u>189,981</u>	<u>187,629</u>
Less commissions				
On-line games	352	390	710	868
Instant games	757	696	1,462	1,163
Racetrack video lottery	23,826	23,905	47,018	48,327
Limited video lottery	16,545	15,920	32,528	30,974
Table games	1,323	1,181	2,342	2,553
Historic resort	334	361	578	717
	<u>43,137</u>	<u>42,453</u>	<u>84,638</u>	<u>84,602</u>
Less on-line prizes	2,592	2,792	5,103	6,403
Less instant prizes	7,256	6,598	13,974	11,224
Less ticket costs	-	124	196	189
Less vendor fees and costs	457	270	1,045	608
	<u>10,305</u>	<u>9,784</u>	<u>20,318</u>	<u>18,424</u>
Gross profit	<u>43,507</u>	<u>42,850</u>	<u>85,025</u>	<u>84,603</u>
Administrative expenses				
Advertising and promotions	641	643	1,086	942
Wages and related benefits	1,244	1,209	1,783	1,845
Telecommunications	66	129	78	197
Contractual and professional	433	335	837	846
Rental	32	25	39	51
Depreciation and amortization	140	139	279	279
Other administrative expenses	120	186	351	426
	<u>2,676</u>	<u>2,666</u>	<u>4,453</u>	<u>4,586</u>
Other Operating Income	<u>839</u>	<u>581</u>	<u>2,334</u>	<u>869</u>
Operating Income	<u>41,670</u>	<u>40,765</u>	<u>82,906</u>	<u>80,886</u>
Nonoperating income (expense)				
Investment income	555	262	875	515
Distributions to municipalities and counties	(662)	(636)	(1,301)	(1,239)
Distributions -capital reinvestment	(22)	(24)	(38)	(46)
Distributions to the State of West Virginia	(41,541)	(40,367)	(82,442)	(80,116)
	<u>(41,670)</u>	<u>(40,765)</u>	<u>(82,906)</u>	<u>(80,886)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>55,621</u>	<u>55,199</u>	<u>55,621</u>	<u>55,199</u>
Net position, end of period	<u>\$ 55,621</u>	<u>\$ 55,199</u>	<u>\$ 55,621</u>	<u>\$ 55,199</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE TWO MONTH PERIOD ENDED AUGUST 31, 2019
(In Thousands)
- Unaudited -

	2020	2019
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 193,394	\$ 192,489
Cash payments for:		
Personnel costs	(1,783)	(1,845)
Suppliers	(2,950)	(590)
Other operating costs	(104,853)	(105,697)
Cash provided by operating activities	<u>83,808</u>	<u>84,357</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(84,075)	(97,645)
Distributions to municipalities and counties	(1,268)	(1,215)
Distributions to racetrack from racetrack cap. reinv. fund	(5,148)	(5,179)
Cash used in noncapital financing activities	<u>(90,491)</u>	<u>(104,039)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>-</u>	<u>-</u>
Cash flows from investing activities:		
Investment earnings received	<u>768</u>	<u>473</u>
Increase (decrease) in cash and cash equivalents	(5,915)	(19,209)
Cash and cash equivalents - beginning of period	190,837	146,661
Cash and cash equivalents - end of period	<u>\$ 184,922</u>	<u>\$ 127,452</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 82,906	\$ 80,886
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	279	279
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	1,079	3,991
(Increase) decrease in inventory	(122)	(151)
(Increase) decrease in other assets	-	-
Increase (decrease) in estimated prize claims	261	(1,538)
Increase (decrease) in accounts payable	(485)	387
Increase (decrease) in other accrued liabilities	(110)	503
Cash provided by operating activities	<u>\$ 83,808</u>	<u>\$ 84,357</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 1 - LEGISLATIVE ENACTMENT

The West Virginia Lottery (Lottery) was established by the State Lottery Act (Act) passed April 13, 1985, which created a special fund in the State Treasury designated as the "State Lottery Fund." The purpose of the Act was to establish and implement a state-operated lottery under the supervision of a state lottery commission (Commission) and a director. The Commission, consisting of seven members and the Director are appointed by the Governor. Under the Act, the Commission has certain powers and the 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, and to do all acts necessary or incidental to the performance of its duties and exercise of its power and duty to operate the Lottery in a highly efficient manner. The Act provides that a minimum annual average of 45% of the gross amount received from each lottery shall be allocated for prizes and also provides for certain limitations on expenses necessary for operation and administration of the Lottery. To the extent available, remaining net profits are to be distributed to the State of West Virginia. As the State is able to impose its will over the Lottery, the Lottery is considered a component unit of the State and its financial statements are presented in the comprehensive annual financial report of the State as a blended proprietary fund component unit.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies of the Lottery is presented below.

BASIS OF PRESENTATION – The West Virginia Lottery is a component unit of the State of West Virginia, and is accounted for as a proprietary fund special purpose government engaged in business type activities. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments," and with accounting principles generally accepted in the United States of America, the financial statements are prepared on the accrual basis of accounting which requires recognition of revenue when earned and expenses when incurred. As permitted by Governmental Accounting Standards Board (GASB) Statement No. 20, "*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*," the Lottery has elected not to adopt Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989 unless the GASB specifically adopts such FASB statements or interpretations.

The Lottery is included in the State's basic financial statements as a proprietary fund and business type activity using the accrual basis of accounting. Because of the Lottery's presentation in these financial statements as a special purpose government engaged in business type activities, there may be differences in presentation of amounts reported in these financial statements and the basic financial statements of the State as a result of major fund determination.

USE OF ESTIMATES – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and develop assumptions that affect the amounts reported in the financial statements and related notes to financial statements. Actual results could differ from management's estimates.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

LOTTERY GAME OPERATIONS – The West Virginia Lottery derives its revenues from four basic types of lottery games: instant, on-line, video type games, and table games. The Lottery develops multiple game themes and prize structures to comply with its enabling legislation, including aggregate annual minimum prize provisions. All bonded retailers and agents comprised principally of grocery and convenience stores serve as the primary distribution channel for instant and on-line lottery sales to the general public.

The Lottery has contracted with a private vendor to manufacture, distribute, and provide data processing support for instant and on-line games. Under the terms of the agreements, the Lottery pays a percentage of gross revenues or gross profits for the processing and manufacture of the games.

Revenue from instant games is recognized when game tickets are sold to the retailers, and the related prize expense is recorded based on the specific game prize structure. Instant ticket sales and related prizes do not include the value of free plays issued for the purpose of increasing the odds of winning a prize.

Sales of on-line lottery tickets are made by licensed agents to the public with the use of computerized terminals. On-line games include POWERBALL®, a multi-state “jackpot” game; Mega Millions®, a multi-state “jackpot” game; Cash25 “lotto” game; Daily 3 and 4 “numbers” games; and Travel, a daily “keno” game. Revenue is recognized when the agent sells the tickets to the public. Prize expense is recognized on the basis of actual drawing results.

Commissions are paid to instant game retailers and on-line agents at the rate of seven percent of gross sales. A portion of the commission not to exceed one and one quarter percent of gross sales may be paid from unclaimed prize moneys. The amount paid from unclaimed prize moneys is credited against prize costs. In addition, retailers and agents are paid limited bonus incentives that include prize shares on winning tickets they sold and a ticket cashing bonus on winning tickets they cash. On a weekly basis, retailers and agents must remit amounts due to the Lottery. Retailers may not be able to order additional instant tickets if payment has not been made for the previous billing period, while an agent’s on-line terminal may be rendered inactive if payment is not received each week. No one retailer or agent accounts for a significant amount of the Lottery’s sales or accounts receivable. Historically credit losses have been nominal and no allowance for doubtful accounts receivable is considered necessary.

Video lottery is a self-activated video version of lottery games which is operated by an authorized licensee. The board-operated games allow a player to place bets for the chance to be awarded credits which can either be redeemed for cash or be replayed as additional bets. The coin operated games allow a player to use coins, currency, or tokens to place bets for the chance to receive coin or token awards which may be redeemed for cash or used for replay in the coin operated games. The video lottery games’ prize structures are designed to award prizes, or credits, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. The Lottery recognizes as video lottery revenue “gross terminal income” equivalent to all wagers, net of related prizes. Amounts required by statute to be paid to the private and local government entities are reported as commissions. WV Lottery statutes have established specific requirements for video lottery and imposed certain restrictions limiting the licensing for operation of video lottery games to horse and dog racetracks in West Virginia (subject to local county elections permitting the same), limited licensed retailer areas restricted for adult amusement, and licensed historic resort hotels as defined by WV Code.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The legislation further stipulates the distribution of revenues from video lottery games, and requires any video lottery licensee to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

Table games are lotteries as each game involves consideration, the possibility of a prize, and their outcome is determined predominantly by chance, which the common law of West Virginia has long held are the three essential elements of a lottery. Table games are the exclusive intangible intellectual property of the state of West Virginia. Table games legislation has established specific requirements for table games and imposed certain restrictions limiting the licensing for operation of table games to horse and dog racetracks in West Virginia (subject to local county elections permitting the same), and licensed historic resort hotels as defined by WV Code. Each licensee as an agent of the Lottery Commission to operate West Virginia table games shall have written rules of play for each table game it operates which must be approved by the Commission. All wagers and pay-offs of winning wagers shall be made according to those rules of play. For the privilege of holding a table games license, there is levied a privilege tax of thirty-five percent of each licensee's adjusted gross receipts for the operation of West Virginia Lottery table games. Amounts required by statute to be paid to private and local government entities are reported as commissions. The legislation further stipulates the distribution of revenues from West Virginia table games, and requires any licensee to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents primarily consist of interest-earning deposits in an external investment pool maintained by the West Virginia Board of Treasury Investments (BTI). The BTI pool is a 2a-7 like pool carried at amortized cost which approximates fair value of the underlying securities.

INVENTORY – Inventory consists of instant game tickets available for sale to approved Lottery retailers and is carried at cost as determined by the specific identification method.

OTHER ASSETS – Other assets consist of deposits restricted for payment of certain Multi-State Lottery Association activities and prepaid expenses.

CAPITAL ASSETS – The Lottery has adopted a policy of capitalizing assets with individual amounts exceeding \$25,000. These assets include leasehold improvements and purchased equipment, comprised principally of technology property, office furnishings and equipment necessary to administer lottery games, are carried at cost. Depreciation is computed by the straight-line method using three to ten year lives.

ADVERTISING AND PROMOTIONS – The Lottery expenses the costs of advertising and promotions as they are incurred.

COMPENSATED ABSENCES – The Lottery has accrued \$654,712 and \$631,080 at June 30, 2019 and 2018, respectively, for estimated obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. Employees fully vest in all earned but unused vacation. To the extent that accumulated sick leave is expected to be converted to benefits on termination or retirement, the Lottery participates in another postemployment benefits plan.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NET POSITION – Net position is presented as restricted, unrestricted and net investment in capital assets which represent the net book value of all property and equipment of the Lottery. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, restricted resources are applied first.

OPERATING REVENUES AND EXPENSES – Operating revenues and expenses for proprietary funds such as the Lottery are revenues and expenses that result from providing services and producing and delivering goods and/or services. Operating revenues for the Lottery are derived from providing various types of lottery games. Operating expenses include commissions, prize costs, other direct costs of providing lottery games, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 3 - CASH AND CASH EQUIVALENTS

At August 31, 2019 the carrying amounts of deposits (overdraft) with financial institutions were \$457 thousand with a bank balance (overdraft) of \$499 thousand. Of this balance \$250 thousand was covered by federal depository insurance with the remaining balance collateralized with securities held by the State of West Virginia's agent in the State's name.

A summary of the amount on deposit with the West Virginia Board of Treasury Investments (BTI) is as follows (in thousands):

	<u>August 31, 2019</u>	<u>June 30, 2019</u>
Deposits with financial institutions	\$ 457	\$ 448
Cash on hand at the Treasurer's Office	11,685	12,689
Investments with BTI reported as cash equivalents	<u>172,780</u>	<u>177,700</u>
	<u>\$ 184,922</u>	<u>\$ 190,837</u>

The deposits with the BTI are part of the State of West Virginia's consolidated investment cash liquidity pool. Investment income is pro-rated to the Lottery at rates specified by the BTI based on the balance of the deposits maintained in relation to the total deposits of all state agencies participating in the pool. Such funds are available to the Lottery with overnight notice.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 4 – CAPITAL ASSETS

A summary of capital asset activity for the month ended August 31, 2019 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2019	Additions	Deletions	Historical Cost At August 31, 2019
Construction in Progress	\$ 629	\$ -	\$ -	\$ 629
Buildings	48,243	-	-	48,243
Land	1,681	-	-	1,681
Equipment	10,999	-	-	10,999
	<u>\$ 61,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,552</u>

Accumulated Depreciation:

	Historical Cost At June 30, 2019	Additions	Deletions	Historical Cost At August 31, 2019
Buildings	\$ 7,699	\$ 205	\$ -	\$ 7,904
Equipment	7,480	74	-	7,554
	<u>\$ 15,179</u>	<u>\$ 279</u>	<u>\$ -</u>	<u>\$ 15,458</u>

NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY

The Lottery is a member of the Multi-State Lottery (MUSL), which operates the semi-weekly POWERBALL® jackpot lotto game, the LOTTO AMERICA® game, and the MEGA MILLIONS® jackpot game on behalf of participating state lotteries. MUSL is currently comprised of 33 member state lotteries, including the District of Columbia and the United States Virgin Islands. MUSL is managed by a Board of Directors, which is comprised of the lottery directors or their designee from each of the party states. The Board of Directors' responsibilities to administer the Multi-State Lottery Powerball, Lotto America, and Mega Millions games are performed by advisory committees or panels staffed by officers and independent contractors appointed by the board. These officers and consultants serve at the pleasure of the board and the board prescribes their powers, duties and qualifications. The Executive Committee carries out the budgeting and financing of MUSL, while the board contracts the annual independent audit. A copy of the audit may be obtained by writing to the Multi-State Lottery Association, 1701-48th Street, Suite 210, West Des Moines, Iowa 50266-6723.

Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the total prize pool less the amount of prizes won in each state. Lesser prizes are paid directly to the winners by each member lottery. The prize pool for POWERBALL®, LOTTO AMERICA®, and MEGA MILLIONS® is 50% of each drawing period's sales, with minimum jackpot levels. The Lottery's revenues and expenses from MUSL games participation for the month ended August 31, 2019 and fiscal year-to-date is as follows:

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY (continued)

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,896,189	\$ 3,812,446
Lotto America	336,023	752,913
Mega Millions	992,039	2,044,937
Total	\$ 3,224,251	\$ 6,610,296

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 951,911	\$ 1,914,020
Lotto America	186,197	394,870
Mega Millions	477,844	1,004,612
Total	\$ 1,615,952	\$ 3,313,502

MUSL places a percentage of game sales from each game in separate prize reserve funds that serve as a contingency reserve to protect the respective MUSL Product Groups from unforeseen prize liabilities. These funds can only be used at the discretion of the respective MUSL Product Group. Once the prize reserve funds exceed the designated limit, the excess becomes part of that particular prize pool. Prize reserve fund monies are refundable to MUSL Product Group members if the MUSL disbands or, after one year, if a member leaves the MUSL. The applicable sales percentage contribution as well as the reserve fund limit for the MUSL games is as follows:

	<u>PowerBall</u>	<u>Lotto America</u>	<u>Mega Millions</u>
Required Contribution (% of sales)	2%	3%	1%
Reserve Fund Cap	\$125,000,000	\$9,000,000	\$45,000,000

At August 31, 2019, the Lotteries share of the prize reserve fund balances were as follows:

<u>Game</u>	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 121,889,347	\$ 1,551,961
Lotto America	3,400,542	248,007
Mega Millions	94,768,539	1,034,093
Total	\$ 220,058,428	\$ 2,834,061

Lottery prize reserves held by the MUSL are invested according to a Trust agreement the Lottery has with MUSL outlining investment policies. The policies restrict investments to direct obligations of the United States Government, perfected repurchase agreements, and obligations issued or guaranteed as to payment of

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY (continued)

principal and interest by agencies or instrumentalities of the United States Government, and mutual funds of approved investments. The average portfolio maturity is never more than one year, except that up to one third of the portfolio may have an average maturity of up to two years. The maximum maturity for any one security does not exceed five years.

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$14,137,327 at August 31, 2019, of which the Lottery's share was \$1,331,935.

NOTE 6 - RACETRACK VIDEO LOTTERY

The Racetrack Video Lottery legislation stipulates the distribution of racetrack video lottery revenues. This legislation has been amended since inception to restate revenue distribution based on revenue benchmarks and has been amended again by HB 101 as passed during the first extraordinary session of 2014. For a complete summary of the impacts of HB 101, see Note 11 titled "Summary Impact of Recent Legislation." Initially, four percent (4%) of gross terminal revenue is allocated for lottery administrative costs. Sixty-six percent (57%) of net terminal revenue (gross less 4%) is allocated in lieu of commissions to: the racetracks (46.5%); other private entities associated with the racing industry (8.7%); and the local county and municipal governments (2%). The remaining revenues (42.8%) of net terminal revenue is allocated for distribution to State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in the Note 11 titled "Nonoperating Distributions to the State of West Virginia."

The first benchmark occurs when the current year net terminal revenue meets the fiscal year 1999 net terminal revenue. The counties and incorporated municipalities split 50/50 the two percent (2%) net terminal revenue.

The second benchmark occurs when the current year gross terminal revenue meets the fiscal year 2001 gross terminal revenue. The four percent (4%) is no longer allocated for lottery administrative costs; instead the State receives this for distribution as specified by legislation or the State budget.

The final benchmark occurs when the current year net terminal revenue meets the fiscal year 2001 net terminal revenue. At this point a 10% surcharge is applied to net terminal revenue, with 58% of the surcharge allocated for distribution to the State as specified by legislation or the State budget, and 42% of the surcharge allocated to separate capital reinvestment funds for each licensed racetrack.

After deduction of the surcharge, 49% of net terminal revenue is allocated in lieu of commissions to: the racetracks (42%); other private entities associated with the racing industry (5%); and the local county and incorporated municipality governments (2%).

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

The remaining net terminal revenue (51%) is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 11.

Amounts from the capital reinvestment fund may be distributed to each racetrack if qualifying expenditures are made within the statutory timeframe; otherwise amounts accumulated in the fund revert to the state excess lottery revenue fund.

The WV Lottery, along with the Ohio, Rhode Island, Maryland, and Delaware lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of .74% of the amount wagered. A summary of racetrack video lottery revenues for the month ended August 31, 2019 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2020	2019	2020	2019
Total credits played	\$ 483,812	\$ 491,239	\$ 955,344	\$ 982,220
Credits (prizes) won	(433,398)	(440,242)	(856,281)	(880,277)
Promotional credits played	(6,987)	(7,426)	(13,363)	(13,858)
MWAP Contributions	-	-	-	-
Gross terminal income	43,427	43,571	85,700	88,085
Administrative costs	(1,737)	(1,743)	(3,428)	(3,523)
Net Terminal Income	41,690	41,828	82,272	84,562
Less distribution to agents	(23,826)	(23,905)	(47,018)	(48,327)
Racetrack video lottery revenues	\$ 17,864	\$ 17,923	\$ 35,254	\$ 36,235

A summary of video lottery revenues paid or accrued for certain state funds to conform to the legislation as follows (in thousands):

	August 31, 2019	Year-to-Date
State Lottery Fund	\$ 12,507	\$ 24,682
State Excess Lottery Revenue Fund	5,357	10,572
Capital Reinvestment Fund	-	-
Total nonoperating distributions	\$ 17,864	\$ 35,254

NOTE 7 - LIMITED VIDEO LOTTERY

Limited video lottery legislation passed in 2001 has established specific requirements imposing certain restrictions limiting the licensing for the operation of limited video lottery games to 9,000 terminals placed in licensed retailers. These licensed retailers must hold a qualifying permit for the sale and consumption on premises of alcohol or non-intoxicating beer. The Lottery has been charged with the administration, monitoring and regulation of these machines. The legislation further stipulates the distribution of revenues from the limited video lottery games, and requires any licensees to comply with all related rules and regulations of the Lottery in order to continue its retailer status. The Limited Video Lottery legislation

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 - LIMITED VIDEO LOTTERY (continued)

stipulates that 2% of gross terminal income be deposited into the state lottery fund for administrative costs. Then, the state share percentage of gross profit is to be transferred to the State Excess Lottery Revenue Fund. Such percentage is between 30 and 50 percent and is subject to change on a quarterly basis. Two percent is distributed to counties and incorporated municipalities in the manner prescribed by the statute. The remaining amount of gross profit is paid to retailers and/or operators as prescribed in the Act, and is recorded as limited video lottery commissions in the financial statements. Municipal and county distributions are accounted for as nonoperating expenses.

A summary of limited video lottery revenues for the month ended August 31, 2019 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2020	2019	2020	2019
Total credits played	\$ 431,915	\$ 409,951	\$ 848,425	\$ 794,004
Credits (prizes) won	(398,150)	(377,461)	(782,041)	(730,793)
Gross terminal income	\$ 33,765	\$ 32,490	\$ 66,384	\$ 63,211
Administrative costs	(675)	(650)	(1,328)	(1,264)
Gross Profit	33,090	31,840	65,056	61,947
Commissions	(16,545)	(15,920)	(32,528)	(30,974)
Municipalities and Counties	(662)	(636)	(1,301)	(1,239)
Limited video lottery revenues	\$ 15,883	\$ 15,284	\$ 31,227	\$ 29,734

NOTE 8 – TABLE GAMES

Table Games legislation passed in 2007 per House Bill 2718. Table games include blackjack, roulette, craps, and various types of poker. Each racetrack licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts which will be deposited weekly into the Racetrack Table Games Fund.

From the gross amounts deposited into the Racetrack Table Games Fund, the Commission, on a monthly basis shall:

Retain 3% of the adjusted gross receipts for administrative expenses of which at least \$100,000 and not more than \$500,000 annually will be transferred to the Compulsive Gambling Treatment Fund. Transfer two percent of the adjusted gross receipts from each licensed racetrack to the county commissions of the counties where racetracks with West Virginia Lottery table games are located. Transfer three percent of the adjusted gross receipts from each licensed racetrack to the governing bodies of municipalities within counties where racetracks with West Virginia Lottery table games are located as prescribed by statute. And transfer one-half of one percent of the adjusted gross receipts to the governing bodies of municipalities in which a racetrack table games licensee is located to be divided equally among the municipalities. The commission will distribute the remaining amounts, hereinafter referred to as the net amounts in the Racetrack Table Games Funds as follows:

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 8 – TABLE GAMES (continued)

- 1) Transfer four percent into a special fund to be established by the Racing Commission to be used for payment into the pension plan for all employees of each licensed racing association;
- 2) Transfer ten percent, to be divided and paid in equal shares, to each county commission in the state where table games are not located;
- 3) Transfer ten percent, to be divided and paid in equal shares, to the governing bodies of each municipality in the state where table games are not located; and
- 4) Transfer seventy-six percent to the State Excess Lottery Revenue Fund.

The cash transferred to the State Excess Lottery Revenue Fund in the current month is included in Note 11- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended August 31, 2019 were \$8,911,580 and \$15,772,883, respectively. The following table shows the month and year totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2020	2019	2020	2019
Table Games Privilege Tax	\$ 3,119	\$ 2,782	\$ 5,521	\$ 6,017
Interest on Table Games Fund	7	7	13	14
Administrative costs	(267)	(238)	(473)	(516)
Total Available for Distribution	2,859	2,551	5,061	5,515
<u>Less Distributions:</u>				
Racetrack Purse Funds	201	179	355	387
Thoroughbred & Greyhound Development Funds	160	143	284	309
Racing Association Pension Plan	79	70	140	152
Municipalities/ Counties	883	789	1,563	1,705
Total Distributions	1,323	1,181	2,342	2,553
Excess Lottery Fund	\$ 1,536	\$ 1,370	\$ 2,719	\$ 2,962

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL

In 2009, the Legislature passed Senate Bill 575 which permits video lottery and table games at a licensed historic resort hotel which is defined as “a resort hotel registered with the United States Department of the Interior as a national historic landmark in its National Registry of Historic Places having not fewer than five hundred guest rooms under common ownership and having substantial recreational guest amenities in addition to the gaming facility.”

Historic Resort Video Lottery

According to Senate Bill 575, thirty six percent (36%) of gross terminal income is allocated to Historic Resort Hotel Fund and seventeen percent (17%) of gross terminal income is allocated to the Human Resource Benefit Fund. The remaining forty-seven percent (47%) of gross terminal income is then subject to a ten percent (10%) surcharge which is allocated to separate capital reinvestment funds for each licensed historic resort hotel. The remaining forty-two and three-tenths percent (42.3%) of gross terminal income is retained by the historic resort hotel.

A summary of historic resort hotel video lottery revenues for the month ended August 31, 2019 and fiscal year-to-date follows (in thousands):

	2020	2019	2020	2019
Total credits played	\$ 6,527	\$ 7,658	\$ 12,735	\$ 14,469
Credits (prizes) won	(5,912)	(7,095)	(11,662)	(13,347)
Promotional credits played	(140)	(61)	(255)	(136)
Gross terminal income	475	502	818	986
Capital reinvestment	(22)	(24)	(38)	(46)
Excess Lottery Fund	(4)	(5)	(7)	(9)
Administrative costs	(26)	(27)	(44)	(53)
Hotel commissions	(201)	(212)	(346)	(417)
Net terminal income	222	234	383	461
Historic Resort Hotel Fund	141	149	244	294
Human Resource Benefit Fund	81	85	139	167

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL (continued)

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the month and year ended August 31, 2019 were \$370,428 and \$679,203, respectively.

The following table shows the month and fiscal year -to- date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Table games privilege tax	\$ 130	\$ 177	\$ 238	\$ 373
Administrative Costs	<u>(17)</u>	<u>(23)</u>	<u>(31)</u>	<u>(48)</u>
Total Available for Distribution	113	154	207	325
Historic Resort Hotel Fund	94	129	173	272
Human Resource Benefit Fund	19	25	34	53

Historic Resort Hotel Fund

Of the monies deposited into the Historic Resort Hotel Fund, fifteen percent (15%) is allocated for lottery administrative costs. The remaining Historic Resort Hotel Fund net income (gross deposits less 15%) is distributed as follows:

- 1) Eighty-six percent (86%) is paid to the State Excess Lottery Revenue Fund;
- 2) Four percent (4%) is paid to the county where the gaming facility is located;
- 3) Two and one-half percent (2.5%) is paid to the municipality where the gaming facility is located as prescribed by statute;
- 4) Two and one-half percent (2.5%) is divided and paid in equal shares to the remaining municipalities in the county where the gaming facility is located;
- 5) Two and one-half percent (2.5%) is divided and paid in equal shares, to each county commission in the state where the gaming facility is not located;
- 6) Two and one-half percent (2.5%) is divided and paid in equal shares, to each municipality in the state not already receiving a distribution as described in item five (5) or item six (6) above.

A summary of Historic Resort Hotel Fund revenues and related distributions is as follows (in thousands):

	<u>Current Month</u>	<u>Year-to-Date</u>
Historic Resort Hotel Video Lottery	\$ 141	\$ 244
Historic Resort Table Games	94	173
Interest on Historic Resort Hotel Fund	<u>1</u>	<u>2</u>
Historic Resort Hotel Fund Net Income	236	419
Municipalities/ Counties	33	59
Excess Lottery Fund	<u>203</u>	<u>360</u>
Total Distributions	<u>\$ 236</u>	<u>\$ 419</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 10– SPORTS WAGERING

Sports Wagering legislation passed in 2018 per Senate Bill 415. Each racetrack and historic resort hotel licensee is subject to a privilege tax of ten percent (10%) of adjusted gross wagering receipts which will be deposited weekly into the Sports Wagering Fund.

From the privilege tax deposited into the Sports Wagering Fund, the Commission, on a monthly basis shall:

Retain 15% for administrative expenses of which any surplus in excess of \$250,000 shall be reported to the Joint Committee on Government and Finance and remitted to the State Treasurer.

After the reduction for administrative expenses, the net profit shall be deposited into the State Lottery Fund until a total of \$15 million is deposited. The remainder of net profit shall be deposited into the Public Employees Insurance Agency Financial Stability Fund.

The Sports Wagering adjusted gross wagering receipts for the month and year-to-date periods ended August 31, 2019 were \$1,532,095 and \$2,231,799, respectively. The following table shows the month and year-to-date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2020	2019	2020	2019
Sports Wagering Privilege Tax	\$ 153	\$ -	\$ 223	\$ -
Interest on Sports Waging Fund	-	-	-	-
Administrative Costs	(23)	-	(33)	-
Total Available for Distribution	130	-	190	-

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 11- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA

The Lottery periodically distributes surplus funds, exclusive of amounts incurred and derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the legislation. For the year ending June 30, 2020 the State Legislature budgeted \$127,808,000 of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. With regard to the State Lottery Fund, legislation stipulates that debt service payments be given a priority over all other transfers in instances where estimated profits are not sufficient to provide for payment of all appropriated distributions. Debt service payments of \$1,800,000, \$1,000,000, and \$500,000 per month for the first ten months of each fiscal year currently have such priority. Transfers made pursuant to the State Excess Lottery Revenue Fund have similar requirements; currently payments are \$6,101,112 per month for the first ten months of each fiscal year. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. For the month ended August 31, 2019 the Lottery has accrued additional distributions of \$161,085,354. The Lottery is a non-appropriated state agency and therefore does not have a legally adopted annual budget.

A summary of the cash distributions made to certain state agencies to conform to the legislation follows (in thousands):

BUDGETARY DISTRIBUTIONS

	<u>August 31, 2019</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 1,000
Bureau of Senior Services	5,396	21,314
Department of Education	2,377	9,907
Library Commission	1,450	6,105
Higher Education-Policy Commission	915	3,793
Tourism	848	3,509
Natural Resources	433	1,733
Division of Culture & History	518	2,175
Economic Development Authority	999	1,999
School Building Authority	1,800	3,600
Total State Lottery Fund	<u>\$ 15,236</u>	<u>\$ 55,135</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 2,102	\$ 4,204
Higher Education Improvement Fund	1,500	3,000
General Purpose Account	5,025	5,025
Higher Education Improvement Fund	2,242	2,242
State Park Improvement Fund	116	116
School Building Authority	1,899	3,798
Refundable Credit	393	393
WV Racing Commission	155	155
WV Department of Health and Human Resources		
Teacher's Retirement Savings		
Division of Human Services		
WV Lottery Statutory Transfers	4,718	4,718
Economic Development Authority	879	879
Office of Technology		
Excess Lottery Surplus		
West Va. Infrastructure Council	3,693	4,294
Total State Excess Lottery Revenue Fund	<u>\$ 22,722</u>	<u>\$ 28,824</u>
Total Budgetary distributions:	<u>\$ 37,958</u>	<u>\$ 83,959</u>
Veterans Instant Ticket Fund	\$ 72	\$ 116
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 38,030	\$ 84,075
Accrued nonoperating distributions, beginning	(157,472)	(162,718)
Accrued nonoperating distributions, end	<u>161,085</u>	<u>161,085</u>
	<u>\$ 41,643</u>	<u>\$ 82,442</u>

NOTE 12 – LEASES

The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases. Rental expense for the fiscal year-to-date ended August 31, 2019 and August 31, 2018 approximated \$38,998 and \$51,202 respectively.

The Lottery leases office space under the terms of a non-cancellable operating lease to various tenants. Rental revenues for the fiscal year-to-date ended August 31, 2019 and August 31, 2018 approximated \$169,175 and \$175,720 respectively.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 13 – COMMITMENTS

For the years ended June 30, 2019 and 2018 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2019 and 2018, \$8,535,120 and \$9,414,970, respectively, are included in unrestricted net position and net investment in capital assets for this purpose.

NOTE 14 - RETIREMENT BENEFITS

All full-time Lottery employees are eligible to participate in the State of West Virginia Public Employees' Retirement System (PERS), a cost-sharing multiple-employer defined benefit public employee retirement system. The PERS is one of several plans administered by the West Virginia Consolidated Public Retirement (CPRB) under the direction of its Board of Trustees, which consists of the Governor, State Auditor, State Treasurer, Secretary of the Department of Administration, and nine members appointed by the Governor. CPRB prepares separately issued financial statements covering all retirement systems it administers, which can be obtained from Consolidated Public Retirement Board, 4101 MacCorkle Ave. S.E., Charleston, West Virginia 25304-1636.

Employees who retire at or after age sixty with five or more years of contributory service or who retire at or after age fifty-five and have completed twenty-five years of credited service with age and credited service equal to eighty or greater are eligible for retirement benefits as established by State statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the employee's average annual salary from the highest 36 consecutive months within the last 10 years of employment, multiplied by the number of years of the employee's credited service at the time of retirement.

Covered employees hired prior to July 1, 2015 are required to contribute 4.5% of their salary to the PERS. Covered employees hired on or after July 1, 2015 will contribute 6.0% of their salary to the PERS Tier II. The Lottery is required to contribute 13.5% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, for the month ending August 31, 2019 and fiscal year-to-date are as follows (in thousands):

	August 31, 2019	Year-to-Date
Employee contributions	\$ 45	\$ 79
Lottery contributions	94	167
Total contributions	\$ 139	\$ 246

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 15 - RISK MANAGEMENT

The Lottery is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Lottery participates in several risk management programs administered by the State of West Virginia. Each of these risk pools has issued separate audited financial reports on their operations. Those reports include the required supplementary information concerning the reconciliation of claims liabilities by type of contract and ten-year claim development information. Complete financial statements of the individual insurance enterprise funds can be obtained directly from their respective administrative offices.

WORKERS' COMPENSATION INSURANCE

The Lottery carries workers compensation insurance coverage through a commercial insurance carrier. The commercial insurance carrier is paid a monthly rated premium to provide compensation for injuries sustained in the course of employment.

PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)

The Lottery participates in the Public Employees' Insurance Agency which provides an employee benefit insurance program to employees. PEIA was established by the State of West Virginia for State agencies, institutions of higher education, Boards of Education and component units of the State. In addition, local governmental entities and certain charitable and public service organizations may request to be covered by PEIA. PEIA provides a base employee benefit insurance program which includes hospital, surgical, major medical, prescription drug and basic life and accidental death. Underwriting and rate setting policies are established by PEIA. The cost of all coverage as determined by PEIA shall be paid by the participants. Premiums are established by PEIA and are paid monthly, and are dependent upon, among other things, coverage required, number of dependents, state vs. non state employees and active employees vs. retired employees and level of compensation. Coverage under these programs is limited to \$1 million lifetime for health and \$10,000 of life insurance coverage.

The PEIA risk pool retains all risks for the health and prescription features of its indemnity plan. PEIA has fully transferred the risks of coverage to the Managed Care Organization (MCO) Plan to the plan provider, and has transferred the risks of the life insurance coverage to a third party insurer. PEIA presently charges equivalent premiums for participants in either the indemnity plan or the MCO Plan. Altogether, PEIA insures approximately 205,000 individuals, including participants and dependents.

BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)

The Lottery participates in the West Virginia Board of Risk and Insurance Management (BRIM), a common risk pool currently operating as a common risk management and insurance program for all State agencies, component units, and other local governmental agencies who wish to participate. The Lottery pays an annual premium to BRIM for its general insurance coverage. Fund 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 the risk of the first \$1 million per property event and purchases excess insurance on losses above that level. Excess coverage, through an outside insurer under this program is limited to \$200 million per event, subject to limits on certain property. BRIM has \$1 million per occurrence coverage maximum on all third-party liability claims.

**SCHEDULE OF REVENUES AND NET REVENUES OF THE
LOTTERY FUND AND EXCESS LOTTERY FUND
FOR THE ONE MONTH PERIOD ENDED AUGUST 31, 2019
(In Thousands)**

	Current Month		FISCAL YEAR	
	Actual	Projected	Actual	Projected
Gross Revenues				
Instant games	5,053	7,500	10,222	15,000
On-line games	10,827	5,033	20,875	10,066
Racetrack video lottery	43,427	40,597	85,700	80,969
Limited video lottery	33,765	27,331	66,384	56,165
Racetrack table games	3,119	2,489	5,521	5,153
Historic resort	605	348	1,056	795
Sports wagering	153	442	223	883
Total gross revenues	<u>96,949</u>	<u>83,740</u>	<u>189,981</u>	<u>169,031</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,225	870	2,405	1,741
On-line games	1,428	1,445	3,036	2,889
Racetrack Video Lottery	12,613	11,692	24,900	23,319
Sports wagering	131	375	191	750
Total Lottery Fund net revenues	<u>15,397</u>	<u>14,382</u>	<u>30,532</u>	<u>27,949</u>
Excess Lottery Fund				
Racetrack Video Lottery	5,398	5,008	10,656	9,989
Limited Video Lottery	16,234	12,857	31,678	26,420
Limited Video Lottery Fees	655	-	794	-
Racetrack table games	1,536	1,221	2,719	2,527
Historic resort	208	125	367	305
Total Excess Lottery Fund Net Revenues	<u>24,031</u>	<u>19,211</u>	<u>46,214</u>	<u>39,241</u>
Total Net Revenues	<u>39,428</u>	<u>33,593</u>	<u>76,746</u>	<u>67,190</u>

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



*Budget Division
Building 1, Room 314-West Wing
1900 Kanawha Blvd. East
Charleston, WV 25305-0590*

304-347-4870

Memorandum

To: Honorable Chairmen and Members of the Joint Committee on
Government and Finance

From: William Spencer, C.P.A.
Director, Budget Division
Legislative Auditor's Office

Date: September 17, 2019

Re: Status of General Revenue Fund and State Road Fund as of
August 31, 2019 (FY 20)

We have reviewed the cash flow of the West Virginia general revenue fund as of August 31, 2019 which is the second month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 93% of the estimate for the fiscal year. Total collections were \$50 million below the estimate for the fiscal year.

Personal Income Tax collections were \$21.8 million below the estimate for the fiscal year.

Consumer sales and use tax collections were \$3.6 million below the estimate for the year.

Severance Tax was \$26.8 million below the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$1.6 million above the estimate for the fiscal year.

State Road Fund

The state road fund collections were 95% of the estimate for the fiscal year. Total collections were \$8.1 million below the estimate for the fiscal year.

Rainy Day and Personal Income Tax Reserve *

Revenue Shortfall Reserve **Fund A** (Rainy Day Fund) had a cash balance of \$289,244,341.13 as of August 31, 2019.

Balance July 1, 2019	298,481,420.30
Loan-General Revenue Fund 7-1-19	70,000,000.00
Loan Payment to be repaid within 90 days	(70,000,000.00)
Fiscal year 19 surplus	18,429,034.70
Earnings	(27,666,113.87)
Balance August 31, 2019	289,244,341.13

Revenue Shortfall Reserve **Fund B** (Tobacco Settlement Monies) had a cash balance of \$466,506,360.68 as of August 31, 2019.

Balance July 1, 2019	454,257,811.92
Earnings	12,248,548.76
Balance August 31, 2019	466,506,360.68

The **Personal Income Tax Reserve** Fund had a \$11 million cash balance as of August 31, 2019.

Balance July 1, 2018	11,000,000.00
Balance August 31, 2019	11,000,000.00

STATE OF WEST VIRGINIA
REVENUE COLLECTIONS
FISCAL YEAR 2020
as of August 31, 2019

GENERAL REVENUE FUND

	FINAL												
	MONTH		ACTUAL MONTH		MONTHLY COLLECTIONS OVER		YTD ESTIMATES		ACTUAL YTD COLLECTIONS		YTD COLLECTIONS OVER		YTD PERCENT COLLECTED
	ESTIMATES		COLLECTIONS		ESTIMATES		ESTIMATES		ESTIMATES		ESTIMATES		COLLECTED
\$	146,900,000	\$	141,786,256	\$	(5,113,744)	\$	298,600,000	\$	276,817,772	\$	(21,782,228)		93%
Personal Income Tax	120,100,000		123,964,685	\$	3,864,685		208,100,000		204,472,657	\$	(3,627,344)		98%
Consumer Sales Tax & Use Tax	40,750,000		28,838,606	\$	(11,911,394)		52,150,000		25,342,786	\$	(26,807,214)		49%
Severance Tax	1,500,000		2,159,147	\$	659,147		4,900,000		6,524,136	\$	1,624,136		133%
Corporate Net Income Tax	500,000		21,642	\$	(478,358)		30,000,000		30,173,588	\$	173,588		101%
Insurance Tax	18,700,000		13,510,096	\$	(5,189,904)		33,700,000		29,630,693	\$	(4,069,307)		88%
Tobacco Products Tax	9,500,000		9,937,029	\$	437,029		19,700,000		21,618,973	\$	1,918,973		110%
Business and Occupation	1,500,000		1,815,750	\$	315,750		3,000,000		4,437,682	\$	1,437,682		148%
Liquor Profit Transfers	1,600,000		1,396,936	\$	(203,064)		3,000,000		3,129,973	\$	129,973		104%
Departmental Collections	1,100,000		1,118,074	\$	18,074		2,400,000		2,347,485	\$	(52,515)		98%
Property Transfer Tax	330,000		431,403	\$	101,403		470,000		604,990	\$	134,990		129%
Property Tax	680,000		643,549	\$	(36,451)		1,380,000		1,382,959	\$	2,959		100%
Beer Tax and Licenses	300,000		-	\$	(300,000)		310,000		120,575	\$	(189,425)		39%
Miscellaneous Transfers	3,000,000		1,953,294	\$	(1,046,706)		6,000,000		5,415,736	\$	(584,264)		90%
Interest Income	300,000.00		392,980	\$	92,980		300,000		392,980	\$	92,980		131%
Refundable Credit Reimb Liability	5,289,000.00		5,025,374	\$	(263,626)		5,289,000		5,025,374	\$	(263,626)		95%
HB 102 - Lottery Transfers	900,000		213,530	\$	(686,470)		1,200,000		356,122	\$	(843,878)		30%
Miscellaneous	50,000		64,790	\$	14,790		150,000		129,765	\$	(20,235)		87%
Business Franchise Fees	-		-	\$	-		-		-	\$	-		0%
Estate & Inheritance Tax	-		2,852,164	\$	2,852,164		-		2,852,164	\$	2,852,164		0%
Liquor License Renewal	-		-	\$	-		-		-	\$	-		0%
Special Revenue Transfers	-		1,023	\$	1,023		-		2,323	\$	2,323		0%
Charter Tax	-		21,104	\$	21,104		-		49,467	\$	49,467		0%
Video Lottery Transfers	-		-	\$	-		-		-	\$	-		0%
July-Dec Retro Rev Adj	-		-	\$	-		-		-	\$	-		0%
Cash Flow Transfer	-		-	\$	-		-		70,000,000	\$	70,000,000		0%
SUBTOTALS	\$ 352,999,000	\$	336,147,430	\$	(16,851,570)	\$	670,649,000	\$	690,828,200	\$	20,179,200		
Less: Cash Flow Transfer	0		0		0		0		70,000,000		70,000,000		
Less: Special Revenue Transfer	0		0		0		0		0		0		
TOTALS	\$ 352,999,000	\$	336,147,430	\$	(16,851,570)	\$	670,649,000	\$	620,828,200	\$	(49,820,800)		

Percent of Estimates

95%

93%

Collections these days

\$ 24,431,414

STATE OF WEST VIRGINIA
COMPARISON OF REVENUE
August 2018 vs August 2019

GENERAL REVENUE FUND

	Actual Collections August 2018	Actual Collections August 2019	Actual Collections 12 Months July 2018-August 2019	Actual Collections 12 Months July 2019-August 2020	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Personal Income Tax	139,179,958	\$ 141,786,256	\$ 284,674,110	\$ 276,817,772	\$ (7,856,338)	-3%
Consumer Sales Tax & Use Tax	119,004,765	123,964,685	206,059,668	204,472,657	-1,587,012	-1%
Severance Tax	50,131,080	28,838,606	62,758,035	25,342,786	-37,415,250	-60%
Corporate Net Income Tax	1,862,606	2,159,147	5,883,013	6,524,136	641,123	11%
Insurance Tax	395,126	21,642	29,183,582	30,173,588	990,006	3%
Tobacco Products Tax	18,913,334	13,510,096	32,478,735	29,630,693	(2,848,042)	-9%
Business and Occupation	9,327,137	9,937,029	19,506,320	21,618,973	2,112,653	11%
Liquor Profit Transfers	1,759,750	1,815,750	4,375,844	4,437,682	61,838	1%
Departmental Collections	1,478,698	1,396,936	2,738,341	3,129,973	391,632	14%
Property Transfer Tax	1,086,296	1,118,074	2,402,812	2,347,485	-55,327	-2%
Property Tax	290,739	431,403	447,805	604,990	157,186	35%
Beer Tax and Licenses	734,295	643,549	1,437,406	1,382,959	-54,446	-4%
Miscellaneous Transfers	82,475	-	82,475	120,575	38,100	46%
Interest Income	1,227,722	1,953,294	2,180,545	5,415,736	3,235,191	148%
Refundable Credit Reimb Liability	575,727	392,980	575,727	392,980	(182,747)	-32%
HB 102 - Lottery Transfers	5,289,233	5,025,374	5,289,233	5,025,374	-263,860	-5%
Miscellaneous	234,355	213,530	403,344	356,122	(47,222)	-12%
Business Franchise Fees	58,750	64,790	119,135	129,765	10,630	9%
Estate & Inheritance Tax	0	-	0	-	-	0%
Liquor License Renewal	0	2,852,164	0	2,852,164	2,852,164	0%
Special Revenue Transfers	636,402	-	5,259,153	-	(5,259,153)	-100%
Charter Tax	195	1,023	1,249	2,323	1,074	86%
Video Lottery Transfers	11,458	21,104	28,718	49,467	20,749	72%
July-Dec Retro Rev Adj	0	-	0	-	0	0%
Cash Flow Transfer	-60,000,000	-	0	70,000,000	0	0%
SUBTOTALS	\$ 292,280,103	\$ 336,147,430	\$ 665,885,251	\$ 690,828,200	\$ (45,057,051)	
Less: Cash Flow Transfer	-60,000,000	0	0	70,000,000	0	
Less: Special Revenue Transfer	636,402	0	5,259,153	0	(5,259,153)	
TOTALS	\$ 351,643,701	\$ 336,147,430	\$ 660,626,098	\$ 620,828,200	\$ (39,797,898)	

Increase/Decrease over Prior Period

\$ (15,496,270) \$ (39,797,898)

% Increase/Decrease over Prior Period

-4%

-6%

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
August 31, 2019

STATE OF WEST VIRGINIA
COMPARISON OF REVENUE
August 2018 vs August 2019

STATE ROAD FUND

	Actual Collections August 2018	Actual Collections August 2019	Actual Collections 8 Months July 2018-August 2019	Actual Collections 8 Months July 2019-August 2020	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Gasoline & Motor Carrier Rd Tax	27,198,147	\$ 33,986,686	91,958,455	\$ 85,381,316	\$ (6,577,139)	-7%
Privilege Tax	22,827,277	29,475,019	43,376,514	53,526,524	10,150,011	23%
Licenses & Registration	18,069,449	8,102,014	34,077,180	26,033,397	-8,043,783	-24%
Miscellaneous	2,369,922	1,324,519	3,250,149	3,618,726	368,577	11%
Highway Litter Control	185,550	150,947	327,147	365,896	38,749	12%
Federal Reimbursement	34,872,041	62,225,221	79,028,992	68,431,209	-10,597,783	-13%
SUBTOTALS	\$ 105,522,387	\$ 135,264,405	\$ 252,018,437	\$ 237,357,068	\$ (14,661,369)	
Less: Federal Reimbursement	34,872,041	62,225,221	79,028,992	68,431,209	-10,597,783	
TOTALS	\$ 70,650,346	\$ 73,039,185	\$ 172,989,445	\$ 168,925,859	\$ (4,063,586)	

Increase/Decrease over Prior Period

\$

2,388,839

\$

(4,063,586)

% Increase/Decrease over Prior Period

3.4%

-2.3%

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

August 31, 2019

STATE OF WEST VIRGINIA
REVENUE COLLECTIONS
FISCAL YEAR 2020
as of August 31, 2019

STATE ROAD FUND

	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES	YTD PERCENT COLLECTED
Motor Fuel Tax	\$ 25,200,000	\$ 33,986,686	\$ 8,786,686	\$ 90,700,000	\$ 85,381,316	\$ (5,318,684)	94%
Sales/Privilege Tax	22,457,000	29,475,019	\$ 7,018,019	42,672,000	53,526,524	\$ 10,854,524	125%
Licenses & Registration	15,486,000	8,102,014	\$ (7,383,986)	29,205,000	26,033,397	\$ (3,171,603)	89%
Miscellaneous	3,084,000	1,324,519	\$ (1,759,481)	14,084,000	3,618,726	\$ (10,465,274)	26%
Highway Litter Control	193,000	150,947	\$ (42,053)	340,000	365,896	\$ 25,896	108%
Federal Reimbursement	51,064,000	62,225,221	\$ 11,161,221	97,999,000	68,431,209	\$ (29,567,791)	70%
SUBTOTALS	\$117,484,000	\$ 135,264,405	\$ 17,780,405	\$ 275,000,000	\$ 237,357,068	\$ (37,642,932)	
Less: Federal Reimbursement	51,064,000	62,225,221	11,161,221	97,999,000	68,431,209	(29,567,791)	
TOTALS	\$ 66,420,000	\$ 73,039,185	\$ 6,619,185	\$ 177,001,000	\$ 168,925,859	\$ (8,075,141)	

Percent of Estimates 110% 95%

Collections these days \$ 12,705,794.44

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of August 31, 2019 : \$ 289,244,341.13

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of August 31, 2019: \$466,506,360.68

PERSONAL INCOME TAX REFUND RESERVE FUND as of August 31, 2019: \$11,000,000.00

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
September 3, 2019

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



*Budget Division
Building 1, Room 314-West Wing
1900 Kanawha Blvd. East
Charleston, WV 25305-0590
304-347-4870*

To: Honorable Chairmen and Members of the Joint Committee on
Government and Finance

From: William Spencer, C.P.A.
Director Budget Division
Legislative Auditor's Office

Date: September 12, 2019

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the August 31, 2019 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of August 31, 2019 of fiscal year 2019-2020, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2019	\$ 205,761,370.82
Receipts July 1,2019 thru August 31, 2019	\$ 45,964,819.92
Disbursements July 1, 2019 thru August 31, 2019	\$ 26,613,947.06
Balance August 31, 2019	\$ 225,112,243.68

ITEMS OF NOTE:

Regular benefits paid for July - August 2019 were \$ 5.7 million more than August 2018.

Federal emergency benefits totaled -\$3,710 for July - August 2019. For July - August 2018, federal emergency benefits totaled -\$3,403.

Total disbursements were \$ 5.6 million more in July - August 2019 than the preceding July - August 2018.

Receipts as of July - August 2019, were \$ 5.6 million less than in July - August 2018. Overall ending trust fund balance was \$ 57.3 million higher on August 2019 than on August 2018.

Seasonally adjusted unemployment rates for August 2019 were 4.6 percent for West Virginia and 3.7 percent nationally.

Since August 2018, employment has increased by 5,100. Employment gains included 3,000 in educational and health services, 3,200 in construction, 1,000 in trade, transportation, and utilities, 1,000 in leisure and hospitality, 500 in financial activities, and 400 in manufacturing. Employment declines included 400 in other services, 1,500 in professional and business services, 300 in mining and logging, 1,400 in government, and 400 in information.

September 9, 2019

William Spencer
Budget Division
Office of the Legislative Auditor
Building 1, Room 332-West Wing
1900 Kanawha Boulevard East
Charleston, WV 25305-0590

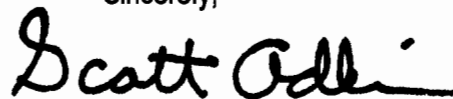
RE: Monthly Status Report

Dear Mr. Spencer:

Please find attached, the Monthly Status Report for the Joint Committee on Government and Finance, Unemployment Compensation Trust Fund for the month of August 2019.

If you have any questions or need any additional information, please feel free to contact Mark Doyle at 304-558-2631 or Mark.A.Doyle@wv.gov.

Sincerely,



Scott A. Adkins
Acting Commissioner

SAA/gew

Enclosure

pc: Jim Justice

1900 Kanawha Blvd. East * Building 3 Suite 300 * Charleston, WV 25305

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**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING JUNE 2018 AND JUNE 2019**

	JUNE 2018	JUNE 2018	AUGUST 2018	JUNE 2019	JUNE 2019	AUGUST 2019	THREE MONTH TOTAL VARIANCE *
Balance Forward	\$144,383,635.32	\$137,218,046.89	\$156,766,794.00	\$216,717,879.89	\$205,761,370.82	\$220,676,905.60	\$203,807,780.11
Add Receipts:							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$1,127,179.73	\$31,247,111.87	\$20,087,433.11	\$1,210,654.23	\$29,656,410.62	\$16,218,809.84	(\$5,476,949.82)
3. Federal Emergency Benefits (EUC08)	(\$45,000.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$45,000.00
4. Federal Share Extended Benefits (EB)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5. Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6. UCCE (Federal Agencies)	\$64,049.38	\$86,768.91	\$66,399.30	\$39,196.16	\$57,511.71	\$48,048.18	(\$72,458.53)
7. Special Administrative Transfer	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8. Read Act Funds**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9. UC Modernization Incentive	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10. Treasury Interest Credits	\$669,995.06	\$0.00	\$0.00	\$1,163,015.16	\$0.00	\$0.00	\$493,020.09
11. UCX (Military Agencies)	\$51,542.31	\$53,083.19	\$42,393.80	\$36,344.45	\$45,616.80	\$39,422.78	(\$25,615.29)
12. WV Senate Bill 558	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13. CMA Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Receipts	\$1,657,766.48	\$31,386,941.77	\$20,196,228.21	\$2,439,109.89	\$29,658,539.13	\$19,306,280.79	(\$5,037,004.55)
Less Disbursements:							
Debt Bond Repayment							
Regular Benefits:							
Federal Emergency Benefits (EUC08)	\$8,881,708.71	\$11,692,602.69	\$9,085,183.88	\$12,205,934.78	\$14,852,576.27	\$11,781,798.63	\$9,010,833.22
Federal Emergency Benefits (EB)	(\$1,985.00)	(\$1,684.00)	(\$2,026.00)	(\$1,290.00)	(\$1,953.00)	(\$1,450.00)	\$1,002.00
Federal Share Extended Benefits (TEUC)	(\$15.00)	\$0.00	(\$15.00)	\$0.00	\$0.00	\$0.00	\$30.00
Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
UCCE (Federal Workers) Benefits	\$68,977.72	\$89,296.09	\$82,845.48	\$42,577.86	\$48,729.88	\$60,664.98	(\$79,148.77)
UCX (Military Workers) Benefits	\$54,568.48	\$57,977.68	\$40,418.80	\$43,286.47	\$43,652.40	\$39,929.10	(\$26,096.99)
Read Act Funds	\$0.00	\$0.00	\$0.00	\$105,109.95	\$0.00	\$0.00	\$105,109.95
Special Administrative Transfer**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Disbursements	\$9,003,254.91	\$11,835,194.66	\$9,156,337.14	\$12,395,619.06	\$14,743,004.35	\$11,870,942.71	\$9,011,779.41
Trust Fund Balance	\$137,218,046.89	\$156,766,794.00	\$167,806,683.07	\$206,761,370.82	\$220,676,905.60	\$226,112,243.88	\$189,758,896.16

* Three month total variance column is the difference between the sum of the previous year's three months data for each category and the current year's three months data. The purpose of the report is to show significant changes in receipts, disbursements, or balances.

**Note: UJ Trust Fund Balance Includes Trust Fund Loan from the Revenue Shortfall Reserve Fund per Senate Bill 558 passed March 9, 2016:

Borrowed on 3/11/2016	38,000,000.00
Repaid on 5/17/2016	(38,000,000.00)
Borrowed on 12/5/2016	50,000,000.00
Repaid on 5/4/2017	(50,000,000.00)
Outstanding Loan from Revenue Shortfall Reserve Fund	\$0.00

**Note: Read Act funds of \$549,468.24 previously drawn down were unexpended and returned to Trust Fund on deposit with the U.S. Treasury

UC TRUST FUND PROJECTIONS – 2019

September 8, 2019

Month	Receipts	Disbursements	Trust Fund Balance
2018			
Balance 1/1/2018			\$ 82,800,186
January	\$ 15,854,972	\$ 18,180,779	\$ 80,474,379
February	\$ 8,964,249	\$ 16,063,060	\$ 73,375,568
March	\$ 1,556,203	\$ 12,890,572	\$ 62,041,199
April	\$ 67,692,592	\$ 14,518,039	\$ 115,215,752
May	\$ 39,734,526	\$ 10,586,743	\$ 144,363,535
June	\$ 1,857,766	\$ 9,003,254	\$ 137,218,047
July	\$ 31,386,942	\$ 11,838,195	\$ 156,766,794
August	\$ 20,196,226	\$ 9,156,337	\$ 167,806,683
September	\$ 2,019,468	\$ 7,981,721	\$ 161,844,430
October	\$ 26,381,452	\$ 8,432,038	\$ 179,793,844
November	\$ 10,958,388	\$ 9,618,313	\$ 181,133,919
December	\$ 2,114,666	\$ 13,470,105	\$ 169,778,480
Totals - 2018	\$ 228,717,450	\$ 141,739,156	\$ 169,778,480

2019			
January	\$ 18,647,223	\$ 18,646,454	\$ 169,779,249
February	\$ 9,889,316	\$ 20,023,154	\$ 159,645,411
March	\$ 2,774,046	\$ 19,785,639	\$ 142,633,818
April	\$ 72,098,812	\$ 18,777,789	\$ 195,954,841
May	\$ 34,807,294	\$ 15,044,255	\$ 215,717,880
June	\$ 2,439,110	\$ 12,395,619	\$ 205,761,371
July	\$ 29,658,539	\$ 14,743,004	\$ 220,676,906
August	\$ 16,306,281	\$ 11,870,943	\$ 225,112,244
September	\$ 2,016,641	\$ 10,862,324	\$ 216,266,561
October	\$ 26,344,518	\$ 11,475,161	\$ 231,135,918
November	\$ 10,943,046	\$ 13,089,562	\$ 228,989,402
December	\$ 2,111,705	\$ 18,331,466	\$ 212,769,641
Totals - 2019	\$ 228,036,531	\$ 185,045,370	\$ 212,769,641

Benefits and Technical Support Section • Unemployment Compensation Division
1900 Kanawha Blvd., East • Building 3, Room 300 • Charleston, West Virginia 25305
Telephone: (304) 558-3309 • Fax: (304) 558-3252

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PEIA

September Interim Talking Points

- **PEIA and RHBT preliminary financial results for June 2019 are available for your review.**
- **PEIA year to date statements indicate PEIA finished ahead of plan by \$37 million. This is due to lower than forecast prescription drug and healthcare claim expenses.**
- **RHBT year to date statements indicate RHBT finished ahead of plan by \$40 million. This is due to lower than projected MAPD capitations.**
- **The 2019 year-end reserve for the State Fund and non-State Fund is projected to be \$172 and \$54 million respectively.**
- **These reserve levels represent 24% and 38% of the respective funds' expenses. The required reserve for the State Fund is 14% of expenses.**

West Virginia Public Employees Insurance Agency Statement of Changes in Plan Net Position

[illegible]

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For the Twelve Months Ending Sunday, June 30, 2019
In Thousands
PRELIMINARY

ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE		PRIOR YR VARIANCE	
			\$	%	\$	%
ADDITIONS						
Employer Premiums:						

Jim Justice
Governor



Ted Cheatham
Director

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September 16, 2019

Joint Committee on Government and Finance
Senate Finance – 451M
State Capitol Complex
Charleston, WV 25305

1. The March 31, 2019, 2019 Quarterly Report issued June 2019, page A-1, indicates the June 30, 2019 fund balances will be as follows:

	PEIA		RHBT
	State Fund	Non-State Fund	OPEB Fund
June 30, 2019	\$172,819,370	\$53,622,691	\$1,063,146,767

2. Per §5-16-25 the statutorily required reserve for the purposes of offsetting unanticipated claims losses (current FY costs) is the actuarial recommended reserve.

The current recommendation is 14% of the fiscal year expenses for PEIA and RHBT. Per the Quarterly Report, the percentage will be as follows at year end:

June 30, 2019	State Fund Reserve	Non-State Fund Reserve	Total
Reserve Balance	\$172,819,370	\$53,622,691	\$226,442,061
Percentage	24.4%	38.3%	26.7%
	reserve/current FY costs		

3. The objective of the OPEB Reserve is to reach a fully funded status of the actuarially accrued liability (AAL). Therefore, the target is 100%. The reserve balance represents 30% of the actuarially required balance:

	RHBT
June 30, 2019	OPEB Reserve
Reserve Balance	\$1,063,146,767
Percentage	30%
	OPEB Reserve/Actuarial Accrued Liability

4. Anticipated events that may significantly reduce or increase the amount of funds:

The primary anticipated reduction events are the ongoing forecast increases in the cost of healthcare. The below chart indicates the actuarial projected increases in costs for the medical and prescription drugs of the plan. These increased costs represent a total increase of \$278 million over the next four years, requiring an average of \$69 million a year in either increased premiums or benefit reductions.

	FY 2020	FY 2021	FY 2022	FY 2023
Medical Trend	8.0%	8.5%	9.0%	9.5%
Rx Trend	12.0%	12.5%	13.0%	13.5%

5. Total amount of benefit payments paid for the month:

	PEIA	RHBT	Total
June 2019	\$67,266,000	\$5,357,000	\$72,623,000

Sincerely,



Jason A. Haught, CPA
Chief Financial Officer

West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET AND INCOME STATEMENT
For the Month Ending July 31, 2019

Talking Points for Joint Committee on Government and Finance Meeting
September 2019

1. **Premium Revenue** reflects the premiums earned for the first month of the fiscal year.
2. **Claims Expense** reflects claims payments made thru July. The total claims payments made for the first month of this year are somewhat lower when compared to the same month a year ago. Actual claims payments can vary considerably from month to month.
3. **Investment Income** for fiscal year 2019 reflects lower returns vs. the same month last year.
4. BRIM has no un-funded liability and continues to pursue pro-active loss control initiatives.

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the One Month Ended July 31st

	2019	2018
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 35,569	\$ 32,720
Advance deposits with insurance company and trustee	221,084	195,202
Receivables	7,174	8,591
Prepaid insurance	1,076	1,016
Restricted cash and cash equivalents	17,306	13,699
Premiums due from other entities	1,112	878
Total current assets	283,321	252,106
Noncurrent assets:		
Equity position in internal investments pools	100,938	96,980
Restricted investments	58,292	56,006
Total noncurrent assets	159,230	152,986
Total assets	442,551	405,092
Deferred Outflows of Resources	373	438
Deferred Outflows of Resources - OPEB	65	44
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	62,656	50,453
Unearned premiums	15,842	15,506
Agent commissions payable	1,644	1,516
Claims Payable	146	1
Accrued expenses and other liabilities	1,187	1,156
Total current liabilities	81,475	68,632
Estimated unpaid claims and claims adjustment expense net of current portion	128,822	116,848
Compensated absences	124	122
Net pension liability	249	331
Total noncurrent liabilities	129,195	117,301
Total liabilities	210,670	185,933
Deferred Inflows of Resources	200	330
Deferred Inflows of Resources - OPEB	109	73
Net position:		
Restricted by State code for mine subsidence coverage	72,466	66,866
Unrestricted	157,205	149,745
Net Assets (Deficiency)	2,339	2,628
Net position	\$ 232,010	\$ 219,239

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the One Month Ended July 31st

	2019	2018
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 6,824	\$ 6,773
Less coverage/reinsurance programs	(98)	(115)
Net operating revenues	6,726	6,658
Operating expenses		
Claims and claims adjustment expense	4,167	4,819
General and administrative	462	346
Total operating expenses	4,629	5,164
Operating income (loss)	2,097	1,494
Nonoperating revenues		
Investment income	242	1,134
Net nonoperating revenues	242	1,134
Changes in net position	2,339	2,628
Total net position, beginning of year	229,671	216,611
Total net position, end of period	\$ 232,010	\$ 219,239

Unaudited

Department of Administration Real Estate Division Leasing Report

For the period of August 1 - 31, 2019

There are 12 leasing changes for this period and they are as follows:

- 3 – New Contract of Lease
- 1 – Straight Renewal – DOA Owned
- 5 – Straight Renewal
- 2 – Renewal with Increase in Rent
- 1 – Cancellation – DOA Owned
- 2 – Non-Renewal

Department of Administration Real Estate Division Leasing Report

For the period of August 1, 2019 through August 31, 2019

NEW CONTRACT OF LEASE

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-257 New Contract of Lease for 3 years consisting of 140 square feet of office space at the monthly rate of \$300.00, annual cost \$3,600.00, full service, 300 Second Street, in the City of Fairmont, Marion County, West Virginia.

PUBLIC SERVICE COMMISSION, CONSUMER ADVOCATE DIVISION

PSC-016 New Contract of Lease for 3 years consisting of 4,077 square feet of office space at the current annual per square foot rate of \$13.75, annual cost \$56,058.72, 300 Capitol Street, in the City of Charleston, Kanawha County, West Virginia.

WORKFORCE WEST VIRGINIA

WWV-044-SUB New Contract of Sublease for 5 years consisting of 132 square feet of office space at the monthly rate of \$276.48, annual cost \$3,317.76, full service, 1824 Murdoch Avenue, St. Joseph Health Center, Building F, in the City of Parkersburg, Wood County, West Virginia.

STRAIGHT RENEWAL – DOA OWNED

WEST VIRGINIA BOARD OF SOCIAL WORK

SOC-003 Renewal for 3 year consisting of 1,187 square feet of office space at the annual per square foot rate of \$12.00, annual cost \$14,244.00, full service, 1124 Smith Street, Suite B200, in the City of Charleston, Kanawha County, West Virginia.

STRAIGHT RENEWAL

DEPARTMENT OF COMMERCE, SMALL BUSINESS DEVELOPMENT CENTER

SBD-004 Renewal on a month to month basis not to exceed 1 year, consisting of 120 square feet of office space at the current monthly amount of \$160.00, annual cost \$1,920.00, full service, 151 Robert C. Byrd, in the City of Moorefield, Hardy County, West Virginia.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-143 Renewal for 5 years consisting of air monitoring space at the current annual rate of \$1.00 located at the West Virginia National Guard Armory, 1501 Ninth Avenue in the City of Moundsville, Marshal County, West Virginia.

DEP-086 Renewal for 1 year consisting of 10,322 square feet of office space at the current annual per square foot rate of \$6.85, annual cost \$70,705.68, full service, located at 105 S. Railroad Street. in the City of Philippi, Barbour County, West Virginia.

STRAIGHT RENEWAL - CONTINUED

DIVISION OF CORRECTIONS AND REHABILITATION

COR-030 Renewal for 6 months consisting of 1,532 square feet of office space at the current annual per square foot rate of \$10.94, annual cost \$16,760.16, full service, 1025 Main Street, in the City of Wheeling, Ohio County, West Virginia.

WEST VIRGINIA BOARD OF ACCOUNTANCY

ACC-005 Renewal for 5 years consisting of 2,000 square feet of office space at the current annual per square foot rate of \$15.00, annual cost \$30,000, full service, located at 405 Capitol Street, in the City of Charleston, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN RENT

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-195 Renewal for 10 years consisting of 10,037 square feet of office space with an increase in the annual per square foot rate from \$14.25 to \$15.50 in years 1 – 5 then to \$16.25 in years 6 - 10, annual cost \$155,573.52/\$163,101.24, 271 Mattaliano Drive, in the City of Philippi, Barbour County, West Virginia.

DIVISION OF REHABILITATION SERVICES

DRS-097 New Contract of Lease for 10 years consisting of 3,240 square feet of office space with an increase in the annual per square foot rate from \$14.25 to \$15.50, annual cost \$50,220.00, 1025 North Randolph Avenue, in the City of Elkins, Randolph County, West Virginia.

CANCELLATION – DOA OWNED

OFFICES OF THE INSURANCE COMMISSIONER

INS-019 Lease cancellation consisting of 973 square feet of office space, at the annual per square foot rate of \$11.00, annual cost \$10,703.04, full service, Building #25, 5th and Avery Streets, in the City of Parkersburg, Wood County, West Virginia.

NON-RENEWAL

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-113 Lease non-renewal consisting of air monitoring space, at the annual rate of \$1.00, located on Oak Street, in the City of Weirton, Hancock County, West Virginia.

DEP-121 Lease non-renewal consisting of air monitoring and storage space, at the annual rate of \$1.00, located at the Henderson Center, in the City of Huntington, Cabell County, West Virginia.

Real Estate Division
Monthly Summary of Lease Activity
August 1 - 31, 2019

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Department of Health and Human Resources	HHR-257	Marion	140	25.71	3,600	3.00	10,800
2	Public Service Commission, Consumer Advocate Division	PSC-016	Kanawha	4,077	13.75	56,059	3	168,176
3	Workforce West Virginia	WWV-044	Wood	132	25.13	3,318	5	16,589
4	West Virginia Board of Social Work	SOC-003	Kanawha	1,187	12.00	14,244	3	42,732
5	Department of Commerce, Small Business Development Center	SBD-004	Hardy	120	16.00	1,920	1	1,920
6	Department of Environmental Protection	DEP-143	Marshall	1	1.00	1	5	5
7	Department of Environmental Protection	DEP-086	Barbour	10,322	6.85	70,706	1	70,706
8	Division of Corrections	COR-030	Ohio	1,532	10.94	16,760	0.5	8,380
9	West Virginia Board of Accountancy	ACC-005	Kanawha	2,000	15.00	30,000	5	150,000
10	Department of Health and Human Resources	HHR-195	Barbour	10,037	15.50	155,574	5	777,868 *
	Department of Health and Human Resources	HHR-195	Barbour	10,037	16.25	163,101	5	815,506 *
11	Division of Rehabilitation Services	DRS-097	Randolph	3,240	15.50	50,220	10	502,200

173.64
Total Rentable Square Feet 42,825
Average Annual Rental Rate 14.47
Total Annual Rent 565,502

*Indicates the total will be over \$1,000,000.00 during the term of the lease.

TERMINATIONS

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Offices of the Insurance Commissioner	INS-019	Wood	973	11.00	10,703
2	Department of Environmental Protection	DEP-113	Hancock	1	1.00	1
3	Department of Environmental Protection	DEP-121	Cabell	1	1.00	1

Total Rentable Square Feet 975
Total Annual Rent 1

Department of Administration Real Estate Division Leasing Report

For the period of July 1 - 31, 2019

There are 12 leasing changes for this period and they are as follows:

- 1 – New Contract of Lease
- 6 – Straight Renewal
- 1 – Renewal with Increase in Rent
- 1 – Renewal with Increase in Square Feet – DOA Owned
- 1 – Renewal with Decrease in Square Feet
- 1 – Decrease in Square Feet
- 1 – Non-Renewal – DOA Owned

Department of Administration Real Estate Division Leasing Report

For the period of July 1 - 31, 2019

NEW CONTRACT OF LEASE

ATTORNEY GENERAL'S OFFICE

AGO-020 New Contract of Lease for 5 years 4 months consisting of 5,291 square feet of office space at the annual per square foot rate of \$15.50, annual cost \$82,010.52, full service, 408 Leon Sullivan Way, in the City of Charleston, Kanawha County, West Virginia.

STRAIGHT RENEWAL

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-231 Renewal for 3 years consisting of 100 square feet of storage space at the current monthly rate of \$165.00, annual cost \$1,980.00, 200 Piedmont Road, in the City of Charleston, Kanawha County, West Virginia.

WEST VIRGINIA MASSAGE THERAPY LICENSURE BOARD

BMT-004 Renewal for 2 years consisting of 601 square feet of office space at the current annual per square foot rate of \$13.00, annual cost \$7,812.00, full service, 179 Summers Street, in the City of Charleston, Kanawha County, West Virginia.

BOARD OF FUNERAL SERVICE EXAMINERS

EMB-001 Renewal for 2 years consisting of 1,555 square feet of office space at the current annual per square foot rate of \$12.29, annual cost \$19,116.00, full service, 179 Summers Street, in the City of Charleston, Kanawha County, West Virginia.

DEPARTMENT OF EDUCATION

EDU-029 Renewal for 1 year consisting of 408 square feet of storage space at the current monthly rate \$144.50, annual cost \$1,734.00, HC 88 Box 21, in the City of Ripley, Jackson County, West Virginia.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-138 Renewal for 5 years consisting of 330 square feet of air monitoring space at the current annual cost of \$1.00, Box 46, Route 60 (Department of Highways Yard), in the City of Clintonville, Greenbrier County, West Virginia.

WEST VIRGINIA BOARD OF EXAMINERS FOR SPEECH LANGUAGE PATHOLOGY & AUDIOLOGY

SPA-001 Renewal for 5 years consisting of 768 square feet of office space at the current annual per square foot rate of \$12.89, annual cost \$9,900, full service, located at 99 Edmiston Way, in the City of Buckhannon, Upshur County, West Virginia.

RENEWAL WITH INCREASE IN RENT

DIVISION OF REHABILITATION SERVICES

DRS-110 Renewal for 6 years consisting of 10,640 square feet of warehouse space at the current annual per square foot rate of \$6.30 for years 1 and 2, increase the rate from \$6.30 to \$6.49 for year 3, increase the rate from \$6.49 to \$6.55 for year 4, increase from \$6.55 to \$6.62 for years 5 and 6, annual cost \$67,032.00; \$69,053.60; \$69,692.00; \$70,436.80, 6 McJunkin Road, in the City of Nitro, Putnam County, West Virginia.

RENEWAL WITH INCREASE IN SQUARE FEET – DOA OWNED

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-133 Renewal for 3 years with an increase of square feet from 39,617 square feet to 39,867 square feet of office space at the current annual per square foot rate of \$12.94, annual cost \$515,878.98, full service, Building #23, 407 Neville Street, in the City of Beckley, Raleigh County, West Virginia.

RENEWAL WITH DECREASE IN SQUARE FEET

AERONAUTICS COMMISSION

AER-003 Renewal for 3 years with an decrease of square feet from 1,311 square feet to 956 square feet of office space at the current annual per square foot rate of \$10.93, annual cost \$10,449.08, full service, located in Building #5, Capitol Complex, 1900 Kanawha Boulevard, East, in the City of Charleston, Kanawha County, West Virginia.

DECREASE IN SQUARE FEET

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-205 Decrease in square feet from 6,924 square feet to 1,633 square feet of office space at the current annual per square foot rate of \$15.50, annual cost \$25,311.50, full service, 408 Leon Sullivan Way, in the City of Charleston, Kanawha County, West Virginia.

NON-RENEWAL – DOA OWNED

PUBLIC PORT AUTHORITY

PPA-001 Lease non-renewal consisting of 704 square feet of office space, at the annual per square foot rate of \$10.93, annual cost \$7,694.72, full service, located in Building #5, Capitol Complex, 1900 Kanawha Boulevard, East, in the City of Charleston, Kanawha County, West Virginia.

Real Estate Division
Monthly Summary of Lease Activity
July 1 - 31, 2019

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Attorney General's Office	AGR-020	Kanawha	5,291	15.50	82,011	5.33	437,387
2	Department of Health and Human Resources	HHR-231	Kanawha	100	19.80	1,980	3	5,940
3	West Virginia Massage Therapy Licensure Board	BMT-004	Kanawha	601	13.00	7,813	2	15,626
4	Board of Funeral Service Examiners	EMB-001	Kanawha	1,555	12.29	19,116	5	95,580
5	Department of Education	EDU-029	Jackson	408	4.25	1,734	5	8,670
6	Department of Environmental Protection	DEP-138	Greenbrier	330	0.00	1	5	5
7	WV Board of Examiners for Speech, Language, Pathology and Audiology	SPA-001	Upshur	768	12.89	9,900	5	49,498
8	Division of Rehabilitation Services	DRS-110	Putnam	10,640	6.30	67,032	2	134,064
	Division of Rehabilitation Services	DRS-110	Putnam	10,640	6.49	69,054	1	69,054
	Division of Rehabilitation Services	DRS-110	Putnam	10,640	6.55	69,692	1	69,692
	Division of Rehabilitation Services	DRS-110	Putnam	10,640	6.62	70,437	2	140,874
9	Department of Health and Human Resources	HHR-133	Raleigh	39,867	12.94	515,879	3	1,547,637 *
10	Aeronautics Commission	AER-003	Kanawha	956	10.93	10,449	3	31,347
11	Department of Health and Human Resources	HHR-205	Kanawha	1,633	15.50	25,312	1.25	31,639

143.06
Total Rentable Square Feet 94,069
Average Annual Rental Rate 11.00
Total Annual Rent 950,408

*Indicates the total will be over \$1,000,000.00 during the term of the lease.

TERMINATIONS

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Public Port Authority	PPA-001	Kanawha	704	10.93	7,695

Total Rentable Square Feet 704
Total Annual Rent 7,695

Department of Health and Human Resources

MEDICAID REPORT

June 2019 Data

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
EXPENDITURES BY PROVIDER TYPE
SFY2019

MONTH OF JUNE 2019	
EXPENDITURES:	
Inpatient Hospital - Reg. Payments	
Inpatient Hospital - DSH	
Inpatient Hospital - Supplemental Payments	
Inpatient Hospital - GME Payments	
Mental Health Facilities	
Mental Health Facilities - DSH Adjustment Payments	
Nursing Facility Services - Regular Payments ⁽³⁾	
Nursing Facility Services - Supplemental Payments	
Intermediate Care Facilities - Public Providers	
Intermediate Care Facilities - Private Providers	
Intermediate Care Facilities - Supplemental Payments	
Physicians Services - Regular Payments	
Physicians Services - Supplemental Payments	
Physician and Surgical Services - Evaluation and Management	
Physician and Surgical Services - Vaccine Codes	
Outpatient Hospital Services - Regular Payments	
Outpatient Hospital Services - Supplemental Payments	
Prescribed Drugs	
Drug Rebate Offset - National Agreement	
Drug Rebate Offset - State Sidebar Agreement	
Drug Rebate Offset - MCO National	
Drug Rebate Offset - MCO State Sidebar Agreement	
Dental Services	
Other Practitioners Services - Regular Payments	
Other Practitioners Services - Supplemental Payments	
Clinic Services	
Lab & Radiological Services	
Home Health Services	
Hysterectomies/Sterilizations	
Pregnancy Terminations ⁽²⁾	
EPSTD Services	
Rural Health Clinic Services	
Medicare Health Insurance Payments - Part A Premiums	
Medicare Health Insurance Payments - Part B Premiums	
120% - 134% Of Poverty	
135% - 175% Of Poverty	
Coinurance And Deductibles	

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
EXPENDITURES BY PROVIDER TYPE
SFY2019

MONTH OF JUNE 2019

Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	
Medicaid MCO - Evaluation and Management	
Medicaid MCO - Vaccine Codes	
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	
Medicaid Health Insurance Payments: Group Health Plan Payments	
Medicaid Health Insurance Payments: Coinsurance	
Medicaid Health Insurance Payments: Other	
Home & Community-Based Services (MR/DD)	
Home & Community-Based Services (Aged/Disabled)	
Home & Community-Based Services (Traumatic Brain Injury)	
Home & Community-Based Services (State Plan 1915(i) Only)	
Home & Community-Based Services (State Plan 1915(j) Only)	
Community Supported Living Services	
Programs Of All-Inclusive Care Elderly	
Personal Care Services - Regular Payments	
Personal Care Services - SDS 1915(i)	
Targeted Case Management Services - Com. Case Management	
Targeted Case Management Services - State Wide	
Primary Care Case Management Services	
Hospice Benefits	
Emergency Services Undocumented Aliens	
Federally Qualified Health Center	
Non-Emergency Medical Transportation	
Physical Therapy	
Occupational Therapy	
Services for Speech, Hearing & Language	
Prosthetic Devices, Dentures, Eyeglasses	
Diagnostic Screening & Preventive Services	
Nurse Mid-Wife	
Emergency Hospital Services	
Critical Access Hospitals	
Nurse Practitioner Services	
School Based Services	
Rehabilitative Services (Non-School Based)	
2a) Opioid Treatment Program (OTP) - Methadone services	
2a) Opioid Treatment Program (OTP) - Peer Recovery Support Services	
2a) Opioid Treatment Program (OTP) - Residential Adult Services	
2a) Opioid Treatment Program (OTP) - Other	
Private Duty Nursing	
Freestanding Birth Centers	
Health Home for Enrollees w Chronic Conditions	
Other Care Services	
Less: Recoupments	
NET EXPENDITURES:	

ACTUALS	TOTAL	ACTUALS Current Month Ended 06/30/19	ESTIMATE Current Month Ended 06/30/19	ACTUALS Year To-Date Thru 6/30/19	Difference Budget vs 06/30/19
SFY2018	SFY2019				
1,592,796,041	1,909,119,745	179,612,730	159,093,312	1,778,184,519	130,935,226
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
659,533	712,510	100,327	54,808	1,055,998	(343,488)
-	-	-	-	-	-
306,244,186	326,961,878	24,138,740	25,150,914	300,224,671	26,737,207
99,410,189	111,621,217	9,108,336	8,586,247	112,658,160	(1,036,942)
1,500,251	1,962,566	126,521	150,967	1,718,562	244,004
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
69,433,451	72,630,935	5,717,852	5,586,995	67,648,352	4,982,583
-	-	-	-	-	-
2,768,851	2,852,904	195,218	219,454	2,439,096	413,808
-	-	-	-	-	-
28,742,764	27,296,696	1,928,366	2,099,746	29,203,783	(1,907,087)
660,126	757,363	44,984	58,259	315,177	442,186
9,878,997	10,234,965	3,264,120	787,305	15,931,978	(5,697,013)
34,217,803	34,042,483	2,732,694	2,618,653	33,111,034	931,449
999,248	1,063,603	99,619	81,816	1,026,255	37,349
632,758	603,289	52,368	46,407	534,036	69,253
336,441	318,750	26,735	24,519	335,678	(16,927)
859,918	922,875	80,159	70,990	994,798	(71,923)
169,078	201,488	8,062	15,499	87,795	113,693
112,942	153,959	9,125	11,843	129,606	24,353
-	-	-	-	-	-
24,242,329	25,303,451	1,913,706	1,946,419	23,835,979	1,467,472
2,263,595	2,755,598	271,638	211,969	3,194,061	(438,464)
34,971,816	35,000,000	32,151,793	2,692,308	63,192,255	(28,192,254)
59,129,439	63,204,418	4,205,413	4,861,878	60,423,448	2,780,971
2,303,658	52,071,349	764,792	575,400	9,499,059	42,572,290
-	-	290,611	1,033,200	1,229,563	(1,229,563)
-	-	1,362,700	2,396,888	7,348,525	(7,348,525)
-	-	9,412	-	147,243	(147,243)
5,533,239	5,709,872	373,497	439,221	5,138,732	571,140
-	-	-	-	1,092	(1,092)
883,711	983,085	152,718	75,622	1,842,908	(859,823)
15,448,541	25,766,900	2,323,355	1,982,069	22,596,029	3,170,870
-	-	(35,669)	-	(707,425)	707,425
3,809,413,601	4,297,413,175	380,865,278	348,987,139	4,008,155,498	289,257,677

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
EXPENDITURES BY PROVIDER TYPE
SFY2019

MONTH OF JUNE 2019

Collections: Third Party Liability (line 9A on CMS-64)
Collections: Probate (line 9B on CMS-64)
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)
Collections: Other (line 9D on CMS-64)

NET EXPENDITURES and CMS-64 ADJUSTMENTS:

Plus: Medicaid Part D Expenditures
Plus: State Only Medicaid Expenditures
Plus: Money Follow the Person Expenditures

TOTAL MEDICAID EXPENDITURES

Plus: Reimbursables ⁽¹⁾
Plus: NATCEP/PASARR/Eligibility Exams
Plus: HIT Incentive Payments

TOTAL EXPENDITURES

- (1) This amount will revert to State Only if not reimbursed.
(2) Pregnancy Terminations are State Only expenditures and are not currently claimed.
(3) Of the amount in the 'Nursing Facility Services - Regular Payments' line \$19,850,124.04 is the amount paid to State Facilities year to date.

ACTUALS	TOTAL	ACTUALS Current Month Ended 06/30/19	ESTIMATE Current Month Ended 06/30/19	ACTUALS Year To-Date Thru 6/30/19	Difference Budget vs 06/30/19
SFY2018	SFY2019				
(6,012,117)	-	-	-	(7,207,215)	7,207,215
(512,319)	-	-	-	(82,371)	82,371
(213,356)	-	-	-	(122,292)	122,292
(17,039,628)	-	-	-	(9,884,609)	9,884,609
3,785,636,180	4,297,413,175	380,865,278	348,987,139	3,990,859,010	306,554,165
43,197,126	42,983,609	3,325,526	3,581,967	41,299,828	1,683,781
628,208	250,000	17,162	19,231	211,906	38,094
2,101,617	2,100,000	94,883	161,538	1,628,995	471,005
\$ 3,831,563,132	\$ 4,342,746,783	\$ 384,302,848	\$ 352,749,876	\$ 4,033,999,739	\$ 308,747,044
4,491,826	-	425,350	-	4,918,621	(4,918,621)
223,954	239,990	30,258	18,461	332,103	(92,113)
2,074,212	3,000,000	8,500	230,769	2,335,023	664,977
\$ 3,838,353,124	\$ 4,345,986,773	\$ 384,766,956	\$ 352,999,106	\$ 4,041,585,486	\$ 304,401,287

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
MEDICAID CASH REPORT
SFY2019

MONTH OF JUNE 2019

REVENUE SOURCES

Beg. Bal. (5084/1020 prior mth)

MATCHING FUNDS

General Revenue (0403/189)
MRDD Waiver (0403/466)
Rural Hospitals Under 150 Beds (0403/940)
Tertiary Funding (0403/547)
Traumatic Brain Injury (0403/835)
Title XIX Waiver for Seniors (0403-533)
Medical Services Surplus (0403/633)
Waiver for Senior Citizens Surplus (0403/526)
Lottery Waiver (Less 550,000) (5405/539)
Lottery Waiver (0420/539)
Lottery Transfer (5405/871)
Excess Lottery (5365/189)
Lottery Surplus (5405/68199)
Lottery Surplus (5365/68100)
Trust Fund Appropriation (5185/189)
Provider Tax (5090/189)
NSGO UPL (5084/6717)
Certified Match
Reimbursables - Amount Reimbursed
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015
CHIP State Share
CMS - 64 Adjustments

TOTAL MATCHING FUNDS

FEDERAL FUNDS

TOTAL REVENUE SOURCES

TOTAL EXPENDITURES:

Provider Payments

TOTAL

12 Months Actuals

Months Remaining

ACTUALS	ACTUALS	ACTUALS	Difference	TOTAL
SFY2018	Current Month Ended 6/30/19	Year-To-Date Thru 6/30/19	Budget vs Actual	SFY2019
86,992,634	70,801,036	121,710,366		121,710,366
368,772,081	60,269,020	408,894,155	5,063,208	413,957,363
88,753,483	9,762,883	88,753,483	-	88,753,483
2,596,000	216,334	2,596,000	-	2,596,000
6,356,000	529,666	6,356,000	-	6,356,000
800,000	88,000	800,000	-	800,000
13,593,620	1,495,299	13,593,620	-	13,593,620
30,021,770	-	-	-	-
-	-	-	-	-
12,382,692	-	4,015,503	-	4,015,503
21,583,766	-	29,950,955	-	29,950,955
14,502,312	-	14,502,312	-	14,502,312
34,406,170	-	-	28,202,960	28,202,960
15,500,000	-	6,000,000	-	6,000,000
26,900,000	-	-	8,000,000	8,000,000
8,914,540	6,800,000	11,395,066	62,082,839	73,477,905
213,058,153	-	193,537,029	30,125,422	223,662,451
68,035	-	-	1,241,403	1,241,403
16,157,488	8,776,130	23,341,979	(9,337,079)	14,004,900
4,371,388	291,500	2,371,126	(2,371,126)	-
956,436	56,503	704,455	195,545	900,000
-	-	-	-	-
(80,352)	-	278,310	(278,310)	-
\$ 966,606,216	\$ 159,086,370	\$ 928,800,359	\$ 122,924,861	\$ 1,051,725,221
2,991,755,848	277,960,116	3,164,785,003	250,627,939	3,415,412,942

\$ 3,958,362,065	\$ 437,046,486	\$ 4,093,585,363	\$ 373,552,800	\$ 4,467,138,163
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\$ 3,838,353,124	\$ 384,766,956	\$ 4,041,585,486	\$ 304,401,287	\$ 4,345,986,773
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\$ 120,008,941	\$ 52,279,530	\$ 51,999,877		\$ 121,151,390
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Note: FMAP (73.24% applicable Oct. 2017 - Sep. 2018) (74.34% applicable Oct. 2018 - Jun. 2019)

Department of Health and Human Resources

MEDICAID WAIVER REPORT

June 2019 Data

**WV Department of Health and Human Resources
Bureau for Medical Services AD Waiver Program Report**

Aged & Disabled Waiver Reported June 30, 2019	FY 2018	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	FY 2019
Slots Approved By CMS (1)	5,752	6,192	6,192	6,192	6,192	6,192	6,192	6,192	6,192	6,192	6,192	6,192	6,192	6,192
-Slots Available for Traditional (non TMH-WV) enrollees	5,662	6,102	6,102	6,102	6,102	6,102	6,102	6,102	6,102	6,102	6,102	6,102	6,102	6,102
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	90	90	90	90	90	90	90	90	90	90	90	90	90	90
YTD Column reflects most recent month's count	6,419	5,871	5,954	5,949	6,001	6,120	6,135	6,193	6,343	6,539	6,657	6,747	6,651	6,651
Applicants determined eligible this month and added to MEL (3)	1,401	93	99	94	96	127	128	103	82	86	86	189	181	1,364
Applicants determined ineligible	96	7	3	8	4	4	11	1	4	2	7	8	15	74
ACTIVE MEMBERS														
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count	5,661	5,852	5,878	5,812	5,809	5,843	5,812	5,801	5,877	5,973	6,000	5,978	5,897	5,897
Active members enrolled during the calendar month														
-Total Active Traditional members enrolled during the calendar month	1,264	279	120	24	103	118	31	98	151	183	143	92	6	1,348
-Total Active TMH-WV members enrolled during the calendar month	1,178	277	115	22	96	110	22	94	150	181	139	87	4	1,297
Members discharged during the calendar month	86	2	5	2	7	8	9	4	1	2	4	5	2	51
ADW Members whose case was closed by reason	952	88	94	90	106	84	62	109	75	87	116	114	87	1,112
Other (4)	533	40	54	43	57	46	35	62	39	37	61	50	54	578
419	48	40	47	49	38	47	27	47	36	50	55	64	33	534
MANAGED ENROLLMENT LIST (MEL)														
# Eligible applicants closed during the calendar month (removed from MEL)	2,134	22	21	37	195	39	18	350	73	183	86	8	14	1,046
ADW Applicants removed from the MEL	1,963	8	13	15	161	6	0	294	54	90	52	1	2	696
Applicant offered a slot (Traditional + MFP)	100	9	6	22	13	7	12	13	9	15	17	5	8	136
Applicant became deceased	71	5	2	0	21	26	6	43	10	78	17	2	4	214
Other (5)	1	5	8	2	4	3	1	0	0	0	0	0	19	4
Applicants on the MEL who are in a nursing facility YTD Column reflects average # members in setting	7	18	29	1	15	33	33	0	0	0	0	0	60	16
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting	30	101	179	236	137	225	335	88	97	0	0	181	348	348
Applicants on the MEL at the end of the month	156	33	63	90	71	65	94	99	111	142	145	176	206	108
Days - Longest time spent on the MEL to date (6) YTD Column reflects average # of days														

(1) Of the 6,192 slots approved by CMS, 90 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant. When it is identified that slots cannot be used for MFP transitions, these slots are made available for traditional (non-MFP) enrollees.

(2) Unduplicated slots used refers to the total number of members who accessed services during the fiscal year.

(3) Monthly number added to MEL is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on their initial application date.

(4) Other reason for closing a case may include, but is not limited to: No services for 180 days, unsafe environment, member non-compliance with program, member no longer desires services, member no longer a WV resident, member no longer medically or financially eligible.

(5) "Other" includes those who are no longer a WV resident, voluntarily decline the program, etc.

(6) Reported in actual number of days on the MEL.

NOTE: All data reported by Utilization Management Contractor is effective as of the transpire date in the web-based system. Data is point-in-time.

**WV Department of Health and Human Resources
Bureau for Medical Services I/DD Waiver Program Report**

Intellectual/Developmental Disabilities Waiver Reported June 30, 2019	FY 2018	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	FY 2019
Slots approved by CMS	4,634	4,684	4,684	4,696	4,696	4,696	4,696	4,796	4,796	4,796	4,896	4,896	4,896	4,896
Traditional Slots approved by CMS	4,634	4,684	4,684	4,684	4,684	4,684	4,684	4,784	4,784	4,784	4,888	4,888	4,888	4,888
Ben H. Slots approved for Adults by CMS	0	0	0	6	6	6	6	6	6	6	6	6	6	6
Ben H. Slots approved for Children by CMS	0	0	0	6	6	6	6	6	6	6	2	2	2	2
Total number of members served YTD (unduplicated slots used) (1)	4,634	4,629	4,629	4,628	4,656	4,668	4,671	4,743	4,752	4,756	4,854	4,875	4,880	4,880
Total number of members served YTD in Traditional Slots	4,634	4,629	4,629	4,628	4,652	4,662	4,665	4,737	4,745	4,749	4,847	4,868	4,868	4,868
Total number of members served YTD in Adult Ben H. slots (unduplicated)	0	0	0	0	4	4	4	6	6	6	6	6	6	6
Total number of members served YTD in Children Ben H. slots (unduplicated)	0	0	0	0	0	0	0	0	1	1	1	1	1	1
Applicants determined eligible (2)	218	17	22	13	20	21	6	27	16	17	19	14	14	206
Applicants determined ineligible (3)	194	10	20	24	12	21	13	16	19	11	28	34	13	221
ACTIVE MEMBERS														
# of active members at the end of the month (unduplicated slots active) (1)	4,536	4,621	4,612	4,603	4,621	4,625	4,617	4,680	4,678	4,663	4,750	4,760	4,759	4,759
Discharged members at the end of the calendar month	106	10	12	11	10	9	12	11	14	19	11	11	7	137
Deceased	52	4	2	4	4	8	4	3	3	11	5	4	3	55
Left program to enter a facility	22	1	3	2	1	1	2	4	2	1	2	0	1	20
a. Hospital	0	0	0	0	0	0	0	0	0	0	0	0	0	0
b. ICF/IID	11	0	2	1	0	0	0	0	0	1	1	1	1	7
c. Nursing Facility	11	1	1	1	1	1	2	4	2	0	1	0	0	14
d. Psychiatric Facility	0	0	0	0	0	0	0	0	0	0	0	0	0	0
e. Rehabilitation Facility	0	0	0	0	0	0	0	0	0	0	0	0	0	0
f. Other Facility	0	0	0	0	0	0	0	0	0	0	0	1	0	1
Other (6)	31	5	7	5	5	0	6	4	9	7	4	5	2	59
MANAGED ENROLLMENT LIST (MEL)														
Total number of applicants on the MEL at the end of the month	1,343	1,256	1,274	1,283	1,271	1,275	1,272	1,220	1,212	1,219	1,129	1,117	1,118	1,118
Number of applicants added to the MEL (4)	218	17	22	13	20	21	6	27	16	17	19	14	14	206
Applicants enrolled (removed from the MEL)	139	95	3	2	28	13	4	74	12	4	98	21	6	360
Applicants removed from the MEL due to Death (5)	10	1	0	0	0	0	0	0	0	2	1	0	1	5
Applicants removed from the MEL due to Other (6)	43	8	1	2	4	4	5	5	12	4	10	5	6	66
Applicants on the MEL who are in a Nursing Facility (9)	2	5	3	6	3	4	3	5	3	5	4	2	2	2
Applicants on the MEL who are in an ICF/IID Group Home (9)	112	113	113	113	114	117	117	116	116	117	112	111	100	100
Applicants on the MEL receiving Personal Care Services each month (8) (9)	87	87	83	85	88	93	93	89	90	89	74	76	67	67
Longest on the MEL to date (7)	1634	1,624	1,635	1,663	1,582	1,607	1,638	1,589	1,590	1,607	1,552	1,583	1,592	1,592

(1) Unduplicated slots used refers to the total number of members who accessed services during the fiscal year.

(2 and 3) Numbers determined medically eligible and ineligible reflect the activity for the month reported. Financial eligibility is not determined until after slot release.

(4) Monthly managed enrollment is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on the date the Medical Eligibility Contract Agent (MECA) determines medical eligibility.

(5) Currently there is no way to track other reasons why someone may leave the MEL for reasons such as moved out of state, decided not to participate in program, etc.

(6) Other reason for program discharge may include, but is not limited to, member is no longer financial or medically eligible, moved out of state, no longer wants the service, etc.

(7) Longest number of days an applicant has been on the MEL.

(8) This number is very different from the previous two months. We are working on getting a more accurate report.

(9) The report has been changed to more accurately reflect the correct numbers, no data reported for November due to the reprogramming of the report parameters

**WV Department of Health and Human Resources
Bureau for Medical Services TBI Waiver Program Report**

Traumatic Brain Injury Waiver Reported June 30, 2019		FY 2018	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	FY 2019
Slots Approved By CMS (1)		66	82	82	82	82	82	82	82	82	82	82	82	82	82
-Slots Available for Traditional (non TMH-WV) enrollees		56	78	78	78	78	78	78	78	78	78	78	82	82	82
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees		10	4	4	4	4	4	4	4	4	4	4	0	0	0
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count		84	73	76	78	82	81	81	81	81	81	81	82	82	82
Applicants determined eligible this month and/or added to MEL (3)		14	0	2*	3*	1*	1	2	2	1	1	0	1	1	9
Applicants determined ineligible		4	0	0	0	1	0	0	1	0	0	0	0	0	2
ACTIVE MEMBERS															
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count		71	73	76	75	78	77	76	76	76	76	75	75	75	75
Active members enrolled during the calendar month		24	2	3	2	4	0	0	0	0	0	0	1	0	12
-Total Active Traditional members enrolled during the calendar month		20	2	3	2	4	0	0	0	0	0	0	1	0	12
-Total Active TMH-WV members enrolled during the calendar month		4	0	0	0	0	0	0	0	0	0	0	0	0	0
Members discharged during the calendar month		14	0	0	3	1	1	1	0	0	0	1	1	0	8
TBIW Members whose case was closed by reason	Member is deceased	6	0	0	0	0	0	0	0	0	0	1	1	0	2
	Other (4)	8	0	0	3	1	1	1	0	0	0	0	0	0	6
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		21	3	0	0	0	0	0	0	0	0	0	1	0	4
TBIW Applicants removed from the MEL	Applicant offered a slot	20	3	0	0	0	0	0	0	0	0	0	1	0	4
	Applicant became deceased	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Other (5)	2	0	0	0	0	0	0	0	0	0	0	0	0	0
Applicants on the MEL who are in a nursing facility		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Applicants on the MEL receiving Personal Care		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Applicants on the MEL at the end of the month		3	0	0	0	0	1	3	5	6	7	7	7	8	8
Days - Longest time spent on the MEL to date (6) YTD Column reflects average # of days		226	0	0	0	0	15	46	77	105	136	166	197	227	121

- (1) Of the 82 slots approved by CMS, 4 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant for SFY 2018-2019. When there are no available Traditional slots medically eligible applicants that are Traditional will be placed on the MEL.
- (2) Unduplicated slots used refers to the total number of members who accessed services during the fiscal year.
- (3) Monthly number added to MEL is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on their initial application date.
- (4) Other reason for closing a case may include, but is not limited to: No services for 180 days, unsafe environment, member non-compliance with program, member no longer desires services, member no longer a WV resident, member no longer medically or financially eligible.
- (5) "Other" includes those who are no longer a WV resident, voluntarily decline the program, etc.
- (6) Reported in actual number of days on the MEL.
- NOTE: All data as reported by the Utilization Management Contractor is point-in-time
- *There was not a MEL at this time, the number reflects applicants that were eligible and received a slot.**

Joint Committee on Government and Finance

September 2019

Department of Health and Human Resources

**MEDICAID REPORT
July 2019 Data**

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
EXPENDITURES BY PROVIDER TYPE
SFY2020

MONTH OF JULY 2019	
EXPENDITURES:	
Inpatient Hospital - Reg. Payments	91,526,768
Inpatient Hospital - DSH	52,868,297
Inpatient Hospital - Supplemental Payments	-
Inpatient Hospital - GME Payments	11,267,867
Mental Health Facilities	39,995,477
Mental Health Facilities - DSH Adjustment Payments	18,881,836
Nursing Facility Services - Regular Payments ⁽³⁾	710,863,182
Nursing Facility Services - Supplemental Payments	-
Intermediate Care Facilities - Public Providers	-
Intermediate Care Facilities - Private Providers	71,779,446
Intermediate Care Facilities - Supplemental Payments	-
Physicians Services - Regular Payments	39,178,192
Physicians Services - Supplemental Payments	(3)
Physician and Surgical Services - Evaluation and Management	(1,520)
Physician and Surgical Services - Vaccine Codes	-
Outpatient Hospital Services - Regular Payments	-
Outpatient Hospital Services - Supplemental Payments	46,637,506
Prescribed Drugs	686,585,798
Drug Rebate Offset - National Agreement	(462,867,276)
Drug Rebate Offset - State Sidebar Agreement	(33,942,859)
Drug Rebate Offset - MCO National	(17,177,552)
Drug Rebate Offset - MCO State Sidebar Agreement	(86,536)
Dental Services	11,110,378
Other Practitioners Services - Regular Payments	5,653,070
Other Practitioners Services - Supplemental Payments	-
Clinic Services	1,669,249
Lab & Radiological Services	7,822,910
Home Health Services	24,978,914
Hysterectomies/Sterilizations	26,909
Pregnancy Terminations ⁽²⁾	180,599
EPSDT Services	1,446,788
Rural Health Clinic Services	4,307,936
Medicare Health Insurance Payments - Part A Premiums	21,237,010
Medicare Health Insurance Payments - Part B Premiums	114,675,105
120% - 134% Of Poverty	9,602,290
135% - 175% Of Poverty	-
Coinurance And Deductibles	12,769,254

ACTUALS	TOTAL	ACTUALS Current Month Ended 07/31/19	ESTIMATE Current Month Ended 07/31/19	ACTUALS Year To-Date Thru 07/31/19	PROJECTED 08/01/19 Thru 06/30/20
SFY2019	SFY2020				
91,526,768	94,511,157	7,353,670	7,875,930	7,353,670	87,157,487
52,868,297	53,789,156	-	4,482,430	-	53,789,156
-	-	-	-	-	-
11,267,867	11,659,921	2,914,905	971,660	2,914,905	8,745,016
39,995,477	40,947,315	3,549,824	3,412,276	3,549,824	37,397,491
18,881,836	19,301,726	-	1,608,477	-	19,301,726
710,863,182	711,478,596	57,627,387	59,289,883	57,627,387	653,851,209
-	19,000,000	-	1,583,333	-	19,000,000
-	-	-	-	-	-
71,779,446	73,705,078	5,900,184	6,142,090	5,900,184	67,804,894
-	-	-	-	-	-
39,178,192	39,386,121	3,483,587	3,282,177	3,483,587	35,902,534
(3)	-	-	-	-	-
(1,520)	-	-	-	-	-
-	-	-	-	-	-
46,637,506	46,133,858	4,927,408	3,844,488	4,927,408	41,206,450
686,585,798	715,636,717	62,823,812	59,636,393	62,823,812	652,812,905
(462,867,276)	(407,000,000)	(53,795,236)	(33,916,667)	(53,795,236)	(353,204,764)
(33,942,859)	(27,000,000)	(8,330,837)	(2,250,000)	(8,330,837)	(18,669,163)
(17,177,552)	(8,000,000)	(429,175)	(666,667)	(429,175)	(7,570,825)
(86,536)	-	87,490	-	87,490	(87,490)
11,110,378	10,776,073	926,985	898,006	926,985	9,849,088
5,653,070	5,785,469	587,500	482,122	587,500	5,197,969
-	-	-	-	-	-
1,669,249	1,602,016	180,939	133,501	180,939	1,421,077
7,822,910	8,036,763	720,646	669,730	720,646	7,316,117
24,978,914	30,739,710	2,176,499	2,561,642	2,176,499	28,563,211
26,909	32,002	2,712	2,667	2,712	29,290
180,599	182,177	4,469	15,181	4,469	177,708
1,446,788	1,458,120	121,112	121,510	121,112	1,337,008
4,307,936	4,423,092	240,366	368,591	240,366	4,182,726
21,237,010	22,825,062	1,784,078	1,902,089	1,784,078	21,040,984
114,675,105	128,874,761	9,632,068	10,739,563	9,632,068	119,242,693
9,602,290	9,746,324	798,773	812,194	798,773	8,947,551
-	-	-	-	-	-
12,769,254	11,469,614	1,086,072	955,801	1,086,072	10,383,542

MONTH OF JULY 2019

2

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
EXPENDITURES BY PROVIDER TYPE
SFY2020

MONTH OF JULY 2019

Collections: Third Party Liability (line 9A on CMS-64)
Collections: Probate (line 9B on CMS-64)
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)
Collections: Other (line 9D on CMS-64)

NET EXPENDITURES and CMS-64 ADJUSTMENTS:

Plus: Medicaid Part D Expenditures
Plus: State Only Medicaid Expenditures
Plus: Money Follow the Person Expenditures

TOTAL MEDICAID EXPENDITURES

Plus: Reimbursables ⁽¹⁾
Plus: NATCEP/PASARR/Eligibility Exams
Plus: HIT Incentive Payments

TOTAL EXPENDITURES

- (1) This amount will revert to State Only if not reimbursed.
(2) Pregnancy Terminations are State Only expenditures and are not currently claimed.
(3) Of the amount in the 'Nursing Facility Services - Regular Payments' line \$1,498,549.57 is the amount paid to State Facilities year to date.

ACTUALS	TOTAL	ACTUALS Current Month Ended 07/31/19	ESTIMATE Current Month Ended 07/31/19	ACTUALS Year To-Date Thru 07/31/19	PROJECTED 08/01/19 Thru 06/30/20
SFY2019	SFY2020				
(9,658,789)	-	-	-	-	-
(173,762)	-	-	-	-	-
(124,527)	-	-	-	-	-
(13,956,496)	-	-	-	-	-
3,992,048,078	4,120,090,513	288,886,684	343,340,876	288,886,684	3,831,203,830
41,299,828	41,983,424	3,300,265	3,498,619	3,300,265	38,683,159
211,906	259,738	22,914	21,645	22,914	236,824
1,628,995	1,637,081	96,114	136,423	96,114	1,540,967
\$ 4,035,188,807	\$ 4,163,970,756	\$ 292,305,977	\$ 346,997,563	\$ 292,305,977	\$ 3,871,664,780
4,918,621	-	497,696	-	497,696	(497,696)
332,103	344,155	36,350	28,680	36,350	307,805
2,219,223	3,000,000	-	250,000	-	3,000,000
\$ 4,042,658,754	\$ 4,167,314,911	\$ 292,840,022	\$ 347,276,243	\$ 292,840,022	\$ 3,874,474,889

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
MEDICAID CASH REPORT
SFY2020

MONTH OF JULY 2019

REVENUE SOURCES

Beg. Bal. 7/01/18 (5084/1020 prior mth)

MATCHING FUNDS

General Revenue (0403/189)
MRDD Waiver (0403/466)
Rural Hospitals Under 150 Beds (0403/940)
Tertiary Funding (0403/547)
Traumatic Brain Injury (0403/835)
Title XIX Waiver for Seniors (0403-533)
Medical Services Surplus (0403/633)
Waiver for Senior Citizens Surplus (0403/526)
Lottery Waiver (Less 550,000) (5405/539)
Lottery Waiver (0420/539)
Lottery Transfer (5405/871)
Excess Lottery (5365/189)
Lottery Surplus (5405/68199)
Lottery Surplus (5365/68100)
Trust Fund Appropriation (5185/189)
Provider Tax (5090/189)
NSGO UPL (5084/6717)
Certified Match
Reimbursables - Amount Reimbursed
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015
CHIP State Share
CMS - 64 Adjustments

TOTAL MATCHING FUNDS

FEDERAL FUNDS

TOTAL REVENUE SOURCES

TOTAL EXPENDITURES:

Provider Payments

TOTAL

Note: FMAP (74.34% applicable Oct. 2018 - Sep. 2019)

ACTUALS	ACTUALS Current Month Ended 07/31/19	ACTUALS Year-To-Date Thru 07/31/19	PROJECTED 08/01/19 Thru 6/30/20	TOTAL SFY2020
SFY2019				
121,710,366	54,359,368	54,359,368	-	54,359,368
408,894,155	30,443,987	30,443,987	334,038,449	364,482,436
88,753,483	7,416,899	7,416,899	81,336,584	88,753,483
2,596,000	216,333	216,333	2,379,667	2,596,000
6,356,000	529,667	529,667	5,826,333	6,356,000
800,000	53,334	53,334	746,666	800,000
13,593,620	906,241	906,241	12,687,379	13,593,620
-	-	-	18,429,035	18,429,035
-	-	-	-	-
4,015,503	-	-	4,015,503	4,015,503
29,950,955	-	-	29,950,955	29,950,955
14,502,312	-	-	16,400,070	16,400,070
-	-	-	44,505,920	44,505,920
6,000,000	-	-	16,000,000	16,000,000
-	-	-	25,000,000	25,000,000
11,395,066	-	-	132,172,171	132,172,171
193,537,029	16,300,000	16,300,000	265,010,035	281,310,035
-	-	-	1,241,403	1,241,403
23,334,733	661,074	661,074	9,170,826	9,831,900
2,371,126	491,612	491,612	(491,612)	-
704,455	57,201	57,201	842,799	900,000
-	-	-	-	-
274,842	-	-	-	-
\$ 928,789,645	\$ 111,435,716	\$ 111,435,716	\$ 999,262,183	\$ 1,110,697,899
3,164,785,003	209,307,117	209,307,117	3,057,074,179	3,266,381,296

\$ 4,093,574,648	\$ 320,742,833	\$ 320,742,833	\$ 4,056,336,362	\$ 4,377,079,196
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\$ 4,042,658,754	\$ 292,840,022	\$ 292,840,022	\$ 3,874,474,889	\$ 4,167,314,911
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\$ 50,915,894	\$ 27,902,811	\$ 27,902,811		\$ 209,764,284
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Joint Committee on Government and Finance

September 2019

Department of Health and Human Resources

**MEDICAID WAIVER REPORT
July 2019 Data**

**WV Department of Health and Human Resources
Bureau for Medical Services AD Waiver Program Report**

Aged & Disabled Waiver Reported July 31, 2019		FY 2019 YTD	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	FY 2020 YTD
Slots Approved By CMS (1)															
-Slots Available for Traditional (non TMH-WV) enrollees		6,192	6,523												6,523
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees		6,102	6,447												6,447
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count		90	76												76
Applicants determined eligible this month and added to MEL (3)		6,651	5,886												5,886
Applicants determined ineligible		1,364	180												180
		74	4												4
ACTIVE MEMBERS															
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count		5,897	5,853												5,853
Active members enrolled during the calendar month															
-Total Active Traditional members enrolled during the calendar month		1,348	43												43
-Total Active TMH-WV members enrolled during the calendar month		1,297	40												40
Members discharged during the calendar month		51	3												3
ADW Members whose case was closed by reason		1,112	87												87
Member is deceased		578	40												40
Other (4)		534	47												47
MANAGED ENROLLMENT LIST (MEL)															
from MEL)		1,046	83												83
ADW Applicants removed from the MEL		696	67												67
Applicant offered a slot (Traditional + MFP)		136	7												7
Applicant became deceased		214	9												9
Other (5)		2	28												28
Applicants on the MEL who are in a nursing facility YTD Column reflects average # members in setting		12	75												75
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting		348	445												445
Applicants on the MEL at the end of the month		108	237												237
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days															

- (1) Of the 6523 slots approved by CMS, 76 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant. When it is identified that slots cannot be used for MFP transitions, these slots are made available for traditional (non-MFP) enrollees.
 - (2) Unduplicated slots used refers to the total number of members who accessed services during the fiscal year.
 - (3) Monthly number added to MEL is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on their initial application date.
 - (4) Other reason for closing a case may include, but is not limited to: No services for 180 days, unsafe environment, member non-compliance with program, member no longer desires services, member no longer a WV resident, member no longer medically or financially eligible.
 - (5) "Other" includes those who are no longer a WV resident, voluntarily decline the program, etc.
 - (6) Reported in actual number of days on the MEL.
- NOTE:** All data reported by Utilization Management Contractor is effective as of the transpire date in the web-based system. Data is point-in-time.

**WV Department of Health and Human Resources
Bureau for Medical Services I/DD Waiver Program Report**

Intellectual/Developmental Disabilities Waiver Reported July 31, 2019		FY 2019	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	FY 2020 YTD
Slots approved by CMS		4,896	4,896												4,896
Total number of members served YTD (unduplicated slots used) (1)		4,880	4,821												4,821
Total number of members served YTD in Traditional Slots		4,868	4,816												4,816
Total number of members served YTD in Adult Ben H. slots (Active)		6	2												2
Total number of members served YTD in Children Ben H. slots (Active)		1	3												3
Applicants determined eligible (2)		206	13												13
Applicants determined ineligible (3)		221	17												17
ACTIVE MEMBERS															
# of active members at the end of the month (unduplicated slots active) (1)		4,759	4,814												4,814
Discharged members at the end of the calendar month		137	9												9
Discharged members who were discharged by reason	Deceased	55	4												4
	Left program to enter a facility	20	2												2
	a. Hospital	0	0												0
	b. ICF/IID	7	0												0
	c. Nursing Facility	14	2												2
	d. Psychiatric Facility	0	0												0
	e. Rehabilitation Facility	0	0												0
	f. Other Facility	1	0												0
	Other (6)	59	3												3
MANAGED ENROLLMENT LIST (MEL)															
Total number of applicants on the MEL at the end of the month		1,118	1,058												1,058
Number of applicants added to the MEL (4)		206	13												13
Applicants enrolled (removed from the MEL)		360	64												64
Applicants removed from the MEL due to Death (5)		5	0												0
Applicants removed from the MEL due to Other (6)		66	9												9
Applicants on the MEL who are in a Nursing Facility (9)		2	4												4
Applicants on the MEL who are in an ICF/IID Group Home (9)		111	99												99
Applicants on the MEL receiving Personal Care Services each month (8) (9)		76	69												69
Longest on the MEL to date (7)		1592	1,623												1,623

- (1) Unduplicated slots used refers to the total number of members who accessed services during the fiscal year.
- (2 and 3) Numbers determined medically eligible and ineligible reflect the activity for the month reported. Financial eligibility is not determined until after slot release.
- (4) Monthly managed enrollment is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on the date the Medical Eligibility Contract Agent (MECA) determines medical eligibility.
- (5) Currently there is no way to track other reasons why someone may leave the MEL for reasons such as moved out of state, decided not to participate in program, etc.
- (6) Other reason for program discharge may include, but is not limited to, member is no longer financial or medically eligible, moved out of state, no longer wants the service, etc.
- (7) Longest number of days an applicant has been on the MEL.
- (8) This number is very different from the previous two months. We are working on getting a more accurate report.
- (9) The report has been changed to more accurately reflect the correct numbers, no data reported for November due to the reprogramming of the report parameters

**WV Department of Health and Human Resources
Bureau for Medical Services TBI Waiver Program Report**

Traumatic Brain Injury Waiver Reported July 31, 2019		FY 2019	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	FY 2020 YTD
Slots Approved By CMS (1)		82	79												79
-Slots Available for Traditional (non TMH-WV) enrollees		82	75												75
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees		0	4												4
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count		82	75												75
Applicants determined eligible this month and added to MEL (3)		9	1												1
Applicants determined ineligible		2	0												0
ACTIVE MEMBERS															
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count		75	74												74
Active members enrolled during the calendar month		12	0												0
-Total Active Traditional members enrolled during the calendar month		12	0												0
-Total Active TMH-WV members enrolled during the calendar month		0	0												0
Members discharged during the calendar month		8	1												1
TBIW Members whose case was closed by reason	Member is deceased	2	1												1
	Other (4)	6	0												0
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		4	0												0
TBIW Applicants removed from the MEL	Applicant offered a slot	4	0												0
	Applicant became deceased	0	0												0
	Other (5)	0	0												0
Applicants on the MEL who are in a nursing facility		0	0												0
Applicants on the MEL receiving Personal Care		0	2												2
Applicants on the MEL at the end of the month		8	9												9
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days		121	256												256

- (1) Of the 79 slots approved by CMS, 4 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant. Beginning SFY 2019-2020, the program was over the number of slots available for Traditional enrollees. There are no available Traditional slots beginning SFY 2017-2018, therefore medically eligible applicants that are Traditional will be placed on the MEL.
- (2) Unduplicated slots used refers to the total number of members who accessed services during the fiscal year.
- (3) Monthly number added to MEL is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on their initial application date.
- (4) Other reason for closing a case may include, but is not limited to: No services for 180 days, unsafe environment, member non-compliance with program, member no longer desires services, member no longer a WV resident, member no longer medically or financially eligible.
- (5) "Other" includes those who are no longer a WV resident, voluntarily decline the program, etc.
- (6) Reported in actual number of days on the MEL.

NOTE: All data as reported by the Utilization Management Contractor is point-in-time



**STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES
Bureau for Medical Services**

**Bill J. Crouch
Cabinet Secretary**

**Cynthia E. Beane
Commissioner**

August 28, 2019

Aaron Allred
West Virginia Legislature
Joint Committee on Government and Finance
1900 Kanawha Boulevard, East
Room E-132
Charleston, WV 25305-0610

RE: Medicaid Surplus Funds

Dear Mr. Allred:

Thank you for contacting our office regarding the West Virginia Medicaid surplus funds. The Bureau for Medical Services is pleased to assist you in this matter.

The current Medicaid surplus funds represent a multi-year cumulative effect of:

- Cost savings initiatives, and;
- A fiscally conservative philosophy in budget preparation and appropriation requests.

The primary factors positively impacting the surplus funds are:

- Seven (7) consecutive years of increases in the Federal Medical Assistance Percentage,
- Declining member enrollment,
- Pharmacy cost savings – resulting from transition back to traditional Medicaid,
- Increase in Drug Rebates – improved collections and contract terms,
- Settlement of litigation pertaining to benefit changes for the Intellectual Developmental Disability Waiver, and;
- Improvements in care coordination and lower utilization.

The following information is provided as additional explanations of the primary factors positively impacting the surplus funds.

Seven consecutive years of increases in the Federal Medical Assistance Percentage (FMAP)

- The FMAP is calculated based on a three-year average of state per capita personal income compared to the national average.
- The 2019 FMAPs rely on per capita personal incomes for Calendar Years 2014-2016.

The table below illustrates the seven (7) consecutive years of FMAP increases:

Federal Fiscal Year	Federal Medical Assistance %
2014	71.09%
2015	71.35%
2016	71.42%
2017	71.80%
2018	73.24%
2019	74.34%
2020	74.94%

Using a fiscally conservative budget approach – the annual budget submissions are prepared assuming a one-half percent (0.5%) decrease in the FMAP – versus the 3.85% cumulative increase over the past seven (7) years.

The 3.85% increase in 2020 will require \$38.5 million less state dollars from 2014 per one billion of regular FMAP expenditures. The chart below shows the cumulative impact of the 3.85% FMAP increase – resulting in \$115.5 million reduced state funding dollars for 2020 – that would have been required in 2014.

	Reduction in State Dollars
Annual Expenditures	\$ 4 Billion
Regular FMAP Expenditures	\$ 3 Billion
FMAP Increase From 2014	3.85%
Reduced State Dollars – Per \$1 Billion	\$ 38.5 Million
Reduced State Dollars - \$3 Billion	\$ 115.5 Million

WV has the second highest FMAP in the nation – Mississippi has an FMAP of 76.98%.

Declining Member Enrollment

Medicaid enrollment has significantly decreased (9%) from a high of 552,00 members in August 2016 to a low of 505,000 members in June 2019 (Post ACA expansion). The 47,000-member decrease results in \$169 million less in managed care capitation expenditures (\$3,600 per member per year). Enrollment in the ACA expansion members grew exponentially from 82,000 in January 2014 to a high enrollment of 180,000 in March 2016. Expansion enrollment has decreased by 15,000 members – the July 2019 enrollment = 165,000. Member enrollment estimates used in the annual budgets prior to the FY2018 submissions assumed increasing enrollment volumes. The anticipated budget member enrollment growth was adjusted once a flat trend pattern was determined. The FY19 and FY20 budgets were prepared assuming flat enrollment growth.

Pharmacy Cost Savings

A continual pattern of significant annual increases in the pharmacy component of the managed care capitation rates prompted an internal analysis to examine transitioning the pharmacy benefit from managed care back to traditional Medicaid. The managed care organizations were using pharmacy benefit manager companies to administer the program. The analysis indicated WV Medicaid would realize pharmacy cost savings by removing the benefit from the managed care contracts. The pharmacy benefit was transitioned back to traditional Medicaid starting July 2017.

An independent actuarial analysis for state fiscal year 2018 – validated total pharmacy cost savings of \$54.5 million (\$5.8 million state dollars). The FY18 and FY19 Medicaid budgets were conservatively prepared not reflecting the potential savings – until it was validated thru actual experience.

A corollary success from the pharmacy transition was the positive impact to in-state based pharmacies thru increased dispensing fees. Below is a quote from the actuarial cost savings analysis report:

“State based pharmacies are receiving more revenue rather than being spread out across national networks.”

WV Medicaid’s current pharmacy prices complies with the February 2016 Outpatient Drug Rule requiring a cost based dispensing fee and actual aggregate acquisition drug costs. WV Medicaid utilizes the National Average Drug Acquisition Cost (NADAC) survey to reimburse pharmacies.

Increase in Drug Rebates

WV Medicaid has realized a **61% increase** in drug rebate collections from FY15 to FY19. (FY15 = \$291 million, FY19 = \$468 million – tentative). The primary reasons for the increase in drug rebates are:

- Enrollment increase resulting from ACA expansion,
- Improved drug rebate billing and collecting processes,
- Favorable contract negotiations for state supplemental rebates, and;
- Improvement in source data accuracy resulting from transitioning the pharmacy benefit back to traditional Medicaid.

The same inflation factors were utilized to develop pharmacy cost projections and drug rebate collections. The drug rebates actual experience has exceeded the pharmacy inflationary growth. FY20 projections were prepared reflecting historical trends.

Intellectual Developmental Disability Waiver (IDDW) Litigation Settlement

WV Medicaid made significant changes to the IDDW benefit structure in 2015 resulting in reduced expenditures for FY15 – FY18.

The IDDW benefit changes were challenged thru litigation in July 2015. Because of the uncertainty of the litigation outcome, the FY15 – FY19 IDDW budgets were prepared assuming the benefit structure and costs in place prior to the benefit changes. The actual IDDW expenditures for these years were less than the budget amounts. Actual IDDW expenditures in FY15 = \$364 million. Actual IDDW expenditures in FY18 = \$306 million. The litigation was dismissed in September 2018, after BMS adopted a new methodology for setting individual budgets. With the uncertainty of the litigation outcome resolved future IDDW budgets will be prepared using the new benefit structure.

Improvements in Care Coordination and Utilization

WV Medicaid's payer composition has dramatically changed from 2013 with the following member category transitions to managed care:

- July 2015 – ACA Expansion members (165,000)
- January 2017 – Supplemental Security Income members (46,000)

The table below demonstrates the change in payer composition from Traditional Medicaid to Managed Care.

Payer Type	2013	2018
Traditional Medicaid	49%	22%
Managed Care	51%	78%

The Foster Care members (20,000) are scheduled to transition to managed care January 2020.

Contractually required to achieve a minimum 85% Medical Loss Ratio, the managed care organizations are incentivized to positively impact care coordination and utilization efficiencies. The matriculation of WV Medicaid members into managed care has produced medical cost stability demonstrated by the 1.5% composite capitation rate increase for FY20.

We appreciate the opportunity to be of services. Please feel free to reach out with any other questions or concerns.

Sincerely,



Cynthia Beane, MSW, LCSW
Commissioner

CB/TA/ko

Cc: Jeremiah Samples, Deputy Secretary, Department of Health and Human Resources
Tony Atkins, Deputy Commissioner, Bureau for Medical Services

Joint Committee on
Government and Finance
Report

SEPTEMBER 2019

Department of Health and Human Resources

State Children's Health Insurance Program
UPDATE



West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures, Changes in Fund Balance, and Budget-to-Actual
For the Twelve Months Ending June 30, 2019 and June 30, 2018

	Annual Budget 2019	Budget Year-to-Date	Actual June 30, 2019	Actual June 30, 2018	Actual Variance \$ %	Budget Variance \$ %
Beginning Operating Fund Balance			\$5,541,320	\$6,049,877	(\$508,557) -8%	
Revenues						
Federal Grants			\$50,584,639	\$48,467,254	\$2,117,385 4%	
State Appropriations						
Premium Revenues	\$1,525,752	\$1,525,752	\$1,575,299	\$1,487,065	\$88,233 6%	\$49,547 3%
Investment Earnings (Interest)			<u>\$197,398</u>	<u>\$67,277</u>	<u>\$130,122</u> 193%	
Total Operating Fund Revenues			\$52,357,336	\$50,021,596	\$2,335,740 5%	
Expenditures:						
Claims Expenses:						
Physicians & Surgical			\$13,902,270	\$13,020,275	\$881,995 7%	
Prescribed Drugs			\$9,507,918	\$9,139,437	\$368,481 4%	
Outpatient Services			\$8,502,536	\$8,284,941	\$217,595 3%	
Dental			\$7,561,134	\$6,782,829	\$778,305 11%	
Inpatient Hospital Services			\$4,025,981	\$4,164,367	(\$138,386) -3%	
Other Services			\$3,015,199	\$2,316,051	\$699,148 30%	
Therapy			\$2,076,513	\$2,016,378	\$60,135 3%	
Inpatient Mental Health			\$637,804	\$801,204	(\$163,400) -20%	
Vision			\$680,659	\$686,215	(\$5,556) -1%	
Durable & Disposable Med. Equip.			\$419,495	\$411,725	\$7,770 2%	
Medical Transportation			\$439,516	\$422,479	\$17,037 4%	
Outpatient Mental Health			\$380,733	\$472,826	(\$92,093) -19%	
Less: Other Collections**			(\$139,654)	(\$70,740)	(\$68,914) 97%	
Drug Rebates	(\$1,440,966)	(\$1,440,966)	<u>(\$1,695,346)</u>	<u>(\$1,353,267)</u>	<u>(\$342,079)</u> 25%	\$394,033 -27%
Total Claims Expenses	\$48,725,436	\$48,725,436	\$49,314,759	\$47,094,720	\$2,220,039 5%	\$589,323 1%
Administrative Expenses:						
Salaries and Benefits			\$0	\$0	\$0	
Program Administration	\$2,822,417	\$2,822,417	\$2,387,255	\$3,357,242	(\$969,987) -29%	(\$435,162) -15%
Eligibility			\$1,958	\$10,813	(\$8,855) 100%	
Outreach & Health Promotion	\$100,000	\$100,000	\$640	\$10,190	(\$9,550) -94%	(\$99,360) -99%
Current	\$326,676	\$326,676	<u>\$203,230</u>	<u>\$57,726</u>	<u>\$145,504</u> 252%	(\$123,446) -38%
Total Administrative Expenses in Operating Fund	\$3,249,093	\$3,249,093	\$2,593,083	\$3,435,971	(\$842,888) -25%	(\$656,010) -20%
Total Operating Fund Expenditures	\$51,974,529	\$47,643,318	\$51,907,842	\$50,530,691	\$1,377,151 3%	\$4,264,524 9%
Adjustments			<u>\$727,865</u>	<u>(\$538)</u>		
Ending Operating Fund Balance			\$5,262,949	\$5,541,320	(\$278,371) -5%	
Money Market			\$684,209	\$1,034,261	0%	
Bond Pool			\$4,550,945	\$4,354,040	0%	
Cash on Deposit			\$27,794	\$153,019	0%	
Unrealized Gain/Loss on Investment			\$88,045	(\$31,948)	\$119,993 -376%	
Ending Fund Balance (Accrued Basis)			\$5,350,993	\$5,573,268	(\$222,275) -4%	
Program Expenses outside of Operating Funds:						
Salaries and Benefits	\$702,625	\$702,625	\$521,841	\$567,254	(\$45,413) -8%	(\$180,784) -26%
Eligibility	\$326,676	\$326,676	\$428,244	\$519,494	(\$91,250) -18%	\$103,526 32%
Total Administrative Expenses:	\$4,278,384	\$4,278,394	\$3,543,168	\$4,522,719	(\$979,551) -22%	(\$735,226) -17%
Total WVCHIP Expenditures	\$53,003,830	\$53,003,830	\$52,857,927	\$51,617,439	\$1,240,488 2%	(\$145,903) 0%

Footnotes:

- 1) Statement is on cash basis
- 2) Estimate of Incurred but Not Reported (IBNR) claims on June 30, 2019 is \$4,780,000. The June 30, 2018 estimate was \$4,282,743.
- 3) Administrative Accounts Payable balance on June 30, 2019 is \$43,540. The June 30, 2018 balance is \$351,728.
- 4) 2018 and 2017 adjustments to fund balance represent timing issues between the payment of expense and the draw-down of federal revenues.
- 5) Revenues are primarily federal funds. During State Fiscal Years 2019 and 2018 WVCHIP's Federal Matching Assistance Percentage (FMAP) was 100%.
- 6) Other Collections are primarily provider refunds and subrogation (amounts received from other insurers responsible for bill WVCHIP paid - primarily auto).
- 7) Physician & Surgical services include physicians, clinics, lab, Federally Qualified Health Centers (FQHC), and vaccine payments.
- 8) Other Services include home health, chiropractors, psychologists, podiatrists, and nurse practitioners.

Unaudited - For Management Purposes Only
PRELIMINARY STATEMENT

WVCHIP Enrollment Report

ATTACHMENT 1

AUGUST 2019

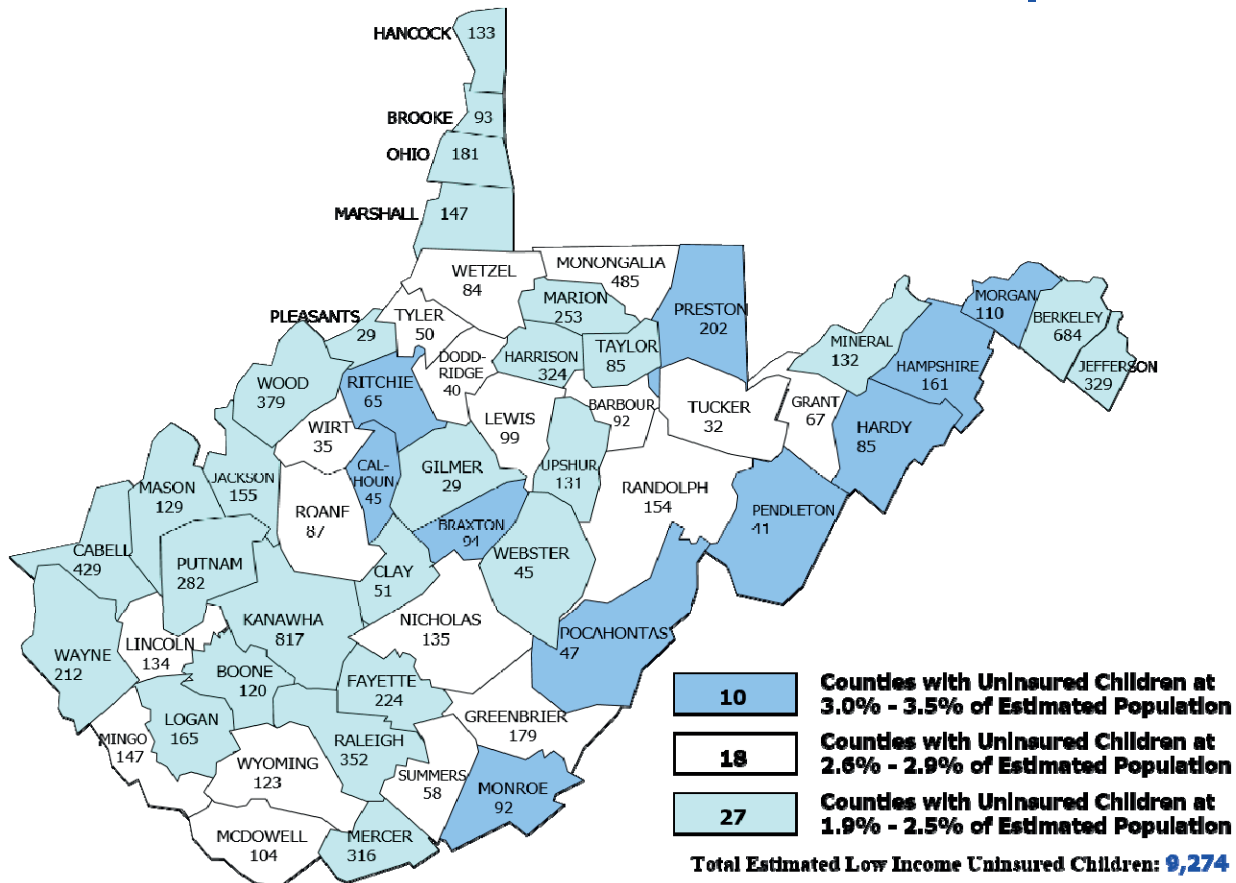
County	County Pop. 2016 Est. (0-18 Yrs)	Total CHIP Enrollment Aug-19	Total Medicaid Enrollment Aug-19	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2016 Est. Uninsured 3%	2016 # Children Uninsured Ranking*
Barbour	3,470	245	1,726	1,971	56.8%	104	33
Berkeley	27,800	1,905	11,933	13,838	49.8%	834	2
Boone	5,087	260	2,934	3,194	62.8%	153	27
Braxton	2,947	162	1,482	1,644	55.8%	88	39
Brooke	4,185	1	71	72	1.7%	126	31
Cabell	19,601	907	9,065	9,972	50.9%	588	3
Calhoun	1,427	112	830	942	66.0%	43	51
Clay	2,041	134	1,309	1,443	70.7%	61	44
Doddridge	1,479	95	682	777	52.5%	44	49
Fayette	9,297	722	5,075	5,797	62.4%	279	12
Gilmer	1,212	86	581	667	55.0%	36	54
Grant	2,343	124	1,190	1,314	56.1%	70	42
Greenbrier	7,018	602	3,620	4,222	60.2%	211	16
Hampshire	4,619	281	2,321	2,602	56.3%	139	30
Hancock	5,876	570	4,072	4,642	79.0%	176	20
Hardy	2,847	221	1,586	1,807	63.5%	85	40
Harrison	15,199	903	6,237	7,140	47.0%	456	7
Jackson	6,506	330	3,036	3,366	51.7%	195	18
Jefferson	13,304	704	3,888	4,592	34.5%	399	9
Kanawha	38,824	2,176	19,171	21,347	55.0%	1,165	1
Lewis	3,432	242	1,914	2,156	62.8%	103	35
Lincoln	4,849	282	2,910	3,192	65.8%	145	28
Logan	7,095	390	4,322	4,712	66.4%	213	15
Marion	11,654	681	5,225	5,906	50.7%	350	11
Marshall	6,478	292	2,558	2,850	44.0%	194	19
Mason	5,798	252	2,785	3,037	52.4%	174	21
McDowell	3,994	201	2,910	3,111	77.9%	120	32
Mercer	12,774	878	7,969	8,847	69.3%	383	10
Mineral	5,626	278	2,243	2,521	44.8%	169	23
Mingo	5,632	265	3,726	3,991	70.9%	169	22
Monongalia	17,905	902	5,358	6,260	35.0%	537	5
Monroe	2,781	258	1,206	1,464	52.6%	83	41
Morgan	3,367	272	1,480	1,752	52.0%	101	36
Nicholas	5,271	362	2,917	3,279	62.2%	158	25
Ohio	8,365	390	3,793	4,183	50.0%	251	14
Pendleton	1,269	93	590	683	53.8%	38	52
Pleasants	1,473	82	599	681	46.2%	44	50
Pocahontas	1,517	116	796	912	60.1%	46	48
Preston	6,658	395	2,895	3,290	49.4%	200	17
Putnam	13,446	695	4,547	5,242	39.0%	403	8
Raleigh	16,494	1,079	8,993	10,072	61.1%	495	6
Randolph	5,586	439	2,898	3,337	59.7%	168	24
Ritchie	2,034	100	1,078	1,178	57.9%	61	45
Roane	3,116	253	1,690	1,943	62.4%	93	38
Summers	2,225	167	1,455	1,622	72.9%	67	43
Taylor	3,449	209	1,654	1,863	54.0%	103	34
Tucker	1,199	112	518	630	52.5%	36	55
Tyler	1,848	99	715	814	44.0%	55	46

WVCHIP Enrollment Report

ATTACHMENT 1

AUGUST 2019

County	County Pop. 2016 Est. (0-18 Yrs)	Total CHIP Enrollment Aug-19	Total Medicaid Enrollment Aug-19	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2016 Est. Uninsured 3%	2016 # Children Uninsured Ranking*
Upshur	5,197	360	2,920	3,280	63.1%	156	26
Wayne	8,809	433	4,849	5,282	60.0%	264	13
Webster	1,787	106	1,266	1,372	76.8%	54	47
Wetzel	3,255	167	1,840	2,007	61.7%	98	37
Wirt	1,245	65	680	745	59.8%	37	53
Wood	18,641	1,056	8,835	9,891	53.1%	559	4
Wyoming	4,707	280	2,639	2,919	62.0%	141	29
Totals	384,058	22,791	183,582		0.0%	11,522	





West Virginia Children's Health Insurance Program
 350 Capitol Street
 Room 251
 Charleston, WV 25301
 304-558-2732 voice / 304-558-2741 fax
 Helpline 877-982-2447
www.chip.wv.gov

August 13, 2019

West Virginia Legislature
 Aaron Allred
 1900 Kanawha Boulevard East, Room E-132
 Charleston, WV 25305-0610

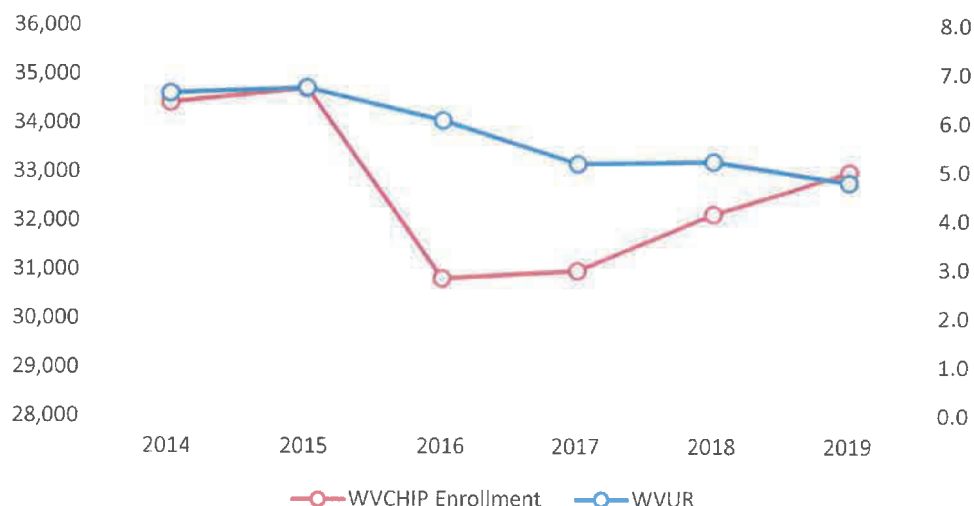
REF: Request for information from the Joint Committee on Government and Finance

This letter serves as a response to the Joint Committee on Government and Finance requesting a review to determine if a correlation exists between the decrease in the state's unemployment rate and the number of children receiving West Virginia Children's Health Insurance Program (WVCHIP) benefits. It is implied in the request for information that the membership for WVCHIP is declining. WVCHIP's membership **increased** from 32,147 in SFY2018 to 33,013 in SFY2019 (+866 or 2.7%).

WVCHIP did experience a decline in membership as a result of the Affordable Care Act (ACA). The ACA mandated that WVCHIP children ages 6 years through 18 years under 133% FPL transfer to Medicaid. Approximately 10,000 children transitioned to Medicaid as a result of this mandate and is noted on the graph through the 2015-2016 timeframe. The enrollment in WVCHIP has been steadily increasing since 2016 (see the graph below).

It is noteworthy, in a discussion relative to the children receiving WVCHIP benefits, that the total population of children under 19 years of age in WV decreased from 387,000 in 2016 to 384,000 in 2017 (- 3,000 or 0.8%). The number of families with an earned income under 200% FPL decreased from 191,000 in 2016 to 182,000 in 2017 (- 9,000 or 4.7%).

WVCHIP Membership Compared to the West Virginia Unemployment Rate (2014-2019)

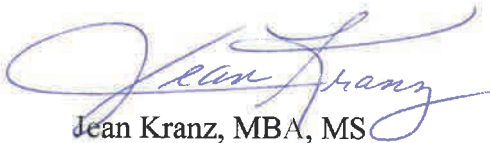


WVCHIP Average Monthly Membership Breakdown (SFY2019)

GROUP	FPL	AVG MONTHLY ENROLLMENT	PERCENT CHANGE
GOLD	100% - 150%	3,025	-13.3%
BLUE	151% - 211%	12,864	+7.0%
Premium	211% - 250%	6,286	+5.0%

WVCHIP is pleased to answer any additional questions the Joint Committee on Government and Finance would like addressed.

Respectfully,



Jean Kranz, MBA, MS
Executive Director

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

June 30, 2019



Participant Plans Allocation & Performance Net of Fees - Preliminary

Period Ending: June 30, 2019

	6/30/2018		6/30/2019		Performance %					
	Asset (\$000)	%	Asset (\$000)	%	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
WVIMB Fund Assets	19,506,228	100.0	19,879,774	100.0						
Pension Assets	15,795,451	81.0	16,074,264	80.9						
Public Employees' Retirement System	6,718,698	34.5	6,852,654	34.5	3.7	5.4	10.2	6.8	10.1	6.8
Teachers' Retirement System	7,691,788	39.5	7,788,450	39.2	3.7	5.4	10.2	6.8	10.0	6.6
EMS Retirement System	78,921	0.4	84,138	0.4	3.8	5.3	10.2	6.8	10.1	
Public Safety Retirement System	682,799	3.5	685,548	3.4	3.7	5.3	10.2	6.8	10.1	6.8
Judges' Retirement System	204,484	1.0	211,345	1.1	3.7	5.4	10.2	6.8	10.1	6.8
State Police Retirement System	188,912	1.0	205,858	1.0	3.8	5.4	10.2	6.8	10.1	6.8
Deputy Sheriffs' Retirement System	219,368	1.1	231,157	1.2	3.8	5.4	10.2	6.8	10.1	6.8
Municipal Police & Firefighter Retirement System	7,843	0.0	11,027	0.1	3.7	5.5	10.0	6.7		
Municipal Model A	1,514	0.0	2,907	0.0	3.7	5.8	10.4	6.9		
Municipal Model C	1,124	0.0	1,180	0.0	3.6	5.1				
Insurance Assets	2,785,522	14.3	2,823,763	14.3						
Workers' Compensation Old Fund	1,185,505	6.0	1,105,721	5.6	2.7	4.9	6.0	4.1	6.1	
Workers' Comp. Self-Insured Guaranty Risk Pool	33,908	0.2	34,207	0.2	2.7	4.7	6.3	4.1	4.6	
Workers' Comp. Self-Insured Security Risk Pool	53,204	0.3	52,220	0.3	2.7	4.6	6.3	4.0		
Workers' Comp. Uninsured Employers' Fund	12,881	0.1	13,468	0.1	2.6	4.4	6.1	3.9	4.3	
Pneumoconiosis	245,797	1.3	238,605	1.2	2.7	4.6	6.2	4.0	6.4	5.7
Board of Risk & Insurance Management	151,588	0.8	158,696	0.8	2.7	4.7	6.2	4.0	6.5	
Public Employees' Insurance Agency	198,826	1.0	225,314	1.1	2.4	5.1	6.2	4.0	6.4	
WV Retiree Health Benefit Trust Fund	903,813	4.6	995,532	5.0	3.8	5.5	10.2	6.8	9.1	
Endowment Assets	925,255	4.7	981,747	4.8						
Berkeley County Development Authority	7,742	0.0	6,140	0.0	3.8	5.3	10.2			
Wildlife Fund	63,823	0.3	64,604	0.3	3.7	5.4	10.2	6.8	10.1	7.3
Prepaid Tuition Trust	42,256	0.2	34,513	0.2	1.2	6.7	7.8	5.6	8.9	6.6
Revenue Shortfall Reserve Fund	167,666	0.9	197,342	1.0	1.2	6.3	3.1	2.4	4.8	
Revenue Shortfall Reserve Fund - Part B	438,711	2.3	465,189	2.3	2.4	6.0	6.0	4.1	6.7	
WV DEP Trust	9,658	0.0	9,258	0.0	4.5	3.6	9.2	5.4		
WV DEP Agency	195,399	1.0	204,701	1.0	3.3	4.8	7.3	4.6		

Composite Asset Allocation & Performance Net of Fees - Preliminary

Period Ending: June 30, 2019

	Asset (\$000)	%	Performance %						
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	20 Year
Investment Pools Composite	19,888,780	100.00							
Total Equity Composite +/- Total Equity Base Index (b)	9,370,417	47.10	6.39 (0.20)	3.24 (0.56)	3.12 (2.11)	3.12 (2.11)	11.71 (0.33)	6.41 (0.13)	11.71 0.78 6.65 0.88
Domestic Equity Composite +/- Russell 3000 Index	4,590,728	23.07	6.93 (0.09)	4.24 0.14	7.52 (1.46)	7.52 (1.46)	13.43 (0.59)	9.79 (0.40)	14.72 0.05 7.22 0.92
International Equity Composite +/- MSCI AC World ex US IMI Index (c)	4,779,689	24.03	5.88 0.03	2.27 (0.71)	(1.04) (1.79)	(1.04) (1.79)	9.91 0.24	2.97 0.25	8.55 1.47 6.85 1.86
Fixed Income Composite +/- Bloomberg Barclays Capital Universal (d)	3,189,436	16.04	1.54 0.13	2.98 (0.13)	7.71 (0.36)	7.71 (0.36)	4.25 1.41	3.55 0.37	5.29 0.92 5.59 0.46
Core Fixed Income Composite +/- Bloomberg Barclays Capital Aggregate	968,551	4.87	1.19 (0.07)	3.20 0.12	8.29 0.42	8.29 0.42	2.68 0.37	3.38 0.43	4.56 0.66
Total Return Fixed Income Composite (k) +/- Bloomberg Barclays Capital Universal	2,220,885	11.17	1.69 0.28	2.89 (0.22)	7.46 (0.61)	7.46 (0.61)	4.94 2.10	3.61 0.43	5.59 1.22 6.05 0.86
TIPS Composite +/- Bloomberg Barclays Capital U.S.TIPS	403,344	2.03	0.86 0.00	2.87 0.00	4.90 0.06	4.90 0.06	2.12 0.04	1.76 0.01	
Cash Composite +/- Citigroup 90 Day T-Bill (e)	186,066	0.94	0.18 (0.02)	0.59 (0.02)	2.23 (0.06)	2.23 (0.06)	1.35 (0.01)	0.87 0.03	0.50 (0.04) 1.93 (0.02)
Private Equity Composite +/- Russell 3000 + 3% (f, g)	1,845,230	9.28	1.09	7.10	15.18	15.18	18.68	15.49 2.30	15.64 (2.66)
Real Estate Composite +/- NCREIF + 1% (f)	1,927,947	9.69	1.27	2.41	6.84	6.84	8.20	9.22 (0.90)	9.45 (0.05)
Hedge Fund Composite +/- HFR/FOF + 1% (h)	2,372,261	11.93	1.05 (0.78)	1.72 (0.22)	2.58 0.22	2.58 0.22	4.90 (0.42)	3.13 (0.10)	5.22 1.40
Opportunistic Income Composite +/- CS Leveraged Loan + 2.5%	594,079	2.99	0.63 0.20	3.25 1.05	6.19 (0.46)	6.19 (0.46)	5.34 (2.59)		

Participant Plans Allocation vs. Strategy - Preliminary

Period Ending: June 30, 2019

	Equity		Fixed Income		Private Equity		Real Estate		Hedge Funds		Opportunistic Income		Cash	
	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %

Pension Assets

Public Employees' Retirement System	50.6	55.0	12.1	15.0	10.8	10.0	11.3	10.0	11.5	10.0	3.5	0.0	0.2	0.0
Teachers' Retirement System	50.2	55.0	11.8	15.0	10.8	10.0	11.2	10.0	11.4	10.0	3.5	0.0	1.1	0.0
EMS Retirement System	50.5	55.0	12.7	15.0	10.6	10.0	11.0	10.0	11.4	10.0	3.4	0.0	0.4	0.0
Public Safety Retirement System	49.4	55.0	11.4	15.0	10.8	10.0	11.3	10.0	11.3	10.0	3.5	0.0	2.3	0.0
Judges' Retirement System	50.6	55.0	12.3	15.0	10.7	10.0	11.2	10.0	11.5	10.0	3.5	0.0	0.2	0.0
State Police Retirement System	50.6	55.0	12.7	15.0	10.5	10.0	10.9	10.0	11.4	10.0	3.4	0.0	0.5	0.0
Deputy Sheriffs' Retirement System	50.7	55.0	12.5	15.0	10.6	10.0	11.1	10.0	11.5	10.0	3.4	0.0	0.2	0.0
Municipal Police & Firefighter Retirement System	48.6	55.0	12.7	15.0	9.9	10.0	10.3	10.0	11.0	10.0	3.2	0.0	4.3	0.0
Municipal Model A	50.8	55.0	12.2	15.0	10.4	10.0	10.9	10.0	11.5	10.0	3.4	0.0	0.8	0.0
Municipal Model C	47.7	50.0	26.8	30.0	5.2	5.0	5.4	5.0	11.5	10.0	1.7	0.0	1.7	0.0

Insurance Assets

Workers' Compensation Old Fund	30.0	30.0	49.1	50.0	0.0	0.0	0.0	0.0	17.4	15.0	0.0	0.0	3.5	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	29.7	30.0	42.7	45.0	0.0	0.0	0.0	0.0	23.1	20.0	0.0	0.0	4.5	5.0
Workers' Comp. Self-Insured Security Risk Pool	29.9	30.0	42.8	45.0	0.0	0.0	0.0	0.0	23.3	20.0	0.0	0.0	4.0	5.0
Workers' Comp. Uninsured Employers Fund	29.8	30.0	37.5	40.0	0.0	0.0	0.0	0.0	23.2	20.0	0.0	0.0	9.5	10.0
Pneumococcosis	29.8	30.0	42.8	45.0	0.0	0.0	0.0	0.0	23.2	20.0	0.0	0.0	4.2	5.0
Board of Risk & Insurance Mgmt.	29.6	30.0	42.5	45.0	0.0	0.0	0.0	0.0	22.9	20.0	0.0	0.0	5.0	5.0
Public Employees' Insurance Agency	24.4	25.0	52.7	55.0	0.0	0.0	0.0	0.0	22.9	20.0	0.0	0.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	50.8	55.0	12.8	15.0	10.5	10.0	11.0	10.0	11.5	10.0	3.4	0.0	0.0	0.0

Endowment Assets

Berkeley County Development Authority	50.8	55.0	12.8	15.0	10.5	10.0	11.0	10.0	11.5	10.0	3.4	0.0	0.0	0.0
Wildlife Fund	50.6	55.0	12.7	15.0	10.6	10.0	11.1	10.0	11.5	10.0	3.4	0.0	0.1	0.0
Prepaid Tuition Trust	0.0	0.0	80.4	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.6	20.0
Revenue Shortfall Reserve Fund	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund - Part B	22.1	22.5	77.9	77.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	64.6	65.0	12.3	15.0	0.0	0.0	0.0	0.0	23.1	20.0	0.0	0.0	0.0	0.0
WV DEP Agency	39.6	40.0	37.4	40.0	0.0	0.0	0.0	0.0	23.0	20.0	0.0	0.0	0.0	0.0

- (a) As of January 2019, the PERS Base is 60% MSCI ACWI Gross and 40% Bloomberg Barclays Capital Universal. From January 2014 to December 2018, the PERS Base was 30% Russell 3000, 30% MSCI ACWI ex USA (IMI), and 40% Bloomberg Barclays Capital Universal. From April 2008 to December 2013, the PERS Base was 30% Russell 3000, 30% MSCI ACWI ex USA (Standard), and 40% Bloomberg Barclays Capital Universal. Prior periods were 42% Russell 3000, 18% MSCI ACWI ex USA, and 40% Bloomberg Barclays Capital Aggregate.
- (b) As of January 2019, the Total Equity Base Index is 100% MSCI ACWI Gross. From January 2014 to December 2018, the Total Equity Base Index was 50% Russell 3000 and 50% MSCI ACWI ex USA (IMI). From April 2008 to December 2013, the Total Equity Base Index was 50% Russell 3000 and 50% MSCI ACWI ex USA (Standard). Prior periods were 40% S&P 500, 30% Russell 2500, and 30% MSCI ACWI ex USA.
- (c) Prior to January 2014, the index was the MSCI ACW ex USA (Standard).
- (d) Prior to April 2008, the index was Bloomberg Barclays Capital Aggregate.
- (e) Prior to January 2014, the index was Citigroup 90 Day T-Bill plus 15 basis points.
- (f) The Private Equity Composite and Real Estate Composite are long-term programs whose benchmarks are only reported for 5 years and beyond.
- (g) Prior to January 2014, the index was S&P 500 plus 500 basis points.
- (h) Prior to January 2014, the index was Libor plus 400 basis points.
- (i) Franklin Benchmark is 50% JPM EMBI Global Diversified and 50% JPM GBI EM Diversified.
- (j) Prior to April 2008, the index was a custom index.
- (k) From October 2015 to March 2017, performance returns from the Opportunistic Income Pool were included in the Total Return Fixed Income Composite.

Note: Participant returns are net of fees. Portfolio returns are net of management fees. Returns shorter than one year are unannualized.

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WEST VIRGINIA OFFICES OF THE INSURANCE COMMISSIONER

James A. Dodrill
Insurance Commissioner

Status Report: **Workers' Compensation** *Joint Committee on Government & Finance*

September 2019

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Introduction

With the passage of S.B. 1004 in January 2005, significant changes were made to workers' compensation insurance in West Virginia. The State administered monopolistic fund effectively ended when a new domestic mutual insurance company, "BrickStreet"¹, was formed to issue workers' compensation insurance on a going forward basis. BrickStreet began writing new workers' compensation insurance liabilities effective January 2006. (They also retained the workers' compensation insurance premium and incurred liability starting in July 2005.) The West Virginia workers' compensation insurance market was later opened to competition beginning in July 2008.

At the time when the domestic mutual insurance company was formed in order to begin to privatize the workers' compensation insurance market in West Virginia, a large legacy liability existed stemming from the historical operation of the State administered monopolistic fund. Subsequent to privatization, this legacy liability was retained by the State of West Virginia in what is now known as the "Old Fund." The Old Fund consists of all historical claims with dates of injuries or last exposure through June 30, 2005. Apart from those sections which specifically reference other "funds," the "private market," or the "self-insured" community (which began in July 2004), this report concerns the workers' compensation legacy liability of the State of West Virginia, i.e. the Old Fund.

At January 2008, there were 47,961 active Old Fund workers' compensation insurance claims. The first Workers' Compensation Status Report to the Joint Committee on Government and Finance was issued in June 2008. The following pages update the status of the various workers' compensation funds and the activities associated with the administration of the workers' compensation responsibilities transitioned to the Offices of the Insurance Commissioner.

¹ As a result of their merger, Motorists Insurance Group and BrickStreet Mutual Insurance Co. are now **Encova Mutual Insurance Group**.

Definitions:

Appeal (BOR): A formal procedure conducted by the Board of Review at which a decision of an administrative law judge (OOJ) having presided over a matter of workers' compensation (Old Fund or Privately Insured) is to be afforded additional consideration. An appeal may be filed by any aggrieved party, such as a claimant, employer, dependent of a claimant, private insurance carrier, etc.

Board of Review: (BOR) A three judge panel that serves as an intermediate appellate tribunal in workers' compensation litigation. Specifically, the Board of Review reviews all appeals taken from any final decision of the Office of Judges. The BOR may reverse, vacate, modify or remand a decision of the Office of Judges. Any appeal taken from a Board of Review final order must be filed with the West Virginia Supreme Court of Appeals.

Claim Reserve: individual claim level cost estimate that is projected on the ultimate probable exposure; must be the best projection based on the facts and findings of the claim. This function is to capture the key components that impact the range of any impending cost in workers' compensation claims. No discounting is applied. The Indemnity Reserve is adjusted to cover the cost of loss or exposure both on a temporary and permanent basis. The reserve should also be adjusted to include the projected cost of any death and/or dependent benefits when appropriate. The Medical Reserve covers medical cost, hospital stays, specialized treatment, rehabilitation, durable medical equipment, and medications, etc. The Expense Reserve is placed for the cost of legal defense and investigations, etc. The reserves may be reduced based on the findings of early mortality factors.

Coal Workers' Pneumoconiosis Fund (CWP): State managed fund into which FBL premiums previously received are held, and out of which FBL benefits are paid. This fund was closed to future liabilities as of 12/31/2005. Because of the latency period between the date of last exposure and the onset of disease, new FBL claims will occur.

Fatal: claim under which the worker died as a result of injury or illness.

FBL: claim for Occupational Pneumoconiosis (Black Lung) benefits under Title IV of the federal Coal Mine Health and Safety Act of 1969, i.e. "Federal Black Lung", or FBL.

FBL Awarded Claim: an FBL claim that has been awarded but has not yet been accepted by the responsible operator/insurer

FBL Claim Notice: an FBL claim for which not initial decision has yet been made, but evidence in the claims indicates the potential for an award

FBL Non-active Claim: an FBL claim for which an award had been sought but was not afforded. Federal statutes permit an appeal process which lasts for 1 year, so the claim would be reopened for consideration upon appeal. Denied FBL claims are closed administratively after 6 months, as the TPA's bill for claims management services monthly on an open claims basis.

FBL Paying Claim: an FBL claim for which an award has been made and the responsible operator/insurer has accepted liability. Payments are being made to the claimant or dependents.

Indemnity: statutory wage replacement benefits awarded as a result of a worker's occupational illness or injury.

Med Only: claim under which only the payment of medical benefits was sought or awarded, i.e. no payment of wage replacement benefits (indemnity) is being made.

Office of Judges: (OOJ) An office comprised of administrative law judges who are charged with resolving protests or appeals to workers' compensation claims management decisions. The Office of Judges conducts hearings, receives and weighs evidence and arguments, and issues written decisions on protests or appeals from initial claim management decisions. Any final decision of the Office of Judges may be appealed to the workers' compensation Board of Review. The OOJ hears protests involving Old Fund claims as well as those arising from the private market (private carrier or privately insured.)

Old Fund: The residual assets and liabilities of the former Worker's Compensation Fund are now reported in a fund known as the Workers' Compensation Old Fund. 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, for any claims with a date of injury on or before June 30, 2005.

OP/OD: claim of Occupational Pneumoconiosis or Occupational Disease. An OP claim could be considered the State level equivalent of an FBL claim; however, State OP claims provide for varying percentages of impairment where the FBL applicant must prove total impairment to be eligible. (State OP claims are awarded more frequently than FBL but afford lesser benefits.) An example of an OD claim would be occupational hearing loss.

Protest (OOJ): An objection to a ruling of a workers' compensation claim administrator (Old Fund or Private Market) which prompts the initiation of the adjudication process at the Office of Judges.

PPD: (Permanent Partial Disability) paid to compensate an injured worker for permanent impairment that results from an occupational injury or disease. The American Medical Association defines permanent impairment as impairment that has become static or well stabilized with or without medical treatment and is not likely to remit despite medical treatment. It should be noted, some injuries that are total loss by severance have statutory impairment ratings that are defined per WV Code §23-4-6(f). Payment for PPD is based upon 4 weeks of compensation for each one percent of disability.

PTD: (Permanent Total Disability) A disability which renders a claimant unable to engage in gainful employment requiring skills or abilities which can be acquired, or which are comparable to those of any gainful employment in which the claimant previously engaged with some regularity. While the comparison of pre-injury income and post-disability income is not a factor to be considered in determining whether or not a claimant is permanently and totally disabled, the geographic availability of gainful employment should be considered. Specifically, the geographic availability of gainful employment within a 75-mile driving distance of the claimant's home, or within the distance from the claimant's home to his or her pre-injury employment, whichever is greater, is a factor to be considered in determining whether or not a claimant is PTD.

Self-Insured: an employer who has met certain specific guidelines, and who is then permitted to guarantee their own payment and handling of workers' compensation claims to their employees in accordance with WV statutes.

Self-Insured Guaranty Fund: State managed fund consisting of those funds transferred to it from the guaranty pool created pursuant to 85 CSR §19 (2004) and any future funds collected through continued administration of that exempt legislative rule as administered by the WVOIC and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure after 07/01/2004.

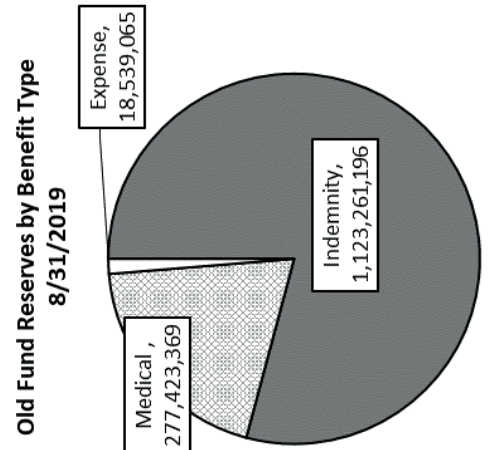
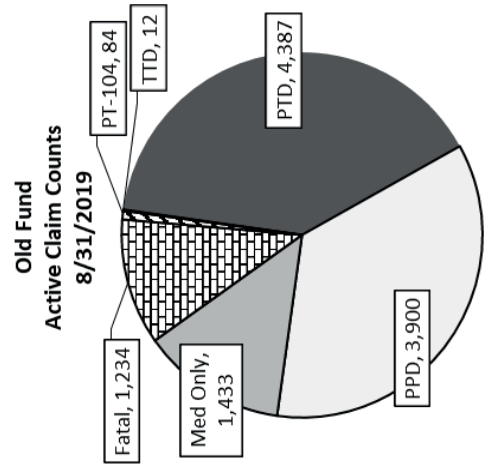
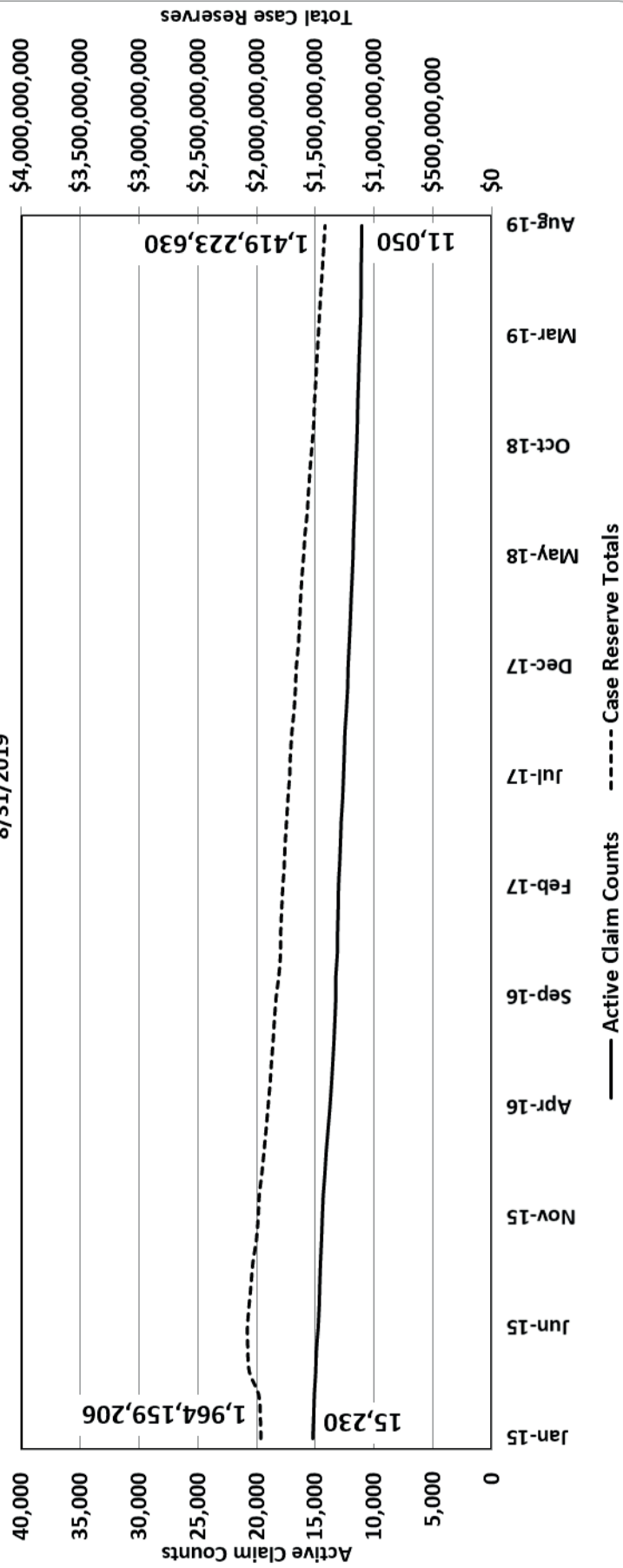
Self-Insured Security Fund: State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure before 07/01/2004. This fund is limited to claimants of those self-insured employers who have defaulted on their claims obligations after 12/31/2005.

TPD: (Temporary Partial Disability) also referred to as TPR, is paid when an injured worker is released to return to work with restrictions or modifications that restrict, he/she from obtaining their pre-injury wages. The TPD benefit is paid at seventy percent of the difference between the average weekly wage earnings earned at the time of injury and the average weekly wage earnings earned at the new employment.

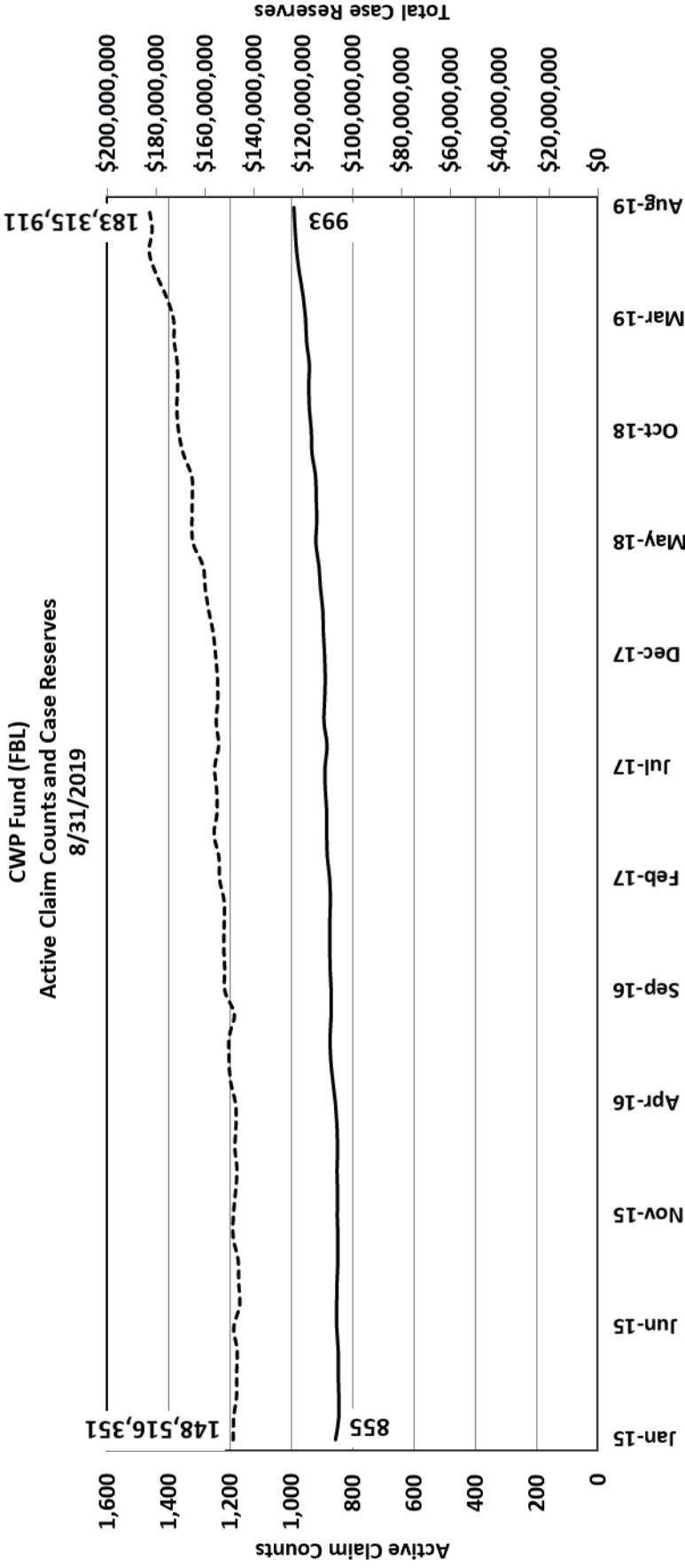
TTD: (Temporary Total Disability) an inability to return to substantial gainful employment requiring skills or activities comparable to those of one's previous gainful employment during the healing or recovery period after the injury. In order to receive TTD benefits, the injured worker must be certified disabled due to the compensable injury by his/her treating physician.

Uninsured Fund: State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

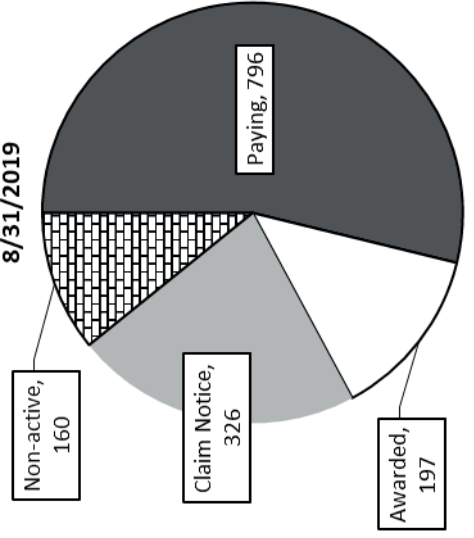
Old Fund Active Claim Counts and Case Reserves 8/31/2019



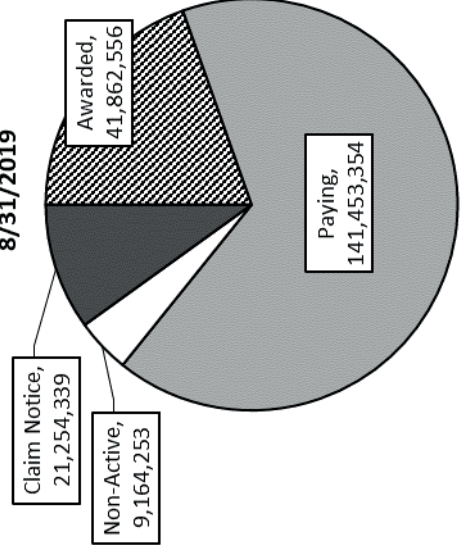
CWP Fund (FBL) Active Claim Counts and Case Reserves 8/31/2019



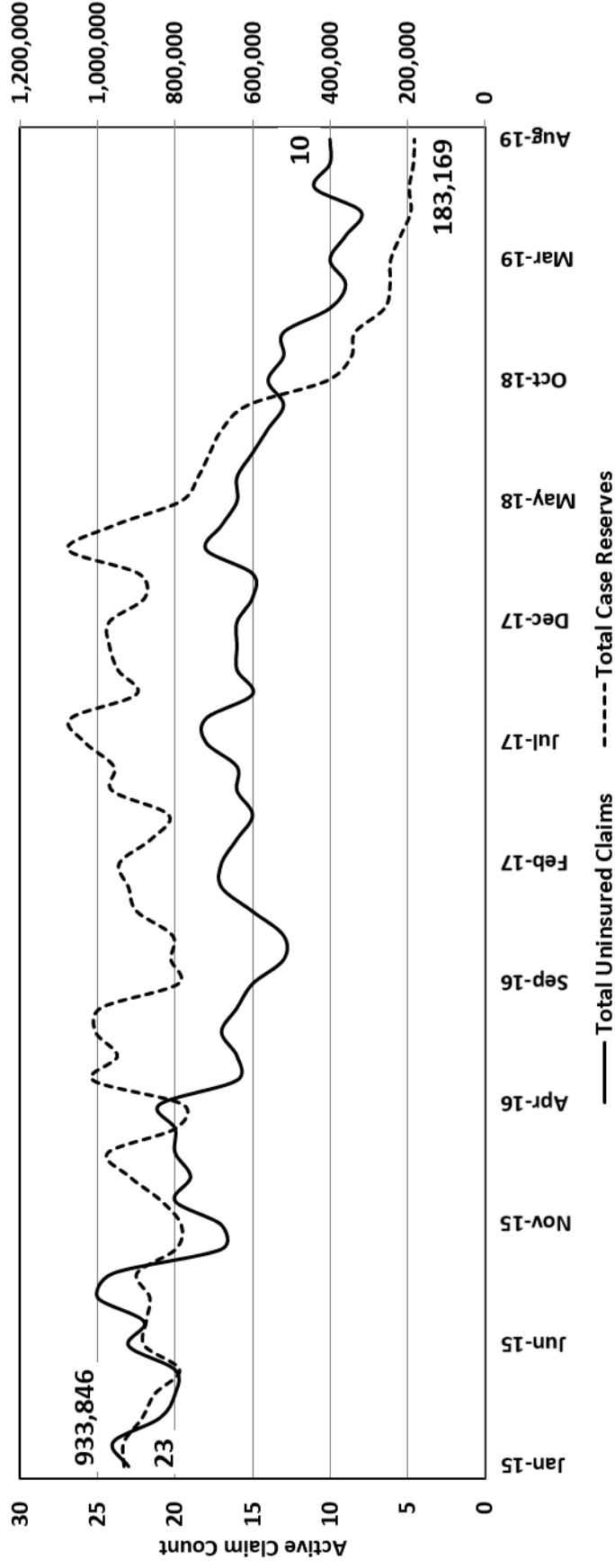
CWP Fund (FBL) Active and Inactive Claims 8/31/2019



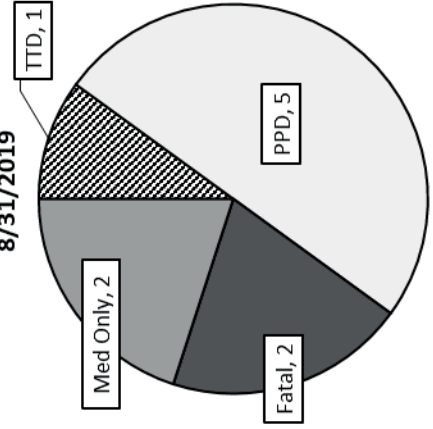
CWP Fund Reserves by Benefit Type 8/31/2019



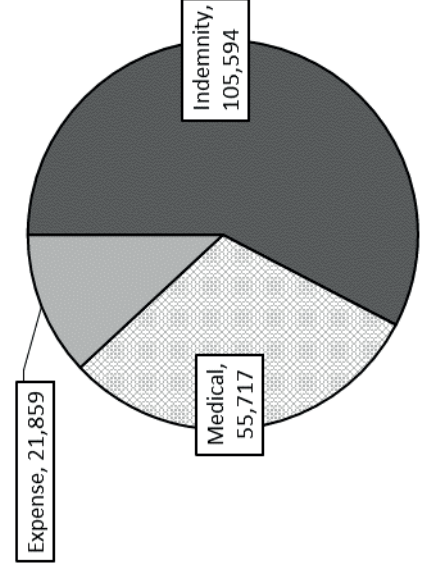
Uninsured Fund Active Claim Counts and Case Reserves 8/31/2019



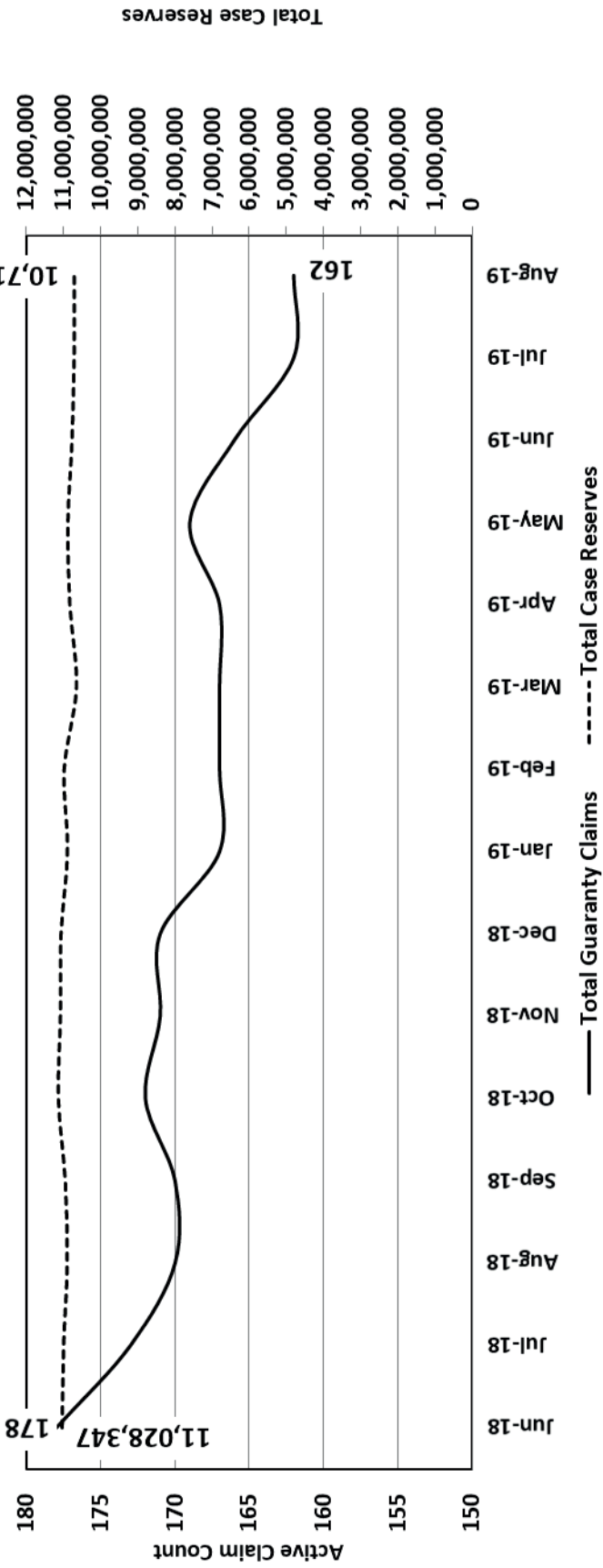
Uninsured Fund Active Claim Counts 8/31/2019



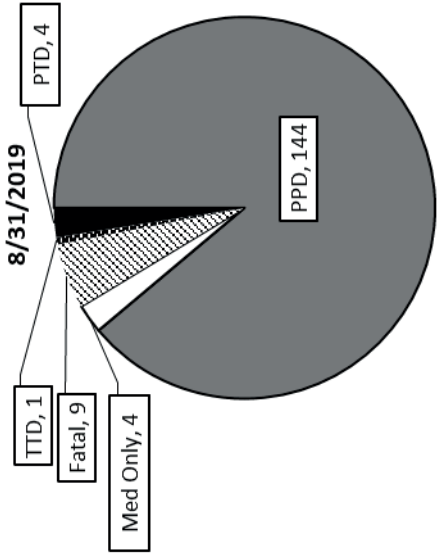
Uninsured Fund Reserves by Benefit Type 8/31/2019



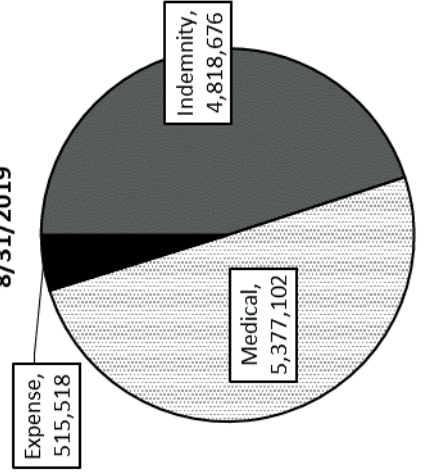
Guaranty Fund
Active Claim Counts and Case Reserves
8/31/2019



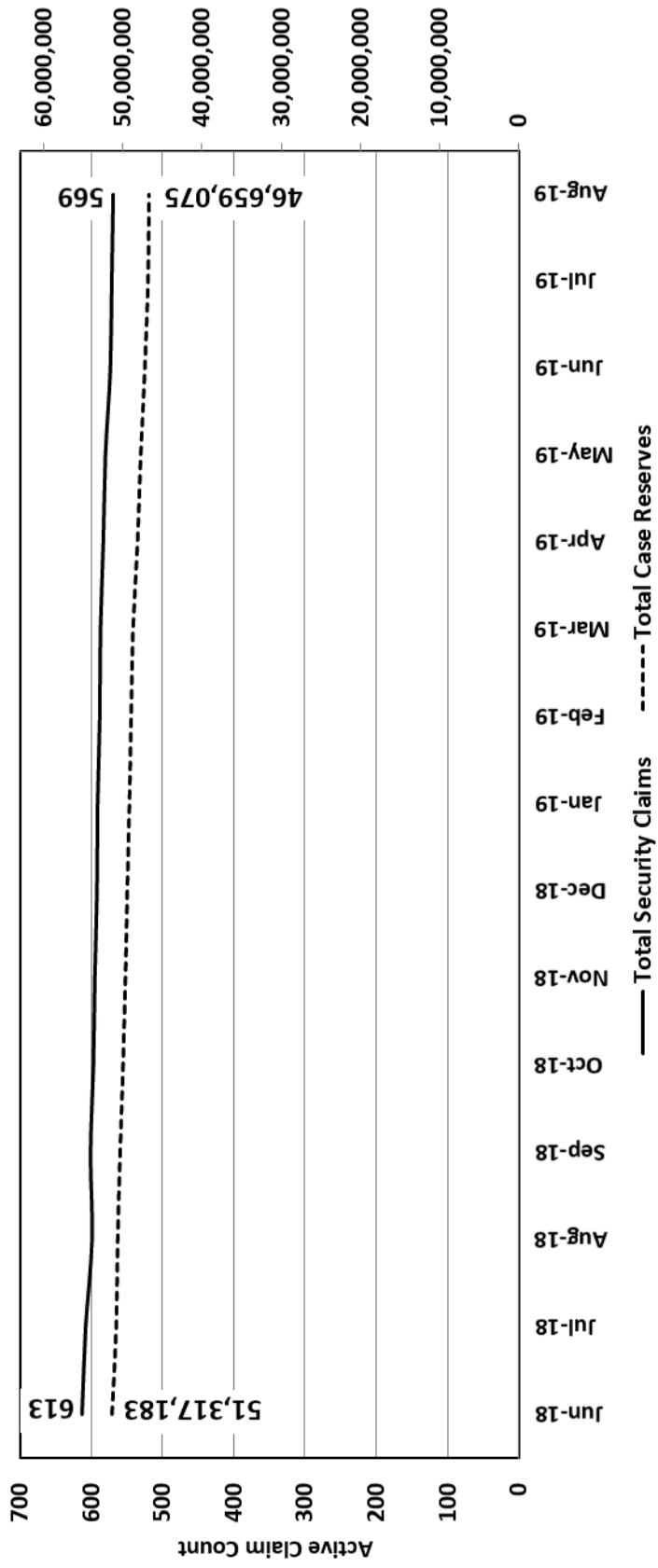
Guaranty Fund
Active Claim Counts
8/31/2019



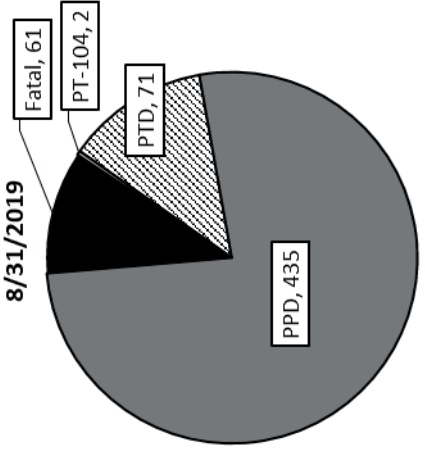
Guaranty Fund Reserves by Benefit Type
8/31/2019



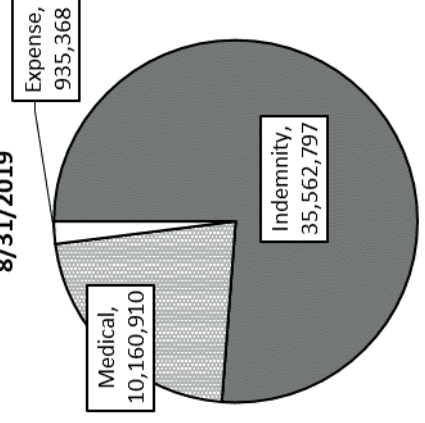
Security Fund Active Claim Counts and Case Reserves 8/31/2019



Security Fund Active Claim Counts 8/31/2019



Security Fund Reserves by Benefit Type 8/31/2019



OLD FUND CASH STATEMENT
August 31, 2019

	Three Year History for years ended:			
	FY2019	FY2018	FY2017	
Cash Beginning Balances	1,190,163,510	1,263,372,448	1,280,647,632	
Revenues				
Personal Income Tax	-	-	-	-
Severance Tax	-	812,164	-	13,887,551
Debt Reduction Surcharge	-	1,236,338	6,668,291	12,336,645
Self-Insured Debt Reduction Surcharge	-	516,713	2,130,127	4,346,111
Video Lottery	-	-	2,750,000	5,500,000
Employer Premium	9,628	13,704	70,302	62,806
Other Income - Return of Unclaimed Property	-	-	-	273,871
Operating Revenues	9,628	2,578,919	12,335,675	36,487,535
Investment / Interest Earnings (Losses)	32,786,876	6,002,366	67,551,779	112,116,554
Total Revenues	32,796,504	8,581,284	79,887,454	148,604,089
Expenditures				
Claims Benefits Paid:				
Medical	4,308,433	4,256,992	25,531,399	27,437,375
Permanent Total Disability	12,950,995	13,883,452	86,779,468	92,140,733
Permanent Partial Disability	6,912	39,358	120,930	336,015
Temporary Disability	-	23,996	49,001	18,268
Fatals	3,251,128	3,433,575	21,608,332	22,990,499
104 weeks death benefit	1,127,298	800,266	5,182,930	5,825,439
Settlements	400,300	399,051	3,688,819	11,716,131
Loss Adjustment Expenses	338,996	255,686	1,400,225	1,446,808
Total	22,384,062	23,092,375	147,805,732	161,893,000
Less: Claims credits and overpayments	252,570	546,834	2,443,869	5,080,389
Total Benefits Paid	22,131,492	22,545,542	144,927,948	156,812,611
Administrative Expenses	542,018	640,992	6,799,283	9,066,663
Total Expenditures	22,673,510	23,186,533	153,096,392	165,879,274
Excess (Deficiency) of Revenues over Expenditures	10,122,994	(14,605,249)	(73,208,938)	(17,275,184)
Cash Ending Balances	1,087,227,960	1,175,558,261	1,190,163,510	1,263,372,448

Note: The purpose of this report is to enhance the user's ability to monitor the cash activities of the Old Fund. The Old Fund assets consist of cash and investments with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. The liabilities of the Old Fund consist of the worker's compensation claims and related expenses for all claims, actual and incurred but not reported for claims with dates of injury on or before June 30, 2005. This report is intended to provide a summary of the cash based transactions related to the Fund's assets and liabilities and is not an accrual based presentation. The Old Fund Cash Statement is unaudited information.

COAL WORKERS PNEUMOCONIOSIS FUND

AUGUST 31, 2019

Three Year History for years ended:

	YTD FY2020	YTD FY2019	Change	FY2019	FY2018	FY2017
Revenues						
Cash Beginning Balances	232,485,887	246,768,365	(14,282,479)	246,768,365	251,313,328	245,945,240
Investment Earnings (Losses)	7,024,860	1,321,783	5,703,078	3,546,660	13,912,317	22,100,417
Other Income - Return of Unclaimed Property	-	-	-	-	645	8,353
Total Revenues	7,024,860	1,321,783	5,703,078	3,546,660	13,912,961	22,108,770
Expenditures						
Claims Benefits Paid:						
Medical	423,153	691,121	(267,967)	4,623,840	6,709,112	4,032,649
PTD and Fatal Indemnity	1,331,127	1,444,678	(113,551)	8,683,360	7,945,389	8,174,289
Loss Adjustment Expenses	617,767	793,991	(176,225)	3,620,512	3,165,542	3,783,923
Total	2,372,047	2,929,790	(557,743)	16,927,711	17,820,043	15,990,861
Less: Claims Credits and Overpayments	16,411	21,326	(4,915)	85,884	268,646	125,895
Total Benefits Paid	2,355,636	2,908,464	(552,828)	16,841,827	17,551,397	15,864,966
Administrative Expenses	153,072	161,788	(8,716)	987,312	906,527	875,715
Total Expenditures	2,508,708	3,070,252	(561,544)	17,829,139	18,457,924	16,740,681
Excess (Deficiency) of Revenues over Expenditures	4,516,153	(1,748,469)	6,264,622	(14,282,479)	(4,544,963)	5,368,089
Cash Ending Balances	237,002,039	245,019,896	(8,017,856)	232,485,887	246,768,365	251,313,328

Note: The Coal Worker's Pneumoconiosis Fund (CWP Fund) ceased operations December 31, 2005 and is in run-off status under the administrative oversight of the Insurance Commissioner. Established in 1973, the CWP Fund existed to provide insurance coverage to companies for liabilities incurred as a result of the Federal Coal Mine Health and Safety Act of 1969. Participation in the CWP Fund was voluntary for employers. The current revenues of the CWP Fund are limited to the earnings from invested assets. Assets of the CWP Fund are invested with the WV Investment Management Board. The investment earnings are presented in the month in which the State Treasurer records the earnings. The liabilities of the CWP Fund consist of the claims for coal miners who are totally disabled or beneficiaries of coal miners who have died as a result of coal worker's pneumoconiosis. To be eligible for benefits from the CWP Fund, the date of last exposure of the coal miner must be on or before December 31, 2005. The Coal Workers Cash Statement is unaudited information.

SELF-INSURED GUARANTY RISK POOL
AUGUST 31, 2019

Three Year History for years ended:				
	YTD FY2020	YTD FY2019	Change	
Cash Beginning Balances	33,373,873	34,042,831	(668,958)	
Revenues				
Guaranty Risk Pool Assessments	-	(354)	354	-
Collateral Proceeds	-	-	-	-
Investment Earnings (Losses)	1,005,618	178,887	826,731	3,012,508
Total Revenues	1,005,618	178,533	827,084	3,012,508
Expenditures				
Claims Benefits Paid:				
Medical	48,332	91,252	(42,920)	503,912
Permanent Total Disability	17,065	17,065	-	63,717
Permanent Partial Disability	40,883	61,677	(20,795)	972,712
Temporary Disability	-	-	-	375,328
Fatals	37,801	37,801	-	277,011
104 Weeks Death Benefit	-	-	-	-
Settlement Agreements	-	-	-	3,800
Non Awarded Partial Disability	-	-	-	4,407
Loss Adjustment Expenses	16,517	28,672	(12,155)	255,219
Total	160,598	236,468	(75,870)	2,456,105
Less: Claims Credits and Overpayments	-	205	(205)	2,723
Total Benefits Paid	160,598	236,263	(75,665)	2,453,382
Administrative Expenses	8,214	7,919	295	185,258
Total Expenditures	168,812	244,182	(75,370)	2,638,640
Excess (Deficiency) of Revenues over Expenditures	836,806	(65,649)	902,455	373,868
Cash Ending Balances	34,210,679	33,977,182	233,497	33,836,322

The Self-Insured Guaranty Risk Pool covers the claims liabilities of bankrupt or defaulted self-insured employers with dates of injury subsequent to July 1, 2004. The revenues of the Self-Insured Guaranty Fund are comprised of the guaranty risk pool assessments levied on all self-insured employers and the earnings on invested assets. The assets of the Self-Insured Guaranty Risk Pool are invested with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. The Self-Insured Guaranty Cash Statement is unaudited information.

SELF-INSURED SECURITY RISK POOL
AUGUST 31, 2019

				Three Year History for years ended:		
				FY2019	FY2018	FY2017
Cash Beginning Balances	YTD FY2020	YTD FY2019	Change	53,404,259	54,448,203	53,859,338
Revenues						
Security Risk Pool Assessments	-	-	-	-	-	-
Collateral Proceeds	-	-	-	243,007	-	-
Investment Earnings (Losses)	1,540,381	286,971	1,253,410	770,092	3,015,368	4,914,238
Total Revenues	1,540,381	286,971	1,253,410	1,013,099	3,015,368	4,914,238
Expenditures						
Claims Benefits Paid:						
Medical	84,731	92,795	(8,064)	527,648	802,935	778,632
Permanent Total Disability	241,822	253,218	(11,396)	1,519,062	1,603,037	1,576,942
Permanent Partial Disability	-	2,705	(2,705)	5,702	-	-
Temporary Disability	-	-	-	-	-	-
Fatals	170,409	191,586	(21,177)	1,090,855	1,230,799	1,333,911
104 Weeks Death Benefit	5,107	-	5,107	8,932	37,804	134,935
Settlement Agreements	2,094	2,094	-	19,065	207,565	14,165
Loss Adjustment Expenses	12,438	19,325	(6,887)	96,587	88,371	151,558
Total	516,601	561,724	(45,123)	3,267,851	3,970,511	3,990,143
Less: Claims Credits and Overpayments	32,303	763	31,540	54,962	223,585	38,143
Total Benefits Paid	484,299	560,961	(76,662)	3,212,889	3,746,926	3,952,000
Administrative Expenses	24,842	24,874	(32)	298,987	312,386	373,374
Total Expenditures	509,141	585,835	(76,694)	3,511,876	4,059,312	4,325,374
Excess (Deficiency) of Revenues over Expenditures	1,031,241	(298,864)	1,330,104	(2,498,778)	(1,043,944)	588,865
Cash Ending Balances	51,936,722	53,105,395	(1,168,673)	50,905,481	53,404,259	54,448,203

The Self-Insured Security Risk Pool is liable for the worker's compensation claims of bankrupt or defaulted self-insured employers with dates of injury prior to July 1, 2004. However, the obligations of this Fund are limited to the exposures of self-insured employers who default subsequent to December 31, 2005. The assets of the Self-Insured Security Risk Pool are invested with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wOASIS. The Self-Insured Security Cash Statement is unaudited information.

UNINSURED EMPLOYERS FUND

AUGUST 31, 2019

Three Year History for years ended:

	Cash Beginning Balances	YTD FY2020 13,211,915	YTD FY2019 12,989,971	Change 221,944	FY2019 12,989,971	FY2018 12,760,544	FY2017 11,864,792
Revenues							
Fines and Penalties		81,266	164,674	(83,408)	588,767	436,728	595,742
Investment Earnings (Losses)		385,764	69,873	315,891	179,479	660,537	962,646
Total Revenues		467,030	234,547	232,483	768,246	1,097,265	1,558,387
Expenditures							
Claims Benefits Paid:							
Medical		1,707	109,190	(107,483)	129,612	164,187	30,783
Permanent Total Disability		-	-	-	-	-	-
Permanent Partial Disability		6,841	9,191	(2,350)	30,633	33,025	51,760
Temporary Disability		-	14,079	(14,079)	35,751	104,582	25,414
Fatals		8,338	8,338	-	50,030	50,030	50,030
104 Weeks Death Benefit		-	-	-	-	-	-
Settlement Agreements		-	3,500	(3,500)	106,000	344,000	255,715
Loss Adjustment Expenses		18,909	9,964	8,945	52,714	5,846	6,969
Total		35,795	154,262	(118,466)	404,740	701,671	420,672
Less: Claims Credits and Overpayments		2,528	4,266	(1,738)	50,676	47,333	33,341
Total Benefits Paid		33,267	149,996	(116,728)	354,064	654,338	387,331
Administrative Expenses		54	1,088	(1,034)	192,238	213,501	275,304
Total Expenditures		33,321	151,084	(117,762)	546,302	867,839	662,635
Excess (Deficiency) of Revenues over Expenditures		433,708	83,463	350,245	221,944	229,426	895,753
Cash Ending Balances		13,645,623	13,073,434	572,189	13,211,915	12,989,971	12,760,544

The Uninsured Employer's Fund (UEF) was established January 1, 2006 to provide worker's compensation benefits to injured workers of uninsured WV employers. The revenues of the UEF consist of fines levied on uninsured employers and the earnings on invested assets. The assets of the UEF are invested with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wOASIS. The Insurance Commissioner has the right to levy assessments on employers in order to maintain the solvency of the Fund. The Commissioner may recover all payments made from this fund, including interest, from an uninsured employer who is found liable for benefits paid from the UEF. The Uninsured Cash Statement is unaudited information.

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
October 24 2019

OPERATING REPORT JULY 2019

Board of Treasury Investments

315 70th Street, SE
Charleston WV
25304
(304) 340-1564
www.wvbt.com

Board of Directors

John D. Perdue,
State Treasurer,
Chairman

James C. Justice II,
Governor

John B. McCuskey,
State Auditor

Glenda Probst,
Appointed by the
Governor

Michael L. Glasser,
Esq. Attorney
Appointed by the
Governor

Executive Staff

Executive
Director

Kara K. Hughes,
CPA, MBA, CFE,
CGIP

Chief Financial
Officer

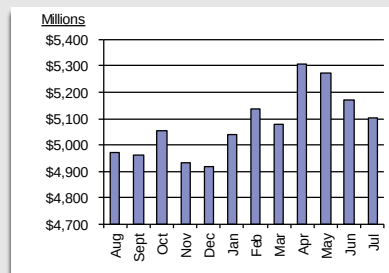
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$5,104,721,000

Last Month
\$5,169,224,000

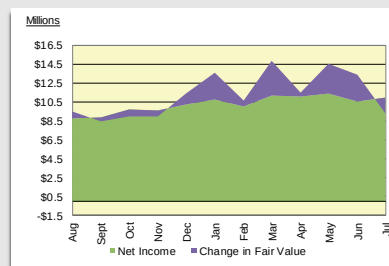
Beginning of Fiscal Year
\$5,169,224,000



**Net Assets for the Past
12 Months**

Total Net Income & Changes in Fair Value

Fiscal Year
\$9,350,000



**Monthly Net Income &
Changes in Fair Value for
the Past 12 Months**

Money Market Pools As of July 31, 2019

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	2.4394%	38 Days	\$3.8 Billion
WV Gov't Money Market	2.2546%	35 Days	\$257.1 Million

* Yields represent the simple money market yield net of fees.

** W.A.M. is the weighted average maturity.

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

JULY 2019

Boon to Markets - Temporary

Market Results

Most asset classes recorded modest returns in July on the heels of stellar performance in the first half of the year. Domestic equities outperformed with gains of 1.4%—bringing year-to-date returns to 20.2%—as the S&P 500 Index hit a record high fueled by expectations of lower rates in the United States. Internationally, a strong dollar detracted from non-US equities with the MSCI EAFE and MSCI Emerging Markets indexes posting declines of 1.3% and 1.2%, respectively.

As widely anticipated, the Federal Reserve lowered rates by 25 basis points – marking the first rate cut by the central bank since 2008. In addition, the European Central Bank indicated a more accommodative stance as the region's outlook for growth continues to deteriorate in response to trade and political noise. Despite these changes, global rates were relatively flat for the month with the 10-year US yield increasing two basis points and the 10-year German yield declining 10 basis points. In emerging markets, local- and dollar-denominated debt rallied on expectations of lower rates in the US. The JPM EMBI Global diversified and JPM GBI-EM Global Diversified indexes increased 1.2% and 0.9%, respectively, last month.

In real assets, oil experienced another volatile month amid escalating geopolitical tensions. Spot WTI Crude Oil ended the month slightly higher – adding 0.5% in July for year-to-date gains of 29.6%.

Market Outlook

Though renewed central bank accommodation provided a temporary boon to markets, escalating global trade rhetoric and slowing growth temper our excitement for risk assets. To this end, we encourage rebalancing overall equity exposure and reducing return-seeking credit.

West Virginia Board of Treasury Investments Financial Highlights as of July 31, 2019

WV Short Term Bond Pool

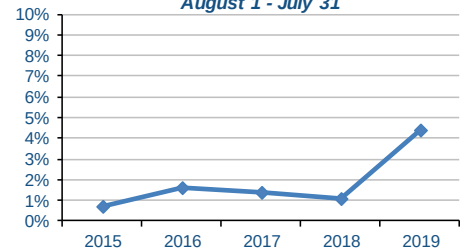
Rates of Return for the Past 12 Months *Net of All Fees*

<u>Aug 1 - July 31</u>	<u>Return</u>	<u>Net Assets At Jul 31 (In Millions)</u>
2019	4.4%	\$ 829.6
2018	1.1%	\$ 710.9
2017	1.4%	\$ 752.3
2016	1.6%	\$ 782.7
2015	0.7%	\$ 803.3

Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

WV Short Term Bond Pool Rates of Return

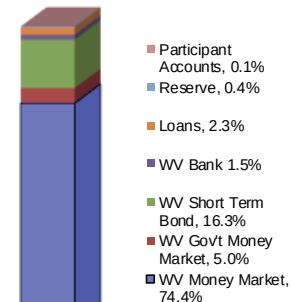
*Past 12 Months
August 1 - July 31*



Summary of Value and Earnings (In Thousands)

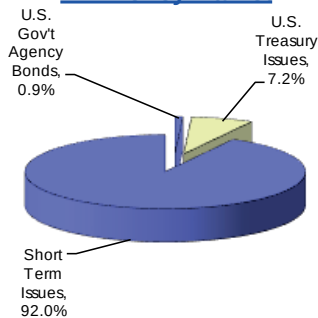
<u>Pool</u>	<u>Net Asset Value</u>	<u>Jul Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 3,798,562	\$ 8,029	\$ 8,029
WV Gov't Money Market	257,114	499	499
WV Short Term Bond	829,618	369	369
WV Bank	77,943	168	168
Loans	118,658	245	245
Reserve	19,628	41	41
Participant Accounts	3,198	(1)	(1)
	<u>\$ 5,104,721</u>	<u>\$ 9,350</u>	<u>\$ 9,350</u>

Percent of Total Net Asset Value

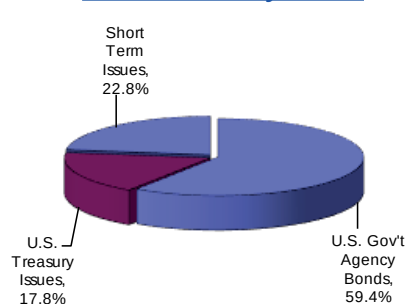


Securities by Type for Operating Pools (Percentage of Asset Value)

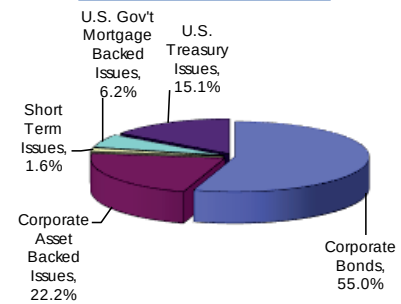
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
JULY 31, 2019

(IN THOUSANDS)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Other Pools	Participant Directed Accounts	Total
Assets							
Investments:							
At amortized cost	\$ 3,795,965	\$ 257,100	\$ -	\$ 77,433	\$ 138,005	\$ -	\$ 4,268,503
At fair value	-	-	831,752	-	-	3,154	834,906
Other assets	3,217	69	6,062	514	288	45	10,195
Total assets	<u>3,799,182</u>	<u>257,169</u>	<u>837,814</u>	<u>77,947</u>	<u>138,293</u>	<u>3,199</u>	<u>5,113,604</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	620	55	8,196	4	7	1	8,883
Total liabilities	<u>620</u>	<u>55</u>	<u>8,196</u>	<u>4</u>	<u>7</u>	<u>1</u>	<u>8,883</u>
Net Position							
Held in trust for investment pool participants	3,798,562	257,114	829,618	77,943	138,286	-	5,101,523
Held in trust for individual investment account holders	-	-	-	-	-	3,198	3,198
Total net position	<u>\$ 3,798,562</u>	<u>\$ 257,114</u>	<u>\$ 829,618</u>	<u>\$ 77,943</u>	<u>\$ 138,286</u>	<u>\$ 3,198</u>	<u>\$ 5,104,721</u>
Additions							
Investment income:							
Interest and dividends	\$ 3,771	\$ 175	\$ 1,933	\$ 170	\$ 287	\$ 11	\$ 6,347
Net (amortization) accretion	4,434	337	84	-	-	(1)	4,854
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>8,205</u>	<u>512</u>	<u>2,017</u>	<u>170</u>	<u>287</u>	<u>10</u>	<u>11,201</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	176	13	55	1	2	-	247
Total investment expenses	<u>176</u>	<u>13</u>	<u>55</u>	<u>1</u>	<u>2</u>	<u>-</u>	<u>247</u>
Net investment income	8,029	499	1,962	169	285	10	10,954
Net realized gain (loss) from investments	-	-	46	-	-	-	46
Net increase (decrease) in fair value of investments	-	-	(1,639)	-	-	(11)	(1,650)
Net increase (decrease) in net position from operations	8,029	499	369	169	285	(1)	9,350
Participant transaction additions:							
Purchase of pool units by participants	976,135	14,245	91,615	164	202	-	1,082,361
Reinvestment of pool distributions	8,029	499	1,817	168	286	-	10,799
Contributions to individual investment accounts	-	-	-	-	-	36	36
Total participant transaction additions	<u>984,164</u>	<u>14,744</u>	<u>93,432</u>	<u>332</u>	<u>488</u>	<u>36</u>	<u>1,093,196</u>
Total additions	992,193	15,243	93,801	501	773	35	1,102,546
Deductions							
Distributions to pool participants:							
Net investment income	8,029	499	1,962	168	286	-	10,944
Net realized gain (loss) from investments	-	-	46	-	-	-	46
Total distributions to pool participants	<u>8,029</u>	<u>499</u>	<u>2,008</u>	<u>168</u>	<u>286</u>	<u>-</u>	<u>10,990</u>
Participant transaction deductions:							
Redemption of pool units by participants	1,144,915	9,789	-	164	1,191	-	1,156,059
Withdrawals from individual investment accounts	-	-	-	-	-	-	-
Total participant transaction deductions	<u>1,144,915</u>	<u>9,789</u>	<u>-</u>	<u>164</u>	<u>1,191</u>	<u>-</u>	<u>1,156,059</u>
Total deductions	<u>1,152,944</u>	<u>10,288</u>	<u>2,008</u>	<u>332</u>	<u>1,477</u>	<u>-</u>	<u>1,167,049</u>
Net increase (decrease) in net position from operations	(160,751)	4,955	91,793	169	(704)	35	(64,503)
Inter-pool transfers in	-	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-	-
Net inter-pool transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(160,751)	4,955	91,793	169	(704)	35	(64,503)
Net position at beginning of period	<u>3,959,313</u>	<u>252,159</u>	<u>737,825</u>	<u>77,774</u>	<u>138,990</u>	<u>3,163</u>	<u>5,169,224</u>
Net position at end of period	<u>\$ 3,798,562</u>	<u>\$ 257,114</u>	<u>\$ 829,618</u>	<u>\$ 77,943</u>	<u>\$ 138,286</u>	<u>\$ 3,198</u>	<u>\$ 5,104,721</u>

| WEST VIRGINIA |

BOARD OF TREASURY INVESTMENTS



A Component Unit of the State of West Virginia

Audited Financial Statements

with Supplementary & Other Financial Information

Year Ended June 30, 2019

**Audited Financial Statements
With Other Financial Information**

**West Virginia Board of Treasury Investments
Year Ended June 30, 2019**

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West Virginia Board of Treasury Investments

Financial Statements with Other Financial Information

For the Year Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the
West Virginia Board of Treasury Investments
Charleston, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the combined fiduciary funds of the West Virginia Board of Treasury Investments (the "BTI"), a component unit of the State of West Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the BTI's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the combined fiduciary funds of the BTI, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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, who 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the BTI's basic financial statements. The combining and individual fund financial statements, the schedule of investments in securities, and other financial information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the schedule of investments in securities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied 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 of America. In our opinion, the combining and individual fund financial statements and the schedule of investments in securities are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other financial information section has 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2019 on our consideration of the BTI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BTI's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
August 30, 2019

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West Virginia Board of Treasury Investments

Management's Discussion and Analysis

June 30, 2019

As management of the West Virginia Board of Treasury Investments (the "BTI"), we offer readers of the financial statements of the BTI this discussion and analysis of the BTI's financial performance for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented in this section in conjunction with the BTI's financial statements, including notes to the financial statements, which follow this section.

The BTI serves as an investment vehicle for the operating cash of West Virginia State agencies and authorities, local governments such as cities and counties, and other political subdivisions throughout the State. The 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 that are managed for the sole benefit of the participants.

Financial Highlights

The financial position of the State of West Virginia improved during fiscal year 2019 as the positive revenue trends from fiscal year 2018 continued into the new fiscal year. Over the first half of the fiscal year, revenue collections were higher than expected and by December 2018, exceeded fiscal-year-to-date expectations by over \$185 million. This gave the West Virginia Department of Revenue (the "Revenue Department") the confidence to revise the revenue estimates upward in January 2019. Continued strong revenue growth resulted in the Revenue Department revising the estimates upwards three more times over the remaining months of the fiscal year. These four revisions increased the revenue estimates by almost 7%, or \$308 million, from the beginning-of-year estimates. Total general revenue collections by fiscal year-end exceeded the revised estimates by approximately \$8 million. Personal income tax collections were almost \$5 million ahead of the revised estimate, continuing the growth in personal income tax from fiscal year 2018. Another bright spot was severance taxes, which exceeded estimates by over \$11 million. The overall positive growth in the West Virginia economy was responsible for the improvements in revenue collections and an increase in the BTI's investment pools' net position from fiscal year-end 2018. Proceeds from 2018 bond issuances under the Roads to Prosperity Highway Program remained invested in the WV Money Market Pool over the course of fiscal year 2019, helping to maintain an elevated net position over 2018 levels. The Division of Highways expects that a majority of the \$1.2 billion in proceeds will be drawn down and spent over the course of fiscal year 2020.

Rates of return, net of advisor fees, for the Consolidated Fund's WV Money Market, WV Government Money Market, and WV Short Term Bond Pools were 2.47%, 2.25%, and 4.58%, respectively, for the year ended June 30, 2019. The increase in returns from the prior fiscal year was primarily driven by global economic factors and policy actions of the Federal Reserve (the "Fed") over the course of fiscal year 2019. In the first quarter of the fiscal year, the Fed continued their policy normalization campaign, hiking rates in September 2018. The quantitative tightening program that had begun during fiscal year 2018 continued, with the Fed balance sheet run-off reaching the scheduled \$50 billion monthly reduction in October 2018. Under the balance sheet normalization program, the Fed only reinvested interest and maturity receipts that exceeded the targeted monthly reduction. The objective of the program is to reduce the Fed's balance sheet to a more "normal" level from the current level of more than \$4 trillion. Yields on the short end of the Treasury curve continued to rise over the first quarter, increasing the returns on the WV Money Market and WV Government Money Market Pools. In the second quarter, global economic growth began showing signs of slowing. Yields on Treasuries with maturities over one year peaked in November 2018 and began

falling as global economic growth concerns came to the forefront. Market participants became concerned that the Fed was tightening policy too quickly, perhaps already putting a damper on some parts of the economy. The yield curve continued flattening even as the Fed maintained a hawkish stance, with the Fed communicating that it was continuing its policy normalization program. As anticipated, the Federal Open Market Committee (the "FOMC") hiked rates a quarter point at the December 2018 meeting. Although FOMC participants had lowered their median forecast to only two rate hikes over calendar year 2019, the statement retained language with respect to future rate hikes that the market saw as more aggressive than expected. Additionally, Chairman Jerome Powell, in remarks after the meeting stated that the Fed was content to let the balance sheet runoff continue on autopilot, with monetary policy changes addressed through adjustments to the policy rate. The market reaction was very negative as stocks plummeted and longer-dated Treasury yields fell with market participants becoming more concerned that the Fed would raise rates to the point where economic growth would stall. The December 2018 rate increase would mark the last rate hike during the fiscal year as the Fed abruptly moved from monetary tightening to monetary easing. While the U.S. economic expansion was continuing, there were signs appearing that the pace of growth was slowing. Fed statements became more dovish, with the Fed removing language about future rate hikes. The Fed modified their statements to indicate that the Fed would be patient and future rate adjustments would be dependent on incoming data. With respect to the balance sheet normalization program, the Fed announced that it would modify its balance sheet reduction program. At the May 2019 meeting, the Fed announced that the balance sheet reduction program would come to an end in September 2019. Economic news weighed heavily on rates and rate expectations as the U.S.-China trade dispute continued to drag on. A last-minute breakdown in talks between the U.S. and China and threats of additional tariffs by President Trump damaged business confidence in the U.S. The May jobs report fell well short of expectations, coming in at an increase in payrolls of only 75,000 jobs versus expectations of a gain of 180,000. While news on the economic front brightened in June, the market was pricing in future rate cuts, with an expected rate cut of 50 basis points at the July 2019 FOMC meeting. Rates under six months to maturity ended the fiscal year modestly higher from the end of fiscal year 2018, while rates on maturities six months and over slid to levels below where they started in fiscal year 2019. These movements in rates helped to boost performance over fiscal year 2018 levels in the WV Money Market, WV Government Money Market and WV Short Term Bond Pools.

The WV Money Market Pool is structured as a money market fund with the goal of preservation of principal. The benchmark for the WV Money Market Pool was a blended benchmark composed of fifteen percent of the iMoneyNet Treasury & Repo Institutional Average plus eighty-five percent of the iMoneyNet First Tier Institutional Average. Returns, net of advisor fees, in the WV Money Market Pool were higher year-over-year, increasing from 1.58% for fiscal year 2018 to 2.47% for fiscal year 2019. The largest factor in the increase in performance in fiscal year 2019 was the series of rate hikes by the Fed discussed previously. The pool was managed over the first half of the fiscal year with the expectation that the Fed would continue to raise rates. As such, the weighted average maturity ("WAM") was maintained in the low to mid 30-day range to take advantage of rising rates over the first half of fiscal year 2019. As the Fed guidance moved from tightening to easing, the managers extended the pool's WAM to the high 30 to low 40-day range. Treasury allocations were maintained near the 15% minimum given the relative attractiveness of other permissible investment sectors. While fed funds futures were implying three rate cuts over the first half of fiscal year 2020, many participants in the money markets were of the opinion that there would be no more than two rate cuts over that period. With the manager expectations in line with market expectations for rate cuts over the first two quarters of fiscal year 2020, the WAM of the pool is expected to be maintained at its current range.

The WV Government Money Market Pool's objective is to preserve capital and maintain sufficient liquidity to meet the daily disbursement requirements of participants, while earning a return above inflation. The benchmark for the WV Government Money Market Pool is a blended benchmark composed of fifteen percent of the iMoneyNet Treasury & Repo Institutional Average plus eighty-five percent of the iMoneyNet Government & Agencies Institutional Average. Returns for the WV Government Money Market Pool were

higher than the previous fiscal year, with the pool return, net of advisor fees, increasing from 1.30% from fiscal 2018 to 2.25% for fiscal year 2019. As with the WV Money Market Pool, the increase in returns in the WV Government Money Market Pool was primarily the result of rate hikes by the Fed during the fiscal year. Similar to the WV Money Market Pool, the WV Government Money Market Pool's investment manager kept the WAM short during the first half of the fiscal year. The WAM was maintained in the low 20-day range over the early part of the fiscal year to take advantage of expected Fed rate hikes. The WAM was extended out to the mid 30-day range towards the end of the fiscal year as the Fed shifted to an easing of monetary policy. With yields on agency securities being unattractive relative to similar duration Treasury securities, the WAM was increased through purchases of longer-dated Treasuries. Given the inverted bill curve, the manager targeted a higher level of overnight repo for the pool, generally keeping 25% of the pool in repo. The manager expects to maintain a similar duration profile over the first half of fiscal year 2020 and may lengthen the WAM if there are attractive opportunities available on the longer end of the bill curve.

The WV Short Term Bond Pool is structured as a mutual fund with the objective of asset growth rather than current income. The benchmark for the WV Short Term Bond Pool is the ICE BofAML 1-3 Year US Corporate & Government Index plus 10 basis points. Fiscal year 2019 net-of-advisor-fee returns were up sharply over fiscal year 2018 returns, increasing from 1.18% for fiscal year 2018 to 4.58% for fiscal year 2019. In early fiscal year 2019, there was an investment manager change for the pool, with Sterling Capital Management ("Sterling") taking over for Federated Investors. Sterling won the mandate through a competitive bidding process that included Federated Investors and fifteen other investment management firms. In addition to the change in manager, the Board of the BTI elected to modify the investment guidelines for the pool to place limits on how far a manager could deviate from the Pool's benchmark duration. Prior to this change, the investment manager had a maximum duration limit of two years with no minimum limit. The guideline revision requires the investment manager to maintain the pool's duration within plus or minus twenty percent of the benchmark duration. When Sterling assumed control of the pool in November 2018, the pool's duration stood at 1.0 years versus the benchmark duration of 1.85 years. In order to bring the pool duration into compliance with policy, and to reposition the pool in line with Sterling's credit coverage and market outlook, Sterling engaged in a series of trades over November and December 2018. Performance over this period was short of the benchmark, but the portfolio was better positioned to take advantage of the decline in market yields in the second half of the year. With a portfolio duration closer to 1.9 years, the pool was able to pick up approximately six basis points of excess return versus the benchmark over the second half of the year. An overweight to corporate bonds and underweight to Treasuries also helped boost performance, as the pool benefitted from declining yields and tightening credit spreads. By fiscal year-end, the composition of the pool had been shifted from approximately 41% securitized products, 46% corporate debt and 13% Treasuries to 57% corporate debt, 28% securitized products and 15% Treasuries. The manager will continue to maintain the pool's duration neutral to the benchmark and will adjust allocations as necessary to respond to incoming market data. Sterling is anticipating a rate cut by the Fed early in fiscal year 2020, possibly as soon as July 2019, with future rate decisions dependent on economic data providing confirmation of a meaningful slowdown in U.S. growth.

Overview of the Financial Statements

This report presents the operating results and financial position of the BTI, which is composed of a proprietary fund and fiduciary fund. The proprietary fund is an internal service fund, or operating fund, used to account for activities that provide investment and administrative services on behalf of the State and other participants in the Consolidated Fund. The fiduciary fund is used to account for the activities of the Consolidated Fund, which is made up of nine legally separate investment pools and accounts. There are three external investment pools, three special-purpose internal investment pools, and three individual investment accounts, all of which are included in the fiduciary fund. The BTI is the trustee, or fiduciary, for participants in the Consolidated Fund. Financial statements for the proprietary fund and the fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting in

accordance with accounting principles generally accepted in the United States of America ("GAAP") for governmental entities.

The Statement of Net Position presents information on the proprietary fund's assets and liabilities, with the difference between the two reported as net position. This statement is categorized into current and non-current assets and liabilities. For purposes of the financial statements, current assets and liabilities are those assets and liabilities with immediate liquidity or which are collectible or becoming due within 12 months of the statement's date.

The Statement of Revenues, Expenses and Changes in Net Position reflects the operating and non-operating revenues and expenses of the proprietary fund for the operating year. Operating revenues primarily consist of investment service fees charged to the Consolidated Fund with significant operating expenses composed of salaries and benefits, investment advisor fees, investment management system expenses, professional service fees, and fiduciary bond fees.

The Statement of Cash Flows reflects the proprietary fund's cash flows from operating activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash and cash equivalents for the year.

The Statement of Fiduciary Net Position presents information on the fiduciary fund's assets and liabilities, with the difference between the two reported as net position held in trust for investment pool participants and individual investment account holders.

The Statement of Changes in Fiduciary Net Position reports the additions and deductions to the fiduciary fund for the year. Additions are composed of investment income, such as interest, dividends, and accretion; investment expenses such as investment advisor fees, custodian bank fees, administrative fees; and purchases of pool units, reinvestments of pool distributions, and contributions to individual investment accounts. Deductions represent distributions to pool participants, redemption of units by pool participants, and withdrawals from individual investment accounts.

The State of West Virginia reports the proprietary fund as an internal service fund in its Comprehensive Annual Financial Report ("CAFR"). An internal service fund is used to report any activity that provides goods or services to other funds, departments, or agencies of the State and its component units, or to other governments, on a cost-reimbursement basis. The State reports the portions of the Consolidated Fund pools and accounts held by state agencies and component units as investment holdings of those entities within the appropriate fund reporting categories for those entities. The State reports the portions of the Consolidated Fund held by local governments, municipalities, and other political subdivisions as investment trust funds, a type of fiduciary fund. Fiduciary fund reporting is used to account for resources held for the benefit of parties outside the governmental entity, and those resources are not available to support operations of that entity.

Financial Analysis of the Operating Fund

Net position. The following is the condensed Statements of Net Position of the proprietary fund, which represents the assets, liabilities, and net position generated by the operating activities of the BTI, as of June 30, 2019 and 2018 (in thousands).

	2019	2018
Current assets	\$ 2,028	\$ 1,651
Noncurrent assets	5	5
Total assets	<u>2,033</u>	<u>1,656</u>
Current liabilities	577	609
Total liabilities	<u>577</u>	<u>609</u>
Net position:		
Net investment in capital assets	5	5
Unrestricted	<u>1,451</u>	<u>1,042</u>
Total net position	<u><u>\$ 1,456</u></u>	<u><u>\$ 1,047</u></u>

The net position of the Operating Fund increased by \$409,000 during fiscal year 2018. The increase in net position was the primarily the result of an increase in current assets of \$377,000. Also contributing to the increase in net position was a decrease of \$32,000 in current liabilities. Noncurrent assets did not materially change during fiscal year 2019.

The majority of the proprietary fund's net position consists of current assets. Current assets are composed of cash and accounts receivable that will be used to pay investment advisor, custodian, and administrative costs. The current asset balance of \$2,028,000 comprises \$1,396,000 in cash and \$632,000 in accounts receivable. The cash and accounts receivable balances increased from 2018 by \$362,000 and \$15,000, respectively.

The increase in the cash balance was primarily a result of a net operating income of \$409,000. Offsetting the increase from net operating income were changes in the receivables and payables balances. The changes in receivables and payables are more fully discussed below.

The accounts receivable balance of \$632,000 represents fees that have been accrued but not withdrawn from the investment pools at June 30, 2019 to pay investment advisor, custodian, and administrative costs. In accordance with *WV State Code §12-6C-19*, the Board may charge fees to the pools for reasonable and necessary expenses incurred for rendering services. The fees charged to the pools are categorized into direct expenses (investment advisor and custodian fees) and indirect expenses (administrative costs). As part of the BTI operations, administrative and custodial fees accrued in the investment pools are periodically transferred from the pools to the BTI's operating fund to pay for all necessary and reasonable expenses. Investment advisor and custodial fees are accrued daily or monthly and transferred to the operating fund to coincide with the receipt of advisor and custodial invoices. The periodic nature of these transfers results in the accounts receivable balance. Accounts receivable increased by \$15,000 over the fiscal year end 2018 balance. This increase was composed of increases in administrative and advisor fees receivable of \$22,000 and \$33,000, respectively, and a decrease in custodian fees receivable of \$40,000. The increases in administrative and advisor fees receivable resulted from the higher level of assets under management at the end of fiscal year 2019 as compared to fiscal year-end 2018. With respect to custodian fees receivable, at the end of fiscal year 2018, payments to the BTI's custodian were placed on hold pending resolution of West Virginia unemployment insurance compliance issues. Since custodian fees are not transferred until

the invoices are ready for payment, six months of custodian fees were held in the investment pools. These compliance issues were resolved early in fiscal year 2019 and the normal process of paying custodian fees on a monthly basis resumed. At the end of fiscal year 2019, there was only one month of custodian fees receivable.

Capital assets, net of accumulated depreciation, did not substantially change during the year. New computer equipment, totaling \$3,000 was purchased during the fiscal year. This increase in capital assets was offset by annual depreciation of \$3,000. There were no asset retirements during fiscal year 2019.

The balance of \$577,000 in current liabilities represents \$504,000 in accounts payable and \$73,000 of reimbursements due to the West Virginia State Treasurer's Office (the "STO") at June 30, 2019. Current liabilities decreased by \$32,000 as compared to the fiscal year-end 2018 balance. The net decrease in current liabilities was composed of a decrease of \$49,000 in accounts payable and an increase of \$17,000 in reimbursements due to the STO. The majority of the accounts payable balance represents amounts due for services received from the BTI's investment advisors for the quarter ending June 30, 2019, custodian fees for June 2019, investment consultant fees for the quarter ending June 30, 2019, and maintenance costs for the investment management system for June 2019. The net decrease of \$49,000 in accounts payable was primarily composed of an increase in amounts payable to the BTI's investment advisors for the quarter ending June 30, 2019, and decreases in the amounts payable for custodian fees and maintenance costs. Investment advisor fees payable increased by \$33,000 due to a higher level of assets under management during the final quarter of the fiscal year 2019 as compared to the final quarter of fiscal year 2018. Custodian fees payable decreased by \$74,000 as a result of the resolution of the previously mentioned payment hold placed on the BTI's custodian at the end of fiscal year 2018. The payable amount decreased by a greater amount than the related receivable since custody fees for three months' invoices had been transferred from the investment pools prior to the BTI being notified of the payment hold. Maintenance fees payable decreased by approximately \$13,000 as there was only one month of fees payable at fiscal year-end 2019 versus two months payable at the end of fiscal year 2018. The remaining \$5,000 change in payables was due to invoices for purchase of new computer equipment and professional services rendered during the last two months of fiscal year 2019. The \$73,000 in reimbursements due to the STO was for staffing services provided to the BTI, office space rental and utilities expenses, and the BTI's share of other office expenses paid on the BTI's behalf by the STO. The amount due to the STO was \$17,000 higher than at the end of fiscal year 2018, primarily due to an increase in pass-through costs related to annual software license renewals, travel, and professional services.

Net position of the BTI's proprietary fund is composed of net investment in capital assets and unrestricted net position. Capital asset expenditures of \$1,000 or more (\$500 or more for certain computer equipment) are capitalized at cost and reported net of accumulated depreciation. Unrestricted net position represents net position not restricted for use by legal, contractual or enabling legislation constraints.

Changes in net position. The following is the condensed Statements of Revenues, Expenses and Changes in Net Position of the operating fund for the periods ended June 30, 2019 and 2018 (in thousands).

	2019	2018
Revenues		
Operating revenues:		
Management services	\$ 1,717	\$ 1,245
Advisor and custodian services	1,893	1,597
Total revenues	<u>3,610</u>	<u>2,842</u>
Expenses		
Operating expenses:		
General and administrative	1,305	1,190
Advisor and custodian fees	1,893	1,594
Depreciation	3	2
Total expenses	<u>3,201</u>	<u>2,786</u>
Increase in net position	409	56
Net position at beginning of year	<u>1,047</u>	<u>991</u>
Net position at end of year	<u><u>\$ 1,456</u></u>	<u><u>\$ 1,047</u></u>

Operating revenues at June 30, 2019 consist of investment advisor, custodian, and management fees billed to the pools by the operating fund to cover the cost of providing investment management services. The fees charged to the pools are categorized into direct or indirect expenses. All direct expenses, investment advisor and custodian fees are charged directly to the pools as they are incurred. All indirect expenses, e.g. insurance, staff costs, and rent, are charged to the pools based upon a fixed basis point fee against the net position of the pool. The fees collected are deposited in a special account in the STO created and designated as the Board of Treasury Investments Fee Fund in accordance with *West Virginia Code §12-6C-19*.

Operating revenues for fiscal year 2019 increased by \$768,000. The increase in revenue consisted of an increase of \$472,000 in management (administrative) fees charged to the pools, an increase of \$262,000 in advisor fee revenues, and an increase of \$34,000 in custodial fees.

Advisor fees are computed based upon market values of the pools. The average market value of assets under management were approximately \$1.5 billion higher over the course of fiscal year 2019 for the WV Money Pool, resulting in an increase in advisor fees of \$427,000. Offsetting this increase in advisor fees was a decrease in the advisor fees for the WV Short Term Bond Pool. During fiscal year 2019, there was a change in the investment advisor for the pool. The contract with Federated Investors, who had managed the pool since October 2008, expired and a request for proposals was issued. The winning bidder, Sterling Capital Management, took over investment management of the pool in November 2018. The fee charged by Sterling is approximately 3 basis points lower than the fee charged by Federated. Additionally, the average assets of the pool declined by approximately \$16 million during the fiscal year as investors in the pool withdrew some of their funds. The combination of these two factors resulted in a decrease in investment advisor fees for the WV Short Term Bond Pool of \$165,000. Advisor fees for the WV Government Money Market Pool did not change significantly from 2018 levels. The custodian fees increased by a combined \$34,000 as a result of the increase in the assets of these pools and an increase in trading in the pools. The increase in trading in the WV Money Market and WV Government Money Market Pools was driven by actual and expected rising rates over most of the fiscal year. The increase in trading in the WV Short Term Bond Pool resulted from the change in investment advisors. Administrative fee revenue increased by \$472,000 from fiscal year 2018 levels. For fiscal year 2019, the BTI left the

administrative fee unchanged, anticipating that bond proceeds that were deposited in the WV Money Market Pool at the end of fiscal year 2018 would be withdrawn during fiscal year 2019 as the funds were spent down or reinvested in a stand-alone account that matched investment cash flows to expected expenditures. The expected drawdown did not occur, resulting in a much higher average asset balance in the WV Money Market Pool than was anticipated. Adding to this was an increase in investments by state agencies, which added an additional \$694 million in investments over the course of the fiscal year. This led to a \$1.5 billion increase in the average assets of the WV Money Market Pool for fiscal year 2019, which was responsible for an overwhelming majority of the increase in administrative fees.

Total operating expenses for the year increased by \$415,000. This includes an increase of \$115,000 in general and administrative expense and an increase in advisor and custodian fees of \$299,000. Depreciation expense increased from the prior fiscal year by \$1,000.

General and administrative expenses represent costs associated with operating the BTI that are not considered directly applicable to investment management. Salary reimbursements, investment consulting fees charged by NEPC Investment Consulting and fiduciary bond expenses make up the majority of this expense line item. Salary reimbursements and related expenses increased by \$46,000 from the prior year. This increase was the result of an increase in salary amounts allocated by the STO to the BTI resulting from merit raises and an across-the-board salary increase granted by the Legislature. Professional services also increased during fiscal year 2019, rising by \$28,000 from fiscal year 2018 levels. The primary components of this increase was an increase in costs related to Bloomberg terminal services, an increase in professional services costs related to the design costs for BTI marketing and promotional materials and consulting costs allocated by the STO to the BTI for the STO's network infrastructure upgrades. Computer equipment expenditures increased in fiscal year 2019 by \$23,000. This increase was related to an increase in reimbursements to the STO for the BTI's share of the costs of the STO's network infrastructure upgrades. These expenditures were not capitalized by the BTI since the BTI did not directly purchase, and does not own, any of the computer and networking equipment purchased by the STO. Travel and training costs increased by \$14,000 over fiscal year 2018 levels as BTI staff increased attendance at training events and professional conferences and also increased in-state travel to perform presentations to local governments. Other general and administrative expenses increased by approximately \$4,000 from fiscal year 2018.

A large portion of the BTI's expenses represent investment advisor fees. The current investment advisors are Federated Investors, Sterling Capital Management, and UBS Global Asset Management. All investment decisions and trade executions are performed by the investment advisors. The balance of custodian and advisor fee expense is composed of investment advisor fees of \$1,725,000 and custodian fees of \$168,000. Investment advisor fees increased by \$262,000 and custodian fees increased by \$37,000 over fiscal year 2018 levels. The net increase of \$427,000 in investment advisor fees was the result of an increased level of assets under management in the WV Money Market Pool over fiscal year 2019. Offsetting this increase was a decrease in advisor fees for the WV Short Term Bond Pool. As previously discussed, the change in investment manager for this pool resulted in advisor fees decreasing by \$165,000 as compared to fiscal year 2018. Custodian fees increased by \$37,000 during fiscal year 2019, primarily due to the aforementioned increase in assets under management during the fiscal year.

Financial Analysis of the Consolidated Fund

Net position. The following is combined, condensed Statements of Fiduciary Net Position of the Consolidated Fund fiduciary funds as of June 30, 2019 and 2018 (in thousands).

	2019	2018
Assets		
Investments	\$ 5,159,739	\$ 4,429,361
Receivables	11,933	6,123
Total assets	<u>5,171,672</u>	<u>4,435,484</u>
Liabilities		
Accrued expenses	631	616
Dividends and purchases payable	<u>1,817</u>	<u>5,386</u>
Total liabilities	<u>2,448</u>	<u>6,002</u>
Net Position		
Held in trust for investment pool participants	5,166,061	4,398,144
Held in trust for individual investment account holders	<u>3,163</u>	<u>31,338</u>
Net position	<u><u>\$ 5,169,224</u></u>	<u><u>\$ 4,429,482</u></u>

As of June 30, 2019, the Consolidated Fund's assets totaled approximately \$5.2 billion and were composed almost entirely of investments in securities. Net position as of the end of fiscal year 2019 was nearly \$740 million higher than the fiscal year end 2018 net position. The increase in net position was composed of a net increase of \$768 million in investments by state agencies and local governments in the investment pools. Offsetting this increase was a decline in investments in individual accounts, which fell by \$28 million from fiscal year end 2018.

As more fully discussed below, the BTI experienced a net increase in invested funds during fiscal year 2019. The overwhelming majority of the increase was in the WV Money Market Pool, which saw an increase of almost \$693 million in net position. The WV Government Money Market Pool also increased year-over-year, adding approximately \$40 million from fiscal year-end 2018. Net position of the WV Short Term Bond Pool increased by \$28 million while the State Loan Pool added approximately \$10 million in net position. Pools and accounts that experienced decreases in net position from fiscal year 2018 were the WV Bank Pool and Municipal Bond Commission Account (the "MBC Account"). Investments in the WV Bank Pool fell by almost \$4 million as higher rates made certificates of deposit offered through the West Virginia CD program less attractive to state banks. The MBC Account net position went to zero as the full \$28 million invested as of fiscal year-end 2018 matured and was withdrawn during the fiscal year. The School Fund, Reserve Pool and West Virginia Economic Development Authority Account were little changed from the prior fiscal year.

The receivables balance is composed of accrued interest and dividends and receivables for investments sold. Receivables increased by \$5.8 million over the fiscal year-end 2018 balance. The increase was composed of an increase in interest and dividends receivable of \$2.4 million and an increase of \$3.4 million in receivables for investments sold. Although investments increased year-over-year, the increase in interest rates from two Fed rate hikes during the fiscal year was the primary reason for the overall increase in interest receivable. In the WV Money Market Pool, interest and dividends receivable increased by almost \$0.4

million from fiscal year 2018. The pool's holdings of interest bearing securities, at 45% of total holdings by fiscal year-end 2019, was similar to the level of interest bearing securities held at the end of fiscal year 2018. With the increase in net position over fiscal year 2019, the amount of interest bearing holdings increased by approximately \$200 million from fiscal year-end 2018. The weighted average coupon on the interest bearing securities increased from 2.19% at the end of fiscal year 2018 to approximately 2.53% by the end of fiscal year 2019. The increase in interest bearing assets, as well as increase in coupon rates, was responsible for the \$0.4 million increase in interest receivable in the WV Money Market Pool from fiscal year 2019.

The interest receivable balance of the WV Government Money Market Pool was down slightly from fiscal year 2018 as the investment manager decreased holdings of interest bearing securities in favor of discount Treasury and Agency holdings. The change in investment mix dropped interest bearing holdings from 52% of the pool at fiscal year-end 2018 to only 33% at the end of fiscal year 2019. The shift in the mix of interest bearing versus discount securities resulted in the interest receivable balance dropping slightly in spite of the modest increase in assets and increase in coupon rates year-over-year.

Changes in the interest and dividends receivable balance of the WV Short Term Bond Pool accounted for the majority of the overall increase in interest and dividends receivable, rising by almost \$2.0 million from fiscal year 2018. An increase in market interest rates and changes in securities held by the pool led to the increase in interest and dividends receivable as compared to fiscal year-end 2018. The weighted-average coupon of securities held by WV Short Term Bond Pool increased from 2.43% at the end of fiscal year 2018 to 2.86% at the end of fiscal year 2019. In addition to the higher coupons, the investment manager increased allocations to securities with quarterly and semi-annual interest payment frequencies from 58% of the pool to approximately 71% of the pool. The higher allocation to securities with less frequent interest payments resulted in an increase in days of interest accrued at fiscal year-end 2019. The WV Short Term Bond Pool was also responsible for the \$3.4 million year-over-year increase in receivables for securities sold. Certain securities were sold by the pool at the end of June 2019 that had trade settlement dates after fiscal year-end 2019. There were no such receivables in the WV Short Term Bond Pool, or any other pool or account, at the end of fiscal year 2018.

The remaining pools and accounts did not experience significant changes in interest and dividends receivable year-over-year. The WV Bank Pool had an increase of over \$0.1 million in interest receivable as a result of increased interest rates over the last half of the fiscal year. Interest receivable in the MBC Account decreased \$0.1 million to zero at the end of fiscal year 2019. The decline was entirely due to all investments in the account maturing and the proceeds withdrawn from the account prior to fiscal year end. The remaining pools and accounts were little changed from the prior fiscal year.

Total liabilities decreased by approximately \$3.5 million from June 30, 2018 levels. Total liabilities consist of accrued expenses, representing accrued manager fees, custodian bank fees and administrative fees, and dividends and purchases payable, representing dividends payable to participants in the WV Short Term Bond Pool and amounts payable for securities purchases settling in the following accounting period. The majority of the decrease in liabilities was the result of changes in the amounts payable for securities purchased in the WV Short Term Bond Pool. The liability for investments purchased for the WV Short Term Bond Pool fell by \$4.0 million as there were no unsettled investment purchase transactions at the end of fiscal year 2019. Dividends payable in the WV Short Term Bond Pool increased by over \$0.4 million as a result of the increase in yields at fiscal year-end as compared to the prior fiscal year-end. Accrued expenses were up slightly as compared to the end of fiscal year 2018.

Net position is the excess of total assets over total liabilities. As of June 30, 2019, the Consolidated Fund had total net position of just over \$5.1 billion. The net position consists of funds held in trust for investment pool participants and individual account holders. Investment pool participants are those participants

investing in the WV Money Market, WV Government Money Market, WV Short Term Bond, WV Bank, Reserve, and Loan Pools. Net position for investment pool participants increased approximately 17.5% from the prior year due to increases in investments in the WV Money Market, WV Government Money Market, WV Short Term Bond and State Loan Pools. Investment in the WV Bank Pool declined from the prior fiscal year. Net position of the individual accounts was down 89.9% from fiscal year 2018. The decline in net position in individual accounts was due entirely to the Municipal Bond Commission closing the MBC Account during the fiscal year. The remaining pools and accounts did not change significantly during the year.

Net position of the WV Money Market Pool increased by approximately \$693 million from the prior year. State agency investments increased by \$678 million over the course of the fiscal year while local government investments increased by nearly \$15 million. The majority of the increase in state agency investments was in State Participation. State Participation represents cash of the General Fund and cash of other state agencies that is not invested for the benefit of a particular agency. The balance of State Participation increased by \$504 million from fiscal year 2018 and is related to the increase in overall revenue collections by the state during fiscal year 2019. The next largest increase in state agency investments was in the West Virginia Retiree Health Benefit Trust OPEB accumulation account, which added \$49 million during the fiscal year. Investments by the West Virginia Department of Transportation (the "DOT") increased by \$47 million. This increase was primarily from the issuance of bonds during fiscal year 2019 under the Roads to Prosperity program, net of disbursements from other bond proceeds investments. Balances invested for other state agencies increased by \$78 million year-over-year,

Net position of the WV Government Money Market Pool increased by \$39.8 million from fiscal year end 2018. State agency deposits, which made up almost 82% of the funds invested in the Pool at the end of fiscal year 2019, decreased by \$2.9 million over the course of fiscal year 2019. The \$2.9 million decrease in state agency deposits was composed of a \$1.8 million increase in MBC deposits, a \$2.9 million decrease in West Virginia Housing Development Fund deposits and a \$1.8 million decrease in Division of Environmental Protection (the "DEP") deposits. Direct local government investments in the Pool are predominately made by county school boards. Over fiscal year 2019, local government investments increased by \$42.7 million, primarily from a single county school board which invested proceeds from a bond issuance for school construction.

The net position of the WV Short Term Bond Pool increased by \$28.3 million from fiscal year-end 2018. A majority of the increase was from reinvestment of net investment income and changes in fair value over the course of the fiscal year. Participant investment balances were stable over the year, with net redemptions of only \$4.7 million during the fiscal year. The majority of the net redemptions were due to a local government that closed out their account during fiscal year 2019.

Investments in the State Loan Pool rose during the fiscal year, increasing by \$10.2 million. The balance of the Revolving Loan program increased by \$10.7 million for the year as the WVEDA made draws on the loan program. Loan draws totaling \$20.0 million were made during the year. Offsetting the draws were regular monthly principal payments and an extra principal payment of \$1.4 million. During the fiscal year, the BTI was notified by the WVEDA that it was writing down the value of investments made under the WVEDA Non-recourse loan program to zero as of June 30, 2019. The write-downs for the fiscal year totaled \$0.5 million and brought the estimated net realizable value of the loan to approximately \$0.3 million. This value represents cash available for capital calls that is held by the WVEDA. The WVEDA is in the process of notifying the venture capital firms that future capital investments are being suspended and the investment program is being closed out. Once the notification period has expired, the WVEDA will return the remaining cash to the BTI and close out the loan. The WVEDA Non-recourse Loan program is more fully discussed in Note 7 to the financial statements.

The net position of the WV Bank Pool decreased by nearly \$4 million during fiscal year 2019. Demand for funds offered through the West Virginia CD program fell slightly from the prior fiscal year as rates for offerings of the CD program increased during the fiscal year. The BTI continued offering \$15 million at each monthly auction during fiscal year 2019, placing approximately 87% of the funds offered at auction.

The balance of the Reserve Pool did not change significantly over the fiscal year. There were no contributions or withdrawals in the pool during the year. The \$0.4 million increase in net position was the result of interest earnings that were reinvested in the account.

Net position held in trust for individual account holders represent individual state agency accounts with specific investment needs. While legal ownership of the securities rests with the BTI, each agency has 100% beneficial ownership of the investments in its pool and is solely responsible for the investment decisions in accordance with the legal restrictions applicable to those assets. Net position for individual account holders decreased by \$28 million from the prior fiscal year. The MBC was responsible for the decrease in net position for individual account holders. The MBC account holds investments escrowed to defease certain municipal bond issues. Levels of investment in this account are affected by municipal refinancing/refunding activity levels and the availability of, and yield on, eligible assets. Over the course of the fiscal year, the MBC withdrew \$28.3 million as all of the securities held in the account matured. With no new contributions, the account was closed in May 2019. Although the account was closed out during fiscal year 2019, the MBC may reopen it at any time in the future. For the remaining accounts, the net position of the School Fund increased by \$0.2 million while the West Virginia Economic Development Authority – American Woodmark (“EDA-AW”) account net position did not significantly change during the year.

Changes in net position. The following is a combined, condensed Statements of Changes in Fiduciary Net Position of the Consolidated Fund fiduciary funds for the years ended June 30, 2019 and 2018 (in thousands).

	Year Ended June 30,	
	2019	2018
Additions		
Net investment income	\$ 120,213	\$ 56,265
Net realized loss	(817)	(583)
Net increase (decrease) in fair value of investments	14,306	(5,460)
Unit purchases and contributions	11,538,994	11,623,844
Total additions	11,672,696	11,674,066
Deductions		
Distributions	119,146	55,275
Unit redemptions and withdrawals	10,813,808	10,189,236
Total deductions	10,932,954	10,244,511
Change in net position	739,742	1,429,555
Net position at beginning of year	4,429,482	2,999,927
Net position at end of year	\$ 5,169,224	\$ 4,429,482

Fiscal year 2019 net investment income more than doubled from fiscal year 2018 as a result of the two Fed rate hikes over the fiscal year and an increase in net position throughout the year. All pools and accounts,

with the exception of the EDA and MBC accounts, experienced increases in net investment income, with a total increase of \$63.9 million from the prior fiscal year. The WV Money Market Pool's net investment income increased by \$55.8 million, the largest increase of all the pools in dollar terms. The WV Government Money Market Pool experienced an increase of \$2.4 million over fiscal year 2018 net investment income. Net investment income in the WV Short Term Bond Pool was up \$4.6 million from fiscal year 2018. The WV Bank Pool's net investment income increased by \$0.8 million and the Reserve Pool's net investment income increased by \$0.2 million. Even with write-downs in the Non-recourse loan program totaling \$0.5 million, the State Loan Pool's net investment income rose \$0.2 million from fiscal year 2018 levels. Net investment income in the MBC Fee Account was down \$0.2 million from fiscal year 2018 as a result of the account closing during the year. Net investment income in the School Fund and EDA-AW Account were little changed from fiscal year 2018.

The Fed's two rate hikes during the fiscal year were significant contributors to the BTI's two principal stability pools outperforming fiscal year 2018 results. WV Money Market Pool performance, net of advisor fees, increased by 89 basis points over fiscal year 2019 rising from 1.58% in fiscal year 2018 to 2.47% for fiscal year 2019. While the increase in returns accounted for approximately one-third of the increase in net investment income, the largest contributor to the \$55.8 million increase in net investment income was the \$1.5 billion increase in average investment balances over the course of fiscal year 2019.

The WV Government Money Market Pool also experienced an increase in net-of-advisor-fee performance year-over-year, with returns rising by 95 basis points from 1.30% in fiscal year 2018 to 2.25% in fiscal year 2019. For fiscal year 2019, the two Fed rate hikes were responsible for the majority of the \$2.4 million increase in net investment income for the pool. Also contributing to the increase was an increase in the average investment levels over fiscal year 2019. The average amount invested over fiscal year 2019 was \$11.5 million higher than the average over fiscal year 2018.

The WV Short Term Bond Pool's performance, net of advisor fees, nearly quadrupled from fiscal year 2018's performance levels. Returns in fiscal year 2019 increased by 340 basis points from fiscal year 2018, rising from 1.18% to 4.58%. Increases in the average coupon rate and purchase yield of securities over the course of the year were able to overcome a drop in the average amount invested over the course of the fiscal year. The average amount invested fell by approximately \$16 million over fiscal year 2019 as compared to fiscal year 2018. The increase in the average coupon rate and purchase yield were primarily responsible for the \$4.6 million increase in net investment income year-over-year.

The WV Bank Pool's net investment income increased by \$0.8 million from fiscal year 2018 levels. Increased rates were the primary cause of the increased interest income during fiscal year 2019. Placement rates during fiscal year 2019 fell from 2018 levels, with an average placement of \$13.1 million per auction in fiscal year 2019 versus an average placement of \$13.6 million in fiscal year 2018. However, the average rate for the placements increased significantly during fiscal year 2019, rising from 1.69% in the prior fiscal year to 2.53% in fiscal year 2019.

The Reserve Pool's net investment income increased \$0.2 million over fiscal year 2018 levels. Nearly all of the Pool's assets are deposited in a demand deposit account. The interest rate on the deposit account resets at the beginning of the month. The entire increase in the net investment income was due to rising rates throughout the fiscal year.

Net investment income in the Loan Pool increased by only \$0.2 million from fiscal year 2018 levels. Interest income in the pool increased year-over-year by \$0.7 million as rates on the Revolving Loan and Broadband Loan reset higher. Increases in the balance of the Revolving Loan in the second half of the fiscal year also helped to boost interest income. However, in fiscal year 2019, loan loss reserves increased by \$0.5 million from fiscal year 2018 levels as the WVEDA wrote off the remaining balance of investments made with the loan proceeds. The WVEDA has approximately \$0.3 million of cash on hand from the loan

proceeds that was available to fund additional investments. The BTI expects that most of this amount will be returned once the WVEDA completes the wind-down of the venture capital program funded by the Non-recourse loan. See Note 7 to the audited financial statements for more information on the loan programs of the Loan Pool.

Net investment income for the MBC Account fell \$0.2 million from fiscal year 2018. There were no new investments in the pool during the fiscal year and the proceeds of maturing investments were withdrawn. The pool was effectively closed out at the beginning of May 2019.

Net investment income for the remaining accounts was comparable to the prior fiscal year.

For the year, the investment pools had a combined net realized loss of \$817,000. Realized net losses for fiscal year 2019 were \$234,000 higher than the net losses during fiscal year 2018. The majority of the increase was an increase in realized losses in the WV Short Term Bond Pool. Management of investments in the pool changed hands during the year, as Sterling Capital Management won the mandate through a competitive bidding process. In November 2018, Sterling assumed responsibility as the investment manager for the pool. Over November and December of 2018, Sterling traded to reposition the pool to reflect their credit coverage and market outlook. A number of holdings were sold off, generating net realized losses of approximately \$842,000, which represented an increase of approximately \$245,000 in net losses from fiscal year 2018 levels. The increase in realized losses from the WV Short Term Bond Pool was offset by an increase of \$11,000 in realized gains in the WV Money Market Pool during fiscal year 2019. The realized gains in the WV Money Market Pool were the result of normal trading activity related to generating liquidity, taking advantage of opportunities, or repositioning the portfolio to stay within policy limits.

The net change in fair value for fiscal year 2019 was positive, rising by approximately \$19.8 million from fiscal year 2018. Nearly all of the increase in fair value year-over-year was in the WV Short Term Bond Pool, which experienced an increase of \$19.7 million in fair value. The primary drivers for the increase in fair value for 2019 was a change in the duration positioning of the pool and the abrupt reversal in Fed policy over the second half of the fiscal year. The pool's new investment manager moved the pool's average duration from around 1 year in October 2018 to approximately 1.8 years by the end of December 2018. The pool had previously been managed with a low duration to minimize fair value losses from increases in market rates. With the increased duration of the pool, fluctuations in market yields had a greater effect on the value of pool holdings. With the Fed moving from hawkish to dovish in the second half of the fiscal year, yields in the 1- to 3-year section of the Treasury curve fell approximately 73 basis points. Along with the decline in Treasury yields, credit spreads tightened over this period. With its longer duration, the falling Treasury yields and tightening spreads resulted in the significant increase in fair value in the WV Short Term Bond Pool.

The change in fair value in the EDA-AW Account was similar to the prior year, rising by \$0.1 million.

Economic Factors

The Consolidated Fund is designed to address the short-term liquidity needs of the participants which focus on safety of principal, maximization of yield, and conformance with state law and other pertinent legal restrictions. The Board recognizes that risk, volatility, and the possibility of loss in purchasing power are present to some degree in all types of investments. However, the Investment Policy of the BTI invests assets in a manner that minimizes risks with the primary objectives of safety and liquidity.

Moves in the financial markets were dominated by two main themes over the fiscal year: the evolution of monetary policy in the U.S. and ongoing tensions related to global trade. As previously discussed, the end

of calendar year 2018 saw a steep selloff in risk assets and a rally in interest rates as investors feared that the FOMC would tighten monetary policy too quickly and bring an early end to U.S. economic expansion. The Fed shifted to a dovish stance in January 2019, acknowledging tighter financial conditions, and adopted a patient stance in determining future adjustments to the target fed funds rate. The FOMC cited slowing global economic activity, volatile financial conditions, and muted inflationary pressures as issues warranting the change in the Fed's views. At the FOMC meeting in March 2019, the Fed further revised their outlook, with the "dot plot" from the March meeting indicating that a majority of the committee members expected rates to stay unchanged through the remainder of calendar year 2019. Chair Powell tried to reassure markets, saying that economic fundamentals were still strong, but he also acknowledged that recent developments in the U.S. and around the globe were potentially placing a damper on U.S. economic growth. The committee also revised their economic outlook lower, dropping their calendar year 2019 economic growth projections to 2.1% from 2.3%, lowering their inflation forecast to 1.8% from 2.0%, and raising their unemployment rate forecast to 3.7% from 3.5%. The FOMC also announced the end of their balance sheet normalization program, placing an end to the reductions in September 2019. Financial markets cheered the updated monetary policy with risk assets performing better and Treasury yields falling in anticipation of a more accommodative Fed. Rates six months and under, which had peaked in March 2019, slid through the remainder of the fiscal year, dropping 30-plus basis points over the final quarter. The rates reflected the growing market consensus that the Fed was more likely to cut rates in the near term. Even with the decrease in rates towards the end of the fiscal year, the overall average throughout fiscal year 2019 was higher than the average over fiscal year 2018. The two principal stability funds benefitted from the higher level of rates over the fiscal year, with fiscal year 2019 returns topping fiscal year 2018 returns. Further out the curve, the slide in rates in the 1- to 3-year section of the Treasury curve accelerated in the last quarter of the fiscal year, falling 50 to 70 basis points across those tenors. Since the peak in November 2018, the 2-year Treasury had fallen 123 basis points and the 3-year Treasury had fallen 134 basis points. Corporate spreads to Treasuries, which rose through the first half of the fiscal year, peaked in January 2019 and fell through the second half of the fiscal year. The fall in Treasury rates, along with tightening corporate spreads, helped to significantly increase the performance of the WV Short Term Bond Pool during fiscal year 2019.

Economic growth in the U.S., as measured by Gross Domestic Product ("GDP"), during fiscal year 2019 was positive, averaging approximately 2.3% over the fiscal year. Although this growth level was seen as reasonably strong, it was well short of the average growth rate of 3.2% over the course of fiscal year 2018. Growth began showing signs of slowing in the final quarter of calendar year 2018, with a slowdown in consumer spending, weaker business investment, and uncertainty over trade. The effects of the tax cuts from the 2017 Tax Cut and Jobs Act also appeared to be dissipating. While proponents of the cuts had hoped for a boost that would promote long-term, above-trend economic growth, the effects of the tax cut appeared to be fading. Further clouding the economic picture going forward was the Federal government shutdown that began on December 22, 2018. The shutdown, which lasted a record-breaking 35 days, began after President Trump and the U.S. Congress could not reach an agreement on an appropriations bill to fund the government for federal fiscal year 2019. The Congressional Budget Office (the "CBO") estimated that the shutdown cost the U.S. economy at least \$11 billion. In addition to these costs, the CBO also indicated that there were other indirect costs to the economy that could not be easily estimated. Trade tensions between the U.S. and China worsened in the second half of the fiscal year, with trade talks completely breaking down in May 2019. President Trump had also threatened to impose tariffs on goods imported from Mexico unless that country took steps to reduce the flow of immigrants at the U.S.-Mexico border. Although the countries reached an agreement on a plan to slow immigration, the threat highlighted the Trump administration's willingness to use tariffs as a weapon to further policy goals. Although the administration had delayed a decision on the implementation of tariffs on European auto imports based on national security, the willingness of the administration to weaponize tariffs could point to this issue resurfacing in the new fiscal year. The increase in trade tensions and their negative effect on global growth strongly contributed to the FOMC's about-face on monetary policy and helped to push rates down towards the end of the fiscal year. The yield curve, which had been projected to invert by the end of calendar year

2018, did not invert until March 2019. An inversion of the yield curve, or negative spread between short-term and long-term rates, is viewed as a warning sign of an oncoming recession. The Treasury yield curve ended the year with the 1-month Treasury yield higher than any yield up to, and including, the 10-year Treasury yield. Economic uncertainty globally and within the U.S., and a Fed signaling a likelihood of future monetary easing, resulted in the decline in yields by fiscal year-end.

At the state level, general revenue funds were \$316.4 million above original official fiscal year 2019 estimates and 12.0% above prior year receipts. Economic growth accelerated during the year with significant growth in employment, wages, energy output and non-manufacturing goods exports. The state's economic performance was highlighted in two recent reports from the U.S. Department of Commerce. According to a news release on personal income growth, West Virginia ranked first among all states with an annualized personal income growth rate of 5.6% during the first quarter of calendar year 2019. In a separate release, West Virginia ranked first among all states with a 5.2% growth rate in real gross state product in the first quarter of calendar year 2019.

Revenue growth was led by a more than 33 percent gain in severance tax collections due to increases in energy prices and increases in oil, natural gas and coal production. The value of foreign good exports rose by nearly \$1.0 billion in calendar year 2018 with the gain largely concentrated in the area of coal exports. Led by significant gains in construction employment, nonfarm payroll employment growth accelerated to an annualized rate of more than 2.5 percent by the first quarter of calendar year 2019. A major contributing factor to the employment upswing in calendar year 2018 and early 2019 was the construction of several large-scale interstate natural gas pipeline projects in the region. These projects along with enhanced public-sector highway expenditures and growth in foreign exports during the first half of fiscal year 2019 were all significant factors in recent economic expansion and tax collection growth. In addition, West Virginia benefitted from temporary upswings in both personal income tax and corporation net income revenues due to taxpayer behavior associated with the enactment of significant federal tax reform legislation first effective in 2018. Lower federal tax rates encouraged taxpayers to maximize their deductions prior to reform in 2017 and to shift income forward to 2018 when tax rates were lower. As a result, corporation net income tax collections and personal income tax collections surged by roughly 92 percent and 14 percent, respectively, in the final quarter of fiscal year 2019 when 2018 annual returns were filed. For the entire year, Corporation Net Income Tax collections surged by 79.9 percent and Personal Income Tax collections increased by 9.4 percent. Due to higher employment and wages, income withholding tax collections grew by 9.9 percent for the year with higher growth of 13.4 percent during the first half of the year when pipeline construction activity was at peak level. Consumer Sales Tax collections also rose by 8.8 percent during the year.

The combination of conservative budgeting practices and continued improvement in economic activity contributed to a net budgetary surplus of nearly \$36.9 million at the close of fiscal year 2019. Out of this budgetary surplus, \$18.4 million will be transferred into the Revenue Shortfall Reserve Fund and \$18.4 million was appropriated by the Legislature in the fiscal year 2020 Budget Bill.

The official fiscal year 2020 general revenue estimate of more than \$4.71 billion is more than \$46.1 million less than actual fiscal year 2019 general revenue collections of more than \$4.756 billion. Lower revenues are anticipated following an unusually sharp 12% rise in fiscal year 2019. The base budget expenditures for fiscal year 2020 from general revenues and lottery revenues are \$5.131 billion, \$258 million higher than the base budget expenditures included in the fiscal year 2019 budget of \$4.873 billion.

The recent economic momentum associated with higher energy production and higher coal sales is anticipated to slow in the coming fiscal year due to slower global economic growth and the possible escalation of trade disputes among key countries. The economic momentum associated with various gas pipeline construction projects is also expected to subside in fiscal year 2020, especially if progress on two

major pipeline projects ceases due to pending environmental litigation. The impact of the slowdown in pipeline construction activities should be somewhat offset by additional public infrastructure spending on roads. Economic activity and tax revenues associated with the issuance of future state road bonds will also contribute to revenue growth in future years beyond this fiscal year.

The future State budget picture has improved as the result of the recent economic improvements and an extended pattern of conservative budgeting. As a result, no additional revenue transfers are currently anticipated from the Revenue Shortfall Reserve Fund over the next fiscal year. However, tax revenue collection patterns remain highly volatile relative to past long-term historical trends. The continuation of conservative budgeting practices should aid in the rebuilding of reserve fund balances during times of prosperity to levels necessary for the State to weather the next recession whenever such time arises.

Requests for Information

This financial report is designed to provide a general overview of the BTI's operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief Financial Officer, West Virginia Board of Treasury Investments, 1900 Kanawha Boulevard East, Charleston WV 25305.

West Virginia Board of Treasury Investments
Statement of Net Position
Proprietary Fund

June 30, 2019

(In Thousands)

Assets

Current assets:

Cash	\$ 1,396
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Receivables	632
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Total current assets	2,028
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Noncurrent assets:

Capital assets, net of accumulated depreciation	5
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Total assets	2,033
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Liabilities

Current liabilities:

Accounts payable	577
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Total liabilities	577
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Net position

Net investment in capital assets	5
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Unrestricted	1,451
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Total net position	\$ 1,456
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See accompanying notes to financial statements

West Virginia Board of Treasury Investments
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund

For the Year Ended June 30, 2019

(In Thousands)

Operating revenues	
Management services	\$ 1,717
Advisor services	1,725
Custodian services	<u>168</u>
Total operating revenues	3,610
 Operating expenses	
Advisor fees	1,725
Management fees	716
Professional service fees	272
Fiduciary bond	20
Custodian fees	168
General and administrative	297
Depreciation	<u>3</u>
Total operating expenses	<u>3,201</u>
 Operating income	 <u>409</u>
 Change in net position	 409
Net position at beginning of period	<u>1,047</u>
Net position at end of period	<u><u>\$ 1,456</u></u>

See accompanying notes to financial statements

West Virginia Board of Treasury Investments
Statement of Cash Flows
Proprietary Fund

For the Year Ended June 30, 2019

(In Thousands)

Cash flows from operating activities	
Cash received for services	\$ 3,595
Payments to vendors	<u>(3,230)</u>
Net cash provided by operating activities	365
 Cash flows from capital and related financing activities	
Purchase of capital equipment	<u>(3)</u>
Net cash used for capital and related financing activities	<u>(3)</u>
 Net increase in cash	 362
Cash at beginning of period	<u>1,034</u>
Cash at end of period	<u><u>\$ 1,396</u></u>
 Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 409
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	3
Changes in assets and liabilities:	
Receivables	(15)
Accounts payable	<u>(32)</u>
Net cash provided by operating activities	<u><u>\$ 365</u></u>

See accompanying notes to financial statements

West Virginia Board of Treasury Investments
Combined Statement of Fiduciary Net Position
Fiduciary Funds
Consolidated Fund

June 30, 2019

(In Thousands)

Assets

Investments:

At amortized cost \$4,424,642

At fair value 735,097

Total investments 5,159,739

Receivables:

Accrued interest 8,192

Dividends 370

Investments sold 3,371

Total receivables 11,933

Total assets 5,171,672

Liabilities

Accrued expenses 631

Dividends payable 1,817

Total liabilities 2,448

Net Position

Held in trust for investment pool participants 5,166,061

Held in trust for individual investment account holders 3,163

Total net position \$5,169,224

See accompanying notes to financial statements

West Virginia Board of Treasury Investments
Combined Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Consolidated Fund

For the Year Ended June 30, 2019

(In Thousands)

Additions

Investment income:	
Interest	\$ 65,025
Dividends	4,311
Net amortization	54,990
Provision for uncollectible loans	(504)
Total investment income	<u>123,822</u>
Investment expenses:	
Investment advisor fees	1,725
Custodian bank fees	168
Administrative fees	1,716
Total investment expenses	<u>3,609</u>
Net investment income	120,213
Net realized loss from investments	(817)
Net increase in fair value of investments	<u>14,306</u>
Net increase in net position from operations	133,702
Participant transaction additions:	
Purchase of pool units by participants	11,418,719
Reinvestment of pool distributions	119,737
Contributions to individual investment accounts	538
Total participant transaction additions	<u>11,538,994</u>
Total additions	<u>11,672,696</u>
Deductions	
Distributions to pool participants:	
Net investment income	119,963
Net realized loss from investments	(817)
Total distributions to pool participants	<u>119,146</u>
Participant transaction deductions:	
Redemption of pool units by participants	10,784,814
Withdrawals from individual investment accounts	28,994
Total participant transaction deductions	<u>10,813,808</u>
Total deductions	<u>10,932,954</u>
Change in net position	739,742
Net position at beginning of period	<u>4,429,482</u>
Net position at end of period	<u><u>\$ 5,169,224</u></u>

See accompanying notes to financial statements

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West Virginia Board of Treasury Investments

Notes to Financial Statements

June 30, 2019

1. Organization and Operations

The West Virginia Board of Treasury Investments (the “BTI”) is charged with managing the individual investment pools and accounts of the Consolidated Fund under authority of West Virginia State Code Chapter 12, Article 6C, West Virginia Treasury Investments Act. The West Virginia Legislature established the BTI as a public corporation of the State of West Virginia, to make short-term operating funds of the state more accessible to state government and to allow the West Virginia Investment Management Board (the “IMB”), which had managed the Consolidated Fund, to focus on the state’s long-term trust investments. The Consolidated Fund is the statutory title of the fund that collectively refers to the investment pools and accounts that the BTI manages. The BTI operates on a fiscal year that begins July 1 and ends June 30.

The accompanying financial statements include the operations of the BTI as well as investment balances and transactions of the individual investment pools and accounts of the Consolidated Fund under management of the BTI. The BTI provides a business-type activity that charges fees on a cost-reimbursement basis and is shown in the separate proprietary fund financial statements. Investment activities of the Consolidated Fund are shown in the separate fiduciary fund financial statements.

The West Virginia State Treasurer’s Office provides direct administrative and management services to the BTI. The BTI does not directly employ a staff, but reimburses the Treasurer’s Office for all personnel expenses of Treasury employees assigned to administer and manage the BTI. The Treasurer’s Office also provides various supplementary administrative services. A five-member Board of Directors governs the BTI. The State Governor, State Treasurer, and State Auditor serve as ex officio members of the Board. The Governor appoints the two remaining members subject to the advice and consent of the State Senate. Of the two members appointed by the Governor, one shall be a certified public accountant and one shall be an attorney, and both shall have experience in finance, investing and management. The State Treasurer is Chairman of the Board.

The Consolidated Fund provides for the investment of moneys not currently needed to fund state governmental operations, as well as providing the opportunity for local governments to participate in large investment pools, and for those funds statutorily required to be invested in the Consolidated Fund. The following investment pools and accounts make up the Consolidated Fund:

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

WV Government Money Market – This pool consists of State agency and local government 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.

WV Short Term Bond – This pool consists of the operating funds of the State that are not needed immediately to fund the State’s liquidity requirements. The pool is managed by Sterling Capital Management.

WV Bank – This pool consists of certificates of deposit purchased by the State through the West Virginia CD Program. The program purchases CDs from state banks and depositories to make state investment funds available for consumer and business loans within the state.

Loan – This pool is composed of loans made by the State. Within the Loan Pool is a non-recourse loan made by the West Virginia Economic Development Authority (the “WVEDA”) to the West Virginia Enterprise Advancement Corporation (the “WVEAC”), which in turn invests the funds in the West Virginia Enterprise Capital Fund, LLC (the “WVECF”), which then invests the money in venture capital funds. The WVEAC is a non-profit corporation that has a common board of directors with the WVEDA. The non-recourse loan program was authorized pursuant to WV Code §12-6-9, which requires the BTI to transfer up to \$25,000,000 in State funds to the WVEDA. The funds transferred by the BTI are to be repaid with proceeds received by the WVEDA from the WVEAC, which will make repayment to the WVEDA from the proceeds it receives from the WVECF. The Loan Pool is restricted by statute to receiving 3% earnings on the funds transferred to the WVEDA. Although the non-recourse loan made by the WVEDA may earn in excess of 3%, only 3% will be given to the Loan Pool, and the WVEDA will retain the rest. The BTI is not responsible for exercising any discretion over or making any decisions in regard to the lending, investing and repayment activities of the non-recourse loan program, or for any other loans in the Loan Pool. The WVEDA provides all bookkeeping and accounting records of the non-recourse loan program. The BTI’s role is to transfer the funds to the WVEDA when requested and to maintain an accounting for the loans within the Loan Pool based on information provided by the WVEDA. In the 2017 legislative session, the West Virginia State Legislature established a program to provide loan guarantees for borrowings related to projects for the expansion of broadband services to unserved and underserved areas of West Virginia. Under the program, the BTI, subject to a liquidity determination and cash availability, shall make available to the WVEDA, from the Consolidated Fund, in the form of a nonrecourse revolving loan, \$50 million, for the purpose of insuring the payment or repayment of any debt instrument entered into by an entity for purposes of expanding broadband services to unserved and underserved areas of the state. The nonrecourse revolving loan is payable by the WVEDA solely from moneys received in respect to the insured debt instruments.

Reserve – This pool is composed of an interest-bearing depository account with United Bank. 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 does not fall below \$0.9985. The State is the sole participant in this pool. Other funds are transferred to this pool as management deems necessary.

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

The BTI is authorized by West Virginia Code Chapter 12, Article 6C, Section 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 seventy-five percent 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 five percent be invested in securities issued by a single private corporation or association. Further, no less than fifteen percent of the Consolidated Fund shall be invested in any direct obligation of or obligation guaranteed by the United States government.

2. Significant Accounting Policies

Basis of Accounting

The financial statements of the BTI are reported 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. Under this method of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

An internal service fund, which is a type of proprietary fund, is used to account for investment management services provided by the BTI on a cost-reimbursement basis. An investment trust fund, which is a type of fiduciary fund, is used to account for each of the investment pools and accounts of the Consolidated Fund. The Consolidated Fund is composed of three external investment pools (WV Money Market, WV Government Money Market, and WV Short Term Bond), three internal investment pools (WV Bank, Loan, and Reserve) and three individual investment accounts (Municipal Bond Commission, School Fund, and Economic Development Authority – American Woodmark). Effective May 31, 2019, the MBC Account was closed after the MBC withdrew the proceeds of matured investments held by the account.

Budgetary Information

The Board's annual operating budget is appropriated by the Legislature from fees collected by the BTI.

Cash Equivalents

Cash equivalents are short-term investments with maturities when acquired of 90 days or less.

Capital Assets

Capital asset expenditures of \$1,000 (\$500 in the case of certain computer equipment) or more with a useful life greater than one year are capitalized at cost and reported net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are three years.

Wages, Compensated Absences, Retirement Plan and Other Postemployment Benefits

The BTI has no employees. The State Treasurer's Office provides administrative and management services to the BTI. As a result, the BTI does not accrue for compensated absences and other postemployment benefits or directly contribute to the state retirement plan. Management services provided are recorded as management fees paid to the State Treasurer's Office.

Income Taxes

The BTI is a public corporation organized under laws of the State of West Virginia and, as such, is exempt from federal and state taxation. Accordingly, the financial statements have been prepared recognizing that the BTI is not subject to federal or state income taxes.

Revenues and Expenses – Proprietary Fund

Operating revenues of the BTI's proprietary fund are generated from services provided to the investment pools and accounts of the Consolidated Fund. Revenues of the proprietary fund also are derived from vendor fees charged directly to the investment pools and accounts and paid by the proprietary fund, such as investment advisor fees and custodian fees. Operating expenses of the proprietary fund represent payments for services provided under contract, such as investment advisors and consultants, fiduciary bond fees, and custodian fees; general and administrative expenses of the BTI, such as administrative and management services, office equipment, office supplies, and office space; and depreciation of capital assets. Revenues and expenses are recorded when earned and incurred in accordance with the economic resources measurement focus and the accrual basis of accounting.

Net Position – Proprietary Fund

The net position of the BTI's proprietary fund is composed of net investment in capital assets and unrestricted net position, which represent net position not restricted to use by legal, contractual or enabling legislation constraints.

Use of Estimates

Certain estimates and assumptions are required by management in the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Actual results could differ significantly from those estimates. The significant estimates and assumptions that affect the reporting of amounts of assets and liabilities at the statement of financial position date and revenues and expenses for the year then ended are those required in the determination of the allowance for loan losses and amortization of investments. Actual results in the near term could differ from the estimates used to prepare these financial statements.

Investment Accounting

Investment Carrying Value The BTI is an investment vehicle of the State, its component units, and local governments, all of which are government entities. The investments of the WV Money Market, WV Government Money Market, WV Bank, Loan, and Reserve pools or accounts are carried at amortized cost, as permissible under Governmental Accounting Standards Board ("GASB") Statement No. 31, as amended by GASB Statement Nos. 72 and 79. The WV Money Market and WV Government Money Market pools measure all investments at amortized cost for financial reporting purposes in accordance with criteria established in GASB Statement No. 79. The criteria specify that the pools must transact with their participants at a stable net asset value per share and meet 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, nor possess authority to impose liquidity fees or redemption gates.

The specific exceptions to fair value reporting for the other pools and accounts referred to above are defined in professional standards as follows. The WV Bank Pool contains nonnegotiable certificates of deposit, which are nonparticipating interest-earning investment contracts. The Loan Pool contains loans receivable arising from lending activities of economic development authorities. The Reserve Pool contains a bank depository account that has no market.

The investments of the remaining pools and participant accounts are reported at fair value, which is determined by third party pricing services based on asset portfolio pricing models and other sources. The

BTI measures fair value at the end of each month. See Note 5 for a discussion and summary of the measurement of the fair values. 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.

Repurchase Agreements 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 the seller defaults and the fair value of the collateral declines, realization of the collateral by the BTI may be delayed or limited.

Asset-Backed Securities Certain pools invest in various asset-backed securities and structured corporate debt. The pools 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 pattern and market value of the underlying assets.

Investment Transactions Investment transactions are accounted for on a trade date basis.

Investment Gains and Losses Gains and losses on the sale of investment securities are recognized at the time of sale by the average cost method. The calculation of realized gains and losses is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year.

Interest Income Interest income is recognized as earned on the accrual method with one exception. The cost recovery method of income recognition is used for the interest on the WVEDA Non-Recourse Loan held by the Loan Pool. Under this method, interest income will only be recognized once the principal balance of the loan has been recovered.

Dividend Income Dividend income is recognized on the ex-dividend date.

Amortization Discounts and premiums on securities purchased are amortized over the life of the respective securities using the scientific method of amortization. This method maintains a constant book yield over the life of the security. The amortization of asset-backed securities considers the effect of prepayments on the life of the security. The effect of changing prepayment assumptions is reported in the Combined Statement of Changes in Fiduciary Net Position in the year of the change.

Allowance for Loan Losses The allowance for loan losses is available to absorb future loan losses. The allowance is increased by provisions charged against operations and reduced by charge-offs (losses), net of recoveries. The provision is based on several factors including: analytical reviews of loan loss experience in relationship to outstanding loans; a continuing review of problem loans and overall portfolio quality, including analysis of the quality of the underlying collateral; and management's judgment on the impact of current and expected economic conditions on the portfolio. At June 30, 2019, the Loan Pool had an allowance for uncollectible loans of \$23,968,000.

Distributions to Participants The net income of the WV Money Market and WV Government Money Market Pools are declared as dividends and distributed daily to the participants based upon their pro rata participation in the pools. The distributions of net investment income are credited to the participants' accounts in the form of dividend reinvestments in the pool and have been included in distributions to

participants and reinvestment of distributions as presented on the Statement of Changes in Fiduciary Net Position.

The monthly net income of the WV Short Term Bond Pool is declared as a dividend on the last day of the month and distributed to the participants in the pool on the first day of the following month. Distributions are paid in the form of reinvestments in the pools and have been included in distributions to participants and reinvestment of distributions as presented on the Statement of Changes in Fiduciary Net Position.

The net income of the WV Bank Pool is determined monthly and reinvested in the pool. The earnings are transferred periodically to the State Participation Account which represents invested cash of the state not specifically allocated to individual agencies.

The net income of the Loan Pool is determined monthly and distributed to the participant on the last day of the month. Distributions are paid in the form of reinvestments in the pool and have been included in distributions to participants and reinvestment of distributions as presented on the Statement of Changes in Fiduciary Net Position.

The net income of the Reserve Pool is declared as a dividend and distributed on the last day of the month. If the pool incurs a loss resulting in negative income, the loss will be distributed on the last day of the month.

Expenses Each pool is charged for its direct investment-related cost and for its allocated share of other expenses. The other expenses are allocated to the pools based on asset size. Certain pools are not charged expenses or are charged a reduced expense. The BTI proprietary fund pays all expenses on behalf of the pools and is subsequently reimbursed by the pools.

3. Cash and Cash Equivalents

The proprietary fund's cash on deposit with the State Treasurer's Office was approximately \$1,396,000 at June 30, 2019. The cash is pooled with other deposits from the State's agencies, departments, boards and commissions and is subject to coverage by the Federal Deposit Insurance Corporation ("FDIC") or collateralized by securities held by the State or its agents in the State's name. Cash equivalents are short-term, highly liquid investments having original maturities of 90 days or less. The proprietary fund did not hold any cash equivalents at June 30, 2019.

Custodial credit risk of cash deposits is the risk that in the event of failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The BTI does not have a deposit policy for custodial credit risk. BTI management does not believe any of its proprietary fund's deposits are exposed to custodial credit risk.

4. Investments and Deposits

The BTI has adopted an investment policy in accordance with the "Uniform Prudent Investor Act." The "prudent investor rule" guides those with responsibility for investing the money for others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The BTI's investment policy is to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity. The BTI recognizes that risk, volatility, and the possibility of loss in purchasing power are present to some degree in all types of investments. Due to the short-term nature of the Consolidated Fund, the BTI believes that it is imperative to review and adjust the investment policy in reaction to interest

rate market fluctuations/trends on a regular basis and has adopted a formal review schedule. Investment policies have been established for each investment pool and account of the Consolidated Fund.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Two of the BTI's pools, the WV Money Market and WV Government Money Market Pools, have been rated AAAm by Standard & Poor's. A fund rated AAAm has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. AAAm is the highest principal stability fund rating assigned by Standard & Poor's. Neither the BTI itself nor any of the other Consolidated Fund pools or accounts has been rated for credit risk by any organization. Of the Consolidated Fund pools and accounts, seven are subject to credit risk: WV Money Market Pool, WV Government Money Market Pool, WV Short Term Bond Pool, WV Bank Pool, Loan Pool, Reserve Pool, and School Fund Account.

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all long-term corporate debt be rated A+ or higher by Standard & Poor's (or its equivalent) and short-term corporate debt be rated at 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 obligations or obligations guaranteed as to repayment of interest and principal by the United States of America. The following table provides information on the credit ratings of the WV Money Market Pool's investments (in thousands):

Security Type	Credit Rating		Carrying Value (in Thousands)	Percent of Pool Assets
	Moody's	S&P		
U.S. Treasury notes *	Aaa	AA+	\$ 24,927	0.63%
U.S. Treasury bills *	P-1	A-1+	329,390	8.33
Commercial Paper	P-1	A-1+	733,411	18.54
	P-1	A-1	1,494,297	37.77
	P-2	A-1	8,490	0.21
Negotiable certificates of deposit	P-1	A-1+	179,251	4.53
	P-1	A-1	534,891	13.52
Money market funds	Aaa	AAAm	178,619	4.51
Repurchase agreements (underlying securities):				
U.S. Treasury bonds and notes*	Aaa	AA+	426,000	10.77
U.S. agency bonds and notes	Aaa	AA+	47,200	1.19
			<u>\$ 3,956,476</u>	<u>100.00%</u>

* U.S. Treasury issues are explicitly guaranteed by the United States government and are not considered to have 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 obligations or obligations guaranteed as to repayment of interest and principal by the United States of America. The following table provides information on the credit ratings of the WV Government Money Market Pool's investments (in thousands):

Security Type	Credit Rating		Carrying Value (in Thousands)	Percent of Pool Assets
	Moody's	S&P		
U.S. Treasury bills *	P-1	A-1+	\$ 57,785	22.93%
U.S. agency bonds and notes	Aaa	AA+	30,975	12.28
U.S. agency discount notes	P-1	A-1+	110,373	43.77
Money market funds	Aaa	AAAm	111	0.04
Repurchase agreements (underlying securities):				
U.S. agency bonds and notes	Aaa	AA+	52,900	20.98
			<u>\$ 252,144</u>	<u>100.00%</u>

* U.S. Treasury issues are explicitly guaranteed by the United States government and are not considered to have credit risk.

The BTI limits the exposure to credit risk in the WV Short Term Bond Pool by requiring all long-term corporate debt be rated BBB- or higher 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 (or its equivalent). The pool must have at least 15% of its assets in U.S. Treasury obligations or obligations guaranteed as to repayment of interest and principal by the United States of America. The following table provides information on the credit ratings of the WV Short Term Bond Pool's investments (in thousands):

Security Type	Credit Rating		Carrying Value (in Thousands)	Percent of Pool Assets
	Moody's	S&P		
U.S. Treasury notes *	Aaa	AA+	\$ 115,292	15.75%
U.S. agency collateralized mortgage obligations				
U.S. government guaranteed*	Aaa	AA+	26,472	3.62
Non-U.S. government guaranteed	Aaa	AA+	23,674	3.23
Corporate fixed- and floating-rate bonds and notes	Aaa	AA+	2,147	0.30
	Aa2	AA+	5,024	0.69
	Aa2	AA	5,577	0.76
	Aa2	A+	8,566	1.17
	Aa2	NR	2,784	0.38
	Aa3	AA+	5,042	0.69
	Aa3	AA-	16,616	2.27
	Aa3	A+	13,139	1.80
	Aa3	A	2,765	0.38
	A1	AA-	18,323	2.50
	A1	A+	15,880	2.17
	A1	A	7,426	1.01
	A1	A-	8,612	1.18
	A1	NR	5,223	0.71
	A2	A	19,418	2.65
	A2	A-	24,214	3.31
	A3	A+	8,592	1.17

(Continued on next page)

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

West Virginia Board of Treasury Investments
Notes to Financial Statements (Continued)

Security Type	Credit Rating		Carrying Value (in Thousands)	Percent of Pool Assets
	Moody's	S&P		
	A3	A	13,148	1.80
	A3	A-	35,050	4.79
	A3	BBB+	30,732	4.20
	Baa1	A-	6,889	0.94
	Baa1	BBB+	14,806	2.02
	Baa1	BBB	5,213	0.71
	Baa2	A-	6,143	0.84
	Baa2	BBB+	14,524	1.98
	Baa2	BBB	37,277	5.09
	Baa2	BBB-	6,369	0.87
	Baa3	BBB+	1,091	0.15
	Baa3	BBB	9,193	1.26
	Baa3	BBB-	36,044	4.92
	Ba1	BBB	2,013	0.28
	Ba1	BBB-	4,214	0.58
	NR	A	8,761	1.20
	NR	BBB+	2,658	0.36
Collateralized mortgage obligations	NR	AAA	5,958	0.81
Commercial mortgage-backed securities	Aaa	NR	377	0.05
Asset-backed securities	Aaa	AAA	45,739	6.25
	Aaa	NR	75,441	10.31
	NR	AAA	35,020	4.78
Money market funds	Aaa	AAAm	523	0.07
			<u>\$ 731,969</u>	<u>100.00%</u>

NR = Not Rated

The WV Bank Pool holds an interest in a money market mutual fund valued at approximately \$232,000. The mutual fund is rated AAAm by Standard & Poor's and Aaa by Moody's. The BTI does not have a policy specifically addressing credit risk in the WV Bank Pool.

The Loan Pool is composed of loans made by the State. The pool holds intergovernmental loans and an investment in a money market mutual fund of approximately \$34,000. The mutual fund is rated AAAm by Standard & Poor's and Aaa by Moody's. The loans are not rated; however, because there is the potential for defaults on the loans, the pool is subject to credit risk related to the loans. The BTI addresses this credit risk by establishing and regularly evaluating a reserve for uncollectible loans.

The Reserve Pool holds an interest in a money market mutual fund valued at approximately \$1,000. The mutual fund is rated AAAm by Standard & Poor's and Aaa by Moody's. The BTI does not have a policy specifically addressing credit risk in the Reserve Pool.

The School Fund Account holds only an interest in a money market mutual fund valued at approximately \$1,425,000. The mutual fund is rated AAAm by Standard & Poor's and Aaa by Moody's. The BTI does not have a policy specifically addressing credit risk in the School Fund Account.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All Consolidated Fund pools and accounts are subject to 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 weighted average maturities for the various asset types in the WV Money Market Pool:

Security Type	Carrying Value (In Thousands)	WAM (Days)
U.S. Treasury notes	\$ 24,927	125
U.S. Treasury bills	329,390	34
Commercial paper	2,236,198	57
Negotiable certificates of deposit	714,142	33
Repurchase agreements	473,200	3
Money market funds	178,619	3
	<u>\$ 3,956,476</u>	42

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 weighted average maturities for the various asset types in the WV Government Money Market Pool:

Security Type	Carrying Value (In Thousands)	WAM (Days)
U.S. Treasury bills	57,785	65
U.S. agency bonds and notes	30,975	75
U.S. agency discount notes	110,373	35
Repurchase agreements	52,900	3
Money market funds	111	3
	<u>\$ 252,144</u>	40

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

Security Type	Carrying Value (In Thousands)	Effective Duration (Days)
U.S. Treasury notes and bonds	\$ 115,292	816
U.S. agency collateralized mortgage obligations	50,146	976
Corporate fixed-rate bonds and notes	365,352	847
Corporate floating-rate bonds and notes	38,121	286
Collateralized mortgage obligations	5,958	752
Commercial mortgage-backed securities	377	15
Asset-backed securities	156,200	393
Money market funds	523	-
	\$ 731,969	723

The West Virginia Bank Pool holds nonnegotiable certificates of deposit totaling \$77,000,000 with maturity dates ranging from July 2019 through December 2019, and an interest in a money market mutual fund valued at approximately \$232,000. The money market mutual fund has a weighted average maturity of one day. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to losses in this pool arising from increasing interest rates.

The Loan Pool holds an interest in a money market mutual fund in the amount of approximately \$34,000 with a weighted average maturity of one day. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to losses in this pool arising from increasing interest rates.

The Reserve Pool maintains funds totaling approximately \$19,546,000 in a bank depository account and an interest in a money market mutual fund valued at approximately \$1,000. The money market mutual fund has a weighted average maturity of one day. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to losses in this pool arising from increasing interest rates.

The School Fund Account holds only an interest in a money market mutual fund valued at approximately \$1,425,000 with a weighted average maturity of one day. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to fair value losses in this pool arising from increasing interest rates.

The EDA-AW Account holds only a U.S. Treasury bond valued at approximately \$1,703,000 that matures August 15, 2023. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to fair value losses in this pool arising from increasing interest rates.

Other Risks of Investing

Other risks of investing can include concentration of credit risk, custodial credit risk, and foreign currency risk.

Concentration of credit risk is the risk of loss attributed to the magnitude of a Consolidated Fund pool or account's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the BTI will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. The BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. None of the Consolidated Fund's investment pools or accounts holds interests in foreign currency or interests valued in foreign currency.

Deposits

Custodial credit risk of deposits is the risk that in the event of failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits include nonnegotiable certificates of deposit. The WV Bank Pool contains nonnegotiable certificates of deposit valued at \$77,000,000. The Reserve Pool contains funds totaling approximately \$19,546,000 in a bank depository account. The BTI does not have a deposit policy for custodial credit risk.

5. Investments Measured at Fair Value

The BTI measures the WV Short Term Bond Pool, the School Fund Account and the EDA-AW Account at fair value for financial reporting purposes. GASB Statement No. 72 defines fair value as the price 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. Fair value is a market-based measurement, not an entity-specific measurement. The BTI categorizes fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America in accordance with GASB Statement No. 72.

The fair value hierarchy established under GASB Statement No. 72 categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1 inputs – Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs – Inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs – Unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The following table summarizes the recurring fair value measurements of the investment securities in the WV Short Term Bond Pool in accordance with GASB Statement No. 72 fair value hierarchy levels as of June 30, 2019 (in thousands):

Investment Type	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	\$ 115,292	\$ -	\$ -	\$ 115,292
U.S. agency collateralized mortgage obligations	-	50,146	-	50,146
Corporate fixed-rate bonds and notes	-	365,352	-	365,352
Corporate floating-rate bonds and notes	-	38,121	-	38,121
Collateralized mortgage obligations	-	5,958	-	5,958
Commercial mortgage-backed securities	-	377	-	377
Asset-backed securities	-	156,200	-	156,200
Money market funds	523	-	-	523
	<u>\$ 115,815</u>	<u>\$ 616,154</u>	<u>\$ -</u>	<u>\$ 731,969</u>

The valuation methodologies and inputs presented below are used in the fair value measurements for investments in securities in the WV Short Term Bond Pool classified as Level 2 in the preceding table.

U.S. Agency Collateralized Mortgage Obligations

Level 2 U.S. agency collateralized mortgage obligations are evaluated using predicted cash flows, adjusted by an applicable spread/yield/price adjustment incorporating benchmark yields, collateral performance, and prevailing market conditions.

Corporate Fixed-Rate Bonds and Notes

Level 2 corporate fixed-rate bonds and notes are priced using spread, yield and price based evaluations. For spread- and yield-based evaluations, a bullet (non-call) spread scale is created for relevant maturities for each issuer. The spreads are based on the new issue market, secondary trading and dealer quotes. For price-based evaluations, evaluators use recently executed transactions of similar securities and dealer quotes to arrive at appropriate pricing.

Corporate Floating-Rate Bonds and Notes

Level 2 corporate floating-rate bonds are evaluated by calculating current and future coupons, then discounting each cash flow by an appropriate discount margin. A basic yield scale covering a range of quality ratings and maturities is established for the corresponding indices. The yield scale consists of discount margins obtained from primary and secondary dealers in the new issue market. Final yields are calculated by adding the appropriate discount margin to each forward rate plus special adjustments to capture issue-specific characteristics, as applicable. The resulting yields are then used to discount each cash flow.

Collateralized Mortgage Obligations

Level 2 collateralized mortgage obligations are evaluated using predicted cash flows, adjusted by an applicable spread/yield/price adjustment incorporating benchmark yields, collateral performance, and prevailing market conditions.

Commercial Mortgage-Backed Securities

Level 2 commercial mortgage-backed securities are evaluated using predicted cash flows, adjusted by an applicable spread/yield/price adjustment incorporating benchmark yields, collateral performance, third-party real estate analysis, and prevailing market conditions.

Asset-Backed Securities

Level 2 asset-backed securities are evaluated using predicted cash flows, adjusted by an applicable spread/yield/price adjustment incorporating benchmark yields, collateral performance, and prevailing market conditions.

The School Fund Account holds a money market fund reported at a fair value of \$1,425,000 using Level 1 inputs.

The EDA-AW Account holds a U.S. Treasury bond reported at a fair value of \$1,703,000 using Level 1 inputs.

6. Capital Assets

Capital asset activity in the proprietary fund was as follows (in thousands):

	June 30, 2018	Increases	Decreases	June 30, 2019
Equipment, at cost	\$ 21	\$ 3	\$ -	\$ 24
Accumulated depreciation	(16)	(3)	-	(19)
Equipment, net of accumulated depreciation	\$ 5	\$ -	\$ -	\$ 5

7. Related Party Transactions

Intergovernmental Investments

The BTI is required by law to enter into certain investment transactions with other state entities. At June 30, 2019, the BTI's intergovernmental investments, which are assets of the Loan Pool, included the following:

- a. The "WVEDA Revolving Loan" is an obligation of the West Virginia Economic Development Authority (WVEDA). The terms of the loan program require the BTI to make available on a revolving basis up to \$175,000,000 for the WVEDA to use to fund economic development initiatives. The interest rate is reset on July 1 of each year and is based on the twelve month return of the WV Money Market Pool. The rate for the year ending June 30, 2019, was 1.60%. The rate has a 1% annual adjustment cap. The WVEDA makes monthly principal and interest payments calculated on a 120-month amortization of the outstanding balance. At June 30, 2019, the outstanding balance was \$117,371,000.
- b. The "WVEDA Non-recourse Loan" represents an obligation of the WVEDA. The BTI assumed the loan as of July 8, 2005. The loan was originally entered into with the West Virginia Investment Management Board on April 9, 2002. The terms of the loan allow for the WVEDA to borrow up to \$25,000,000 from the BTI through June 29, 2012. As of March 2010, the WVEDA had borrowed the maximum amount. The funds borrowed by the WVEDA are to be loaned, without recourse, to the West Virginia Enterprise Advancement Corporation (WVEAC), for investment in the West

Virginia Enterprise Capital Fund, to fund certain venture capital initiatives. The loan earns interest at 3%, which is fixed for the term of the loan. The WVEDA is required to make annual principal payments of \$10,000 plus accrued interest for the first ten years. However, in the event the WVEDA has not received any returns from the investment with the WVEAC, these payments may be deferred through June 30, 2012. Beginning June 30, 2013, the WVEDA was expected to make principal and interest payments sufficient to repay all outstanding principal and accrued interest in full by June 30, 2022. On June 24, 2013, the BTI was notified by the WVEDA that the WVEDA had not received monetary returns from its venture capital investments and therefore would be unable to make the scheduled payment on June 30, 2013. At June 30, 2019, \$24,326,000 of principal was outstanding.

Because of the uncertain collectability of this loan, the BTI has elected to recognize income on a cost recovery basis. Any payments received will be applied to reduce the outstanding principal balances until that balance is fully recovered. Any amounts received after recovery of the principal balance will be recognized as interest income when received. Additionally, a valuation reserve of \$23,968,000 has been accrued at June 30, 2019.

- c. The "WVEDA Broadband Loan" represents an obligation of the WVEDA. During its 2017 regular legislative session, the West Virginia State Legislature passed House Bill 3093 ("HB 3093"). The purpose of HB 3093 was to provide for the enhancement and expansion of broadband internet services throughout the state. Under provisions of the bill, effective July 7, 2017, the BTI is required to make available to the WVEDA, from the Consolidated Fund, up to \$50 million to insure the payment or repayment of any debt entered into by an entity for purposes of expanding broadband services to unserved and underserved areas of the state. The loan is structured as a non-recourse, revolving loan that is payable by the WVEDA solely from moneys received in respect to the insured debt instruments. The WVEDA may not insure more than \$10 million per entity in one calendar year. The loan has a variable rate equal to the 12-month average yield on the WV Money Market Pool. The rate resets quarterly and the maximum annual adjustment may not exceed 1.00%. For the quarter ending June 30, 2019, the annualized rate is 2.26%. The WVEDA is required to make quarterly payments to pay all accrued interest on a loan for the prior quarter. On a quarterly basis, the WVEDA determines the outstanding balance of the insured debt covered by the loan and adjusts the outstanding balance of the loan to equal the outstanding balance of the insured debt. At June 30, 2019, the outstanding balance was \$1,480,000.

As of June 30, 2019, the WVEDA has provided the BTI with a Notice of Intent to Request Advance indicating that the WVEDA is providing insurance, in the amount of \$10 million, to insure a broadband expansion loan. The WVEDA does not intend to draw the funds for the loan insurance until there is an event of default on the insured loan. As of June 30, 2019, the insured loan is in good standing and the likelihood of default appears remote.

Transactions with State Treasurer's Office

The State Treasurer's Office provides various services to the BTI, some of which are reimbursed by the BTI, and others of which the Treasurer provides at no cost to the BTI. During the year ended June 30, 2019, the BTI reimbursed the Treasurer's Office \$832,000 for services, which includes \$716,000 for management services provided by Treasurer's Office employees. As of June 30, 2019, the BTI had an amount payable to the Treasurer's Office totaling \$83,000, of which \$56,000 was for management services

provided by Treasurer's Office employees. Also during the year, the Treasurer's Office provided services valued at approximately \$20,000 at no cost to the BTI.

8. Risk Management

The BTI is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

Board members are covered by a \$5 million blanket bond and general liability and property coverage of \$1 million per occurrence through the West Virginia State Board of Risk and Insurance Management ("BRIM"). The BTI has obtained additional coverage of \$5 million faithful performance bond through an outside underwriter. There have been no claims since the inception of the BTI.

9. Effect of New Accounting Pronouncements

The GASB has issued a statement related to accounting and financial reporting for asset retirement obligations related to the retirement of tangible assets: Statement No. 83, *Certain Asset Retirement Obligations*. The objective of Statement No. 83 is to enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations. The provisions of Statement No. 83 are effective for reporting periods beginning after June 15, 2018. Because the BTI does not have any asset retirement obligations, either required by contract or government mandate, related to retirement of long-lived tangible assets, it is not affected by this statement.

The GASB has issued a statement related to accounting and financial reporting for fiduciary activities: Statement No. 84, *Fiduciary Activities*. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The provisions of this statement are effective for reporting periods beginning after December 15, 2018. BTI management has not determined the effect, if any, this statement will have on its financial statements.

The GASB has issued a statement relating to financial accounting and reporting for leases: Statement No. 87, *Leases*. The objective of Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and reporting for leases by governments. The provision of this statement are effective for reporting periods beginning after December 15, 2019. Because the BTI does not typically lease assets, and has no plans to lease any assets in the near future, it is not currently affected by this statement.

The GASB has issued a statement relating to accounting and financial reporting for debt: Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of Statement No. 88 is to improve information disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The provisions of this statement are effective for reporting periods beginning after June 15, 2018. Because the BTI does not issue debt and does not engage in borrowings, it is not affected by this statement.

The GASB has issued a statement related to accounting and financial reporting for interest cost incurred in construction: Statement No. 89, *Interest Cost Incurred before the End of a Construction Period*. The objective of Statement No. 89 is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The provisions of this statement are effective for reporting periods

beginning after December 15, 2019. Because the BTI does not engage in borrowing or construction activity, it is not affected by this statement.

The GASB has issued a statement related to accounting and financial reporting for major equity interests: Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and 61*. The objectives of Statement No. 90 are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The provisions of this statement are effective for reporting periods beginning after December 15, 2018. Because the BTI does not have any majority equity interests in legally separate organizations and does not engage in activities that would result in the BTI acquiring a majority equity interest in a legally separate organization, it is not affected by this statement.

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West Virginia Board of Treasury Investments
Combining Statement of Fiduciary Net Position
Fiduciary Funds
Consolidated Fund

June 30, 2019

(In Thousands)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Loan Pool
Assets					
Investments:					
At amortized cost	\$ 3,956,476	\$ 252,144	\$ -	\$ 77,232	\$ 119,243
At fair value	-	-	731,969	-	-
Receivables:					
Accrued interest	2,918	56	4,436	545	163
Dividends	364	-	4	-	-
Investments sold	-	-	3,371	-	-
Total receivables	<u>3,282</u>	<u>56</u>	<u>7,811</u>	<u>545</u>	<u>163</u>
Total assets	<u>3,959,758</u>	<u>252,200</u>	<u>739,780</u>	<u>77,777</u>	<u>119,406</u>
Liabilities					
Accrued expenses	445	41	138	3	4
Dividends payable	-	-	1,817	-	-
Total liabilities	<u>445</u>	<u>41</u>	<u>1,955</u>	<u>3</u>	<u>4</u>
Net Position					
Held in trust for investment pool participants	3,959,313	252,159	737,825	77,774	119,402
Held in trust for individual investment account holders	-	-	-	-	-
Total net position	<u>\$ 3,959,313</u>	<u>\$ 252,159</u>	<u>\$ 737,825</u>	<u>\$ 77,774</u>	<u>\$ 119,402</u>

(Continued)

Reserve Pool	Municipal Bond Commission Account	School Fund Account	Economic Development Authority - American Woodmark Account	Total
\$ 19,547	\$ -	\$ -	\$ -	\$4,424,642
-	-	1,425	1,703	735,097
41	-	-	33	8,192
-	-	2	-	370
-	-	-	-	3,371
41	-	2	33	11,933
19,588	-	1,427	1,736	5,171,672
-	-	-	-	631
-	-	-	-	1,817
-	-	-	-	2,448
19,588	-	-	-	5,166,061
-	-	1,427	1,736	3,163
<u>\$ 19,588</u>	<u>\$ -</u>	<u>\$ 1,427</u>	<u>\$ 1,736</u>	<u>\$5,169,224</u>

West Virginia Board of Treasury Investments
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Consolidated Fund

For the Year Ended June 30, 2019

(In Thousands)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Loan Pool
Additions					
Investment income:					
Interest	\$ 39,471	\$ 1,907	\$ 19,223	\$ 1,942	\$ 1,780
Dividends	4,052	6	205	13	8
Net (amortization) accretion	51,165	3,531	309	-	-
Provision for uncollectible loans	-	-	-	-	(504)
Total investment income (loss)	94,688	5,444	19,737	1,955	1,284
Investment expenses:					
Investment advisor fees	1,146	79	500	-	-
Custodian bank fees	127	14	27	-	-
Administrative fees	1,289	95	260	29	41
Total investment expenses	2,562	188	787	29	41
Net investment income	92,126	5,256	18,950	1,926	1,243
Net realized gain (loss) from investments	24	2	(843)	-	-
Net increase in fair value of investments	-	-	14,275	-	-
Net increase in net position from operations	92,150	5,258	32,382	1,926	1,243
Participant transaction additions:					
Purchase of pool units by participants	11,039,255	357,409	993	2,894	17,719
Reinvestment of pool distributions	92,107	5,257	18,742	1,926	1,243
Contributions to individual investment accounts	-	-	-	-	-
Total participant transaction additions	11,131,362	362,666	19,735	4,820	18,962
Total additions	11,223,512	367,924	52,117	6,746	20,205
Deductions					
Distributions to pool participants:					
Net investment income	92,126	5,256	18,950	1,926	1,243
Net realized gain (loss) from investments	24	2	(843)	-	-
Total distributions to pool participants	92,150	5,258	18,107	1,926	1,243
Participant transaction deductions:					
Redemption of pool units by participants	10,444,241	322,861	5,664	2,894	8,705
Withdrawals from individual investment accounts	-	-	-	-	-
Total participant transaction deductions	10,444,241	322,861	5,664	2,894	8,705
Total deductions	10,536,391	328,119	23,771	4,820	9,948
Net increase (decrease) in net position from operations	687,121	39,805	28,346	1,926	10,257
Inter-pool transfers in	19,250	-	-	13,650	-
Inter-pool transfers out	(13,650)	-	-	(19,250)	-
Net inter-pool transfers in (out)	5,600	-	-	(5,600)	-
Change in net position	692,721	39,805	28,346	(3,674)	10,257
Net position at beginning of period	3,266,592	212,354	709,479	81,448	109,145
Net position at end of period	<u>\$ 3,959,313</u>	<u>\$ 252,159</u>	<u>\$ 737,825</u>	<u>\$ 77,774</u>	<u>\$ 119,402</u>

(Continued)

Reserve Pool	Municipal Bond Commission Account	School Fund Account	Economic Development Authority - American Woodmark Account	Total
\$ 462	\$ 150	\$ -	\$ 90	\$ 65,025
-	-	27	-	4,311
-	-	-	(15)	54,990
-	-	-	-	(504)
462	150	27	75	123,822
-	-	-	-	1,725
-	-	-	-	168
-	1	-	1	1,716
-	1	-	1	3,609
462	149	27	74	120,213
-	-	-	-	(817)
-	-	-	31	14,306
462	149	27	105	133,702
449	-	-	-	11,418,719
462	-	-	-	119,737
-	1	537	-	538
911	1	537	-	11,538,994
1,373	150	564	105	11,672,696
462	-	-	-	119,963
-	-	-	-	(817)
462	-	-	-	119,146
449	-	-	-	10,784,814
-	28,514	391	89	28,994
449	28,514	391	89	10,813,808
911	28,514	391	89	10,932,954
462	(28,364)	173	16	739,742
-	-	-	-	32,900
-	-	-	-	(32,900)
-	-	-	-	-
462	(28,364)	173	16	739,742
19,126	28,364	1,254	1,720	4,429,482
<u>\$ 19,588</u>	<u>\$ -</u>	<u>\$ 1,427</u>	<u>\$ 1,736</u>	<u>\$ 5,169,224</u>

West Virginia Board of Treasury Investments
Schedule of Investments in Securities
June 30, 2019
(In thousands)

WEST VIRGINIA MONEY MARKET POOL

<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
U.S. Treasury Notes							
United States Treasury		1.500 %	2.392 %	10/31/2019	25,000	\$ 24,927	\$ 24,948
Total U. S. Treasury Notes	0.6%					24,927	24,948
U.S. Treasury Bills							
United States Treasury		0.000	2.345	07/02/2019	50,000	49,997	49,997
United States Treasury		0.000	2.283	07/09/2019	75,000	74,962	74,962
United States Treasury		0.000	2.372	07/16/2019	35,000	34,966	34,966
United States Treasury		0.000	2.223	07/23/2019	97,000	96,870	96,871
United States Treasury		0.000	2.084	07/30/2019	20,000	19,967	19,967
United States Treasury		0.000	2.398	08/01/2019	20,000	19,959	19,965
United States Treasury		0.000	2.075	12/26/2019	33,000	32,669	32,666
Total U. S. Treasury Bills	8.3%					329,390	329,394
Commercial Paper							
Natixis NY Branch		0.000	2.634	07/01/2019	1,750	1,750	1,750
Antalis SA		0.000	2.509	07/01/2019	67,500	67,500	67,500
Atlantic Asset Securities Corp		0.000	2.403	07/01/2019	20,000	20,000	20,000
Barton Capital Corp		0.000	2.434	07/01/2019	20,000	20,000	19,999
Collateralized CP II Co		0.000	2.983	07/01/2019	2,000	2,000	2,000
Starbird Funding Corp		0.000	2.424	07/01/2019	20,000	20,000	20,000
Versailles		0.000	2.634	07/01/2019	15,000	15,000	14,997
CNPC Finance HK LTD		0.000	2.627	07/02/2019	20,000	19,999	19,999
Fairway Finance Corp		0.000	2.615	07/02/2019	10,000	9,999	9,999
Gotham Funding Corp		0.000	2.448	07/02/2019	30,000	29,998	29,998
Kells Funding LLC		0.000	2.621	07/02/2019	5,000	5,000	5,000
Liberty Street Funding LLC		0.000	2.629	07/02/2019	15,000	14,999	14,999
CNPC Finance HK LTD		0.000	2.627	07/03/2019	30,000	29,996	29,996
Federation Des Caisses		0.000	2.389	07/05/2019	20,000	19,995	19,995
Nationwide Building Society		0.000	2.459	07/10/2019	25,000	24,985	24,984
LMA Americas LLC		0.000	2.650	07/12/2019	9,000	8,993	8,992
Collateralized CP II Co	2.643	F	2.642	07/12/2019	5,000	5,000	5,000
Antalis SA	0.000		2.634	07/15/2019	15,000	14,985	14,985
Atlantic Asset Securities Corp	0.000		2.664	07/15/2019	5,000	4,995	4,995
DBS Bank LTD	0.000		2.608	07/15/2019	8,000	7,992	7,992
Victory Receivables Corp	0.000		2.428	07/15/2019	30,000	29,972	29,972
Matchpoint Finance PLC	0.000		2.612	07/16/2019	4,000	3,996	3,996
Toronto Dominion Bank	0.000		2.609	07/16/2019	17,500	17,481	17,479
Nationwide Building Society	0.000		2.448	07/17/2019	35,000	34,962	34,962
Antalis SA	0.000		2.489	07/18/2019	5,330	5,324	5,324
Mitsubishi UFJ Trust & Banking	0.000		2.612	07/18/2019	8,000	7,990	7,990
Sheffield Receivables	0.000		2.634	07/18/2019	7,000	6,991	6,991
Mitsubishi UFJ Trust & Banking	0.000		2.603	07/19/2019	21,000	20,973	20,973
UnitedHealth Group Inc	0.000		2.572	07/19/2019	8,500	8,489	8,489
Albion Capital Corp	0.000		2.633	07/22/2019	29,000	28,956	28,956
Nationwide Building Society	0.000		2.454	07/22/2019	37,500	37,447	37,447
IBM Corp	0.000		2.614	07/24/2019	35,000	34,942	34,942
Bedford Row Funding Corp	2.644	F	2.644	07/25/2019	11,000	11,000	11,000
Industrial & Commercial Bank	0.000		2.479	07/26/2019	20,000	19,966	19,966
Barton Capital Corp	0.000		2.490	07/29/2019	27,500	27,448	27,448
Malayan Banking BHD	0.000		2.931	07/30/2019	10,000	9,977	9,977

(Continued on Next Page)

F – Floating rate note security.

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** Rate represents last business day of the month.

West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2019
(In thousands)

WEST VIRGINIA MONEY MARKET POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Great Bridge Capital		0.000	2.617	07/30/2019	25,000	24,948	24,948
Banque Et Caisse Epargne		0.000	2.595	08/01/2019	7,000	6,985	6,985
Credit Agricole CIB NY		0.000	2.734	08/02/2019	10,000	9,976	9,976
DBS Bank LTD		0.000	2.634	08/02/2019	4,000	3,991	3,991
Fairway Finance Corp		0.000	2.588	08/02/2019	18,000	17,959	17,959
LMA Americas LLC		0.000	2.443	08/05/2019	20,000	19,953	19,953
Antalis SA		0.000	2.623	08/06/2019	20,000	19,948	19,948
LMA Americas LLC		0.000	2.796	08/06/2019	20,000	19,945	19,945
United Overseas Bank		0.000	2.583	08/06/2019	15,000	14,962	14,962
Old Line Funding LLC		2.594	F 2.648	08/07/2019	6,000	6,000	6,000
Cancara Asset Sec LLC		0.000	2.582	08/08/2019	5,000	4,987	4,987
Chariot Funding LLC		2.524	F 2.572	08/08/2019	9,000	9,000	9,000
Sheffield Receivables		0.000	2.582	08/09/2019	4,000	3,989	3,989
Versailles		2.599	F 2.632	08/12/2019	10,000	10,000	10,000
Erste Abwicklungsanstalt		0.000	2.551	08/13/2019	10,000	9,970	9,970
Banque Et Caisse Epargne		0.000	2.609	08/15/2019	15,000	14,952	14,952
Collateralized Flex Co LLC		0.000	2.964	08/15/2019	5,000	4,982	4,982
United Overseas Bank		0.000	2.541	08/19/2019	8,500	8,471	8,471
Banque Et Caisse Epargne		0.000	2.597	08/20/2019	7,000	6,975	6,975
Kells Funding LLC		0.000	2.557	08/20/2019	15,000	14,948	14,948
Liberty Street Funding LLC		0.000	2.499	08/20/2019	20,000	19,932	19,932
Toronto Dominion Bank		0.000	2.594	08/20/2019	25,000	24,911	24,912
Caisse Des Depots ET CON		0.000	2.584	08/21/2019	20,000	19,928	19,928
Thunder Bay Funding		0.000	2.597	08/22/2019	25,000	24,908	24,908
Bedford Row Funding Corp		2.754	F 2.754	08/23/2019	3,000	3,000	3,000
Chariot Funding LLC		2.514	F 2.514	08/27/2019	9,000	9,000	9,002
CAFCO LLC		0.000	2.331	08/28/2019	20,000	19,926	19,923
CRC Funding LLC		0.000	2.692	08/29/2019	9,000	8,961	8,963
Cancara Asset Sec LLC		0.000	2.394	08/30/2019	10,000	9,961	9,960
Barton Capital Corp		0.000	2.520	09/03/2019	10,000	9,956	9,957
Sheffield Receivables		0.000	2.520	09/03/2019	20,000	19,912	19,911
Collateralized CP Flex Co LLC		2.618	F 2.670	09/03/2019	25,000	25,000	25,011
Nieuw Amrsterdam Rec		0.000	2.489	09/04/2019	5,000	4,978	4,978
Sumitomo Mitsui Banking Corp		0.000	2.671	09/04/2019	5,000	4,976	4,979
NRW Bank		0.000	2.516	09/05/2019	25,000	24,887	24,892
Sumitomo Mit/Singapore		0.000	2.446	09/05/2019	20,000	19,912	19,910
Charta LLC		0.000	2.469	09/06/2019	9,000	8,959	8,960
Sumitomo Mit/Singapore		0.000	2.500	09/06/2019	5,200	5,176	5,176
Bank of China Hong Kong		0.000	2.695	09/10/2019	20,000	19,896	19,896
Manhattan Asset Funding		0.000	2.428	09/10/2019	35,000	34,835	34,834
Liberty Street Funding LLC		0.000	2.418	09/11/2019	8,000	7,962	7,961
Daimler Finance		0.000	2.448	09/12/2019	14,000	13,932	13,923
Toronto Dominion Bank		0.000	2.418	09/12/2019	25,000	24,880	24,876
Atlantic Asset Securities Corp		0.000	2.428	09/13/2019	12,500	12,439	12,438
Chariot Funding LLC		0.000	2.428	09/13/2019	9,000	8,956	8,956
ASB Finance LTD		0.000	2.526	09/16/2019	18,000	17,905	17,906
Manhattan Asset Funding		0.000	2.449	09/16/2019	11,298	11,240	11,240
MUFG Bank LTD/NY		0.000	2.665	09/17/2019	2,751	2,735	2,736
Matchpoint Finance PLC		0.000	2.556	09/18/2019	25,000	24,862	24,862
Nationwide Building Society		0.000	2.392	09/20/2019	40,000	39,789	39,783
Old Line Funding LLC		0.000	2.387	09/20/2019	10,000	9,947	9,947
Oversea-Chinese Banking		0.000	2.325	09/20/2019	20,000	19,897	19,891
Thunder Bay Funding		0.000	2.568	09/23/2019	25,000	24,853	24,863
Alpine Securitization		2.560	2.560	09/23/2019	25,000	25,000	25,000
Thunder Bay Funding		0.000	2.557	09/23/2019	13,000	12,924	12,929

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F – Floating rate note security.

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** Rate represents last business day of the month.

West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2019
(In thousands)

WEST VIRGINIA MONEY MARKET POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Old Line Funding Corp		0.000	2.567	09/26/2019	10,000	9,939	9,943
Svenska Handelsbanken NY		0.000	2.619	09/26/2019	10,000	9,938	9,942
Bedford Row Funding Corp		2.632	F 2.632	09/26/2019	5,000	5,000	5,003
BNZ International Funding		0.000	2.640	09/27/2019	15,000	14,905	14,911
Charta LLC		0.000	2.661	10/01/2019	17,500	17,383	17,395
Sheffield Receivables		0.000	2.546	10/01/2019	22,500	22,357	22,355
Liberty Street Funding LLC		0.000	2.484	10/02/2019	15,000	14,906	14,907
Longship Funding LLC		0.000	2.640	10/02/2019	10,000	9,933	9,931
Anglesea Funding LLC		2.580	F 2.665	10/02/2019	11,000	11,000	11,000
BNP Paribas NY Branch		0.000	2.630	10/04/2019	15,000	14,898	14,907
Fairway Finance Corp		0.000	2.484	10/04/2019	3,000	2,981	2,981
Nordea Bank		0.000	2.629	10/04/2019	20,000	19,864	19,877
Collateralized CP Co LLC		0.000	2.714	10/07/2019	5,000	4,964	4,968
Citigroup Global Markets		0.000	2.609	10/07/2019	4,000	3,972	3,975
Coca-Cola Co		0.000	2.683	10/07/2019	10,000	9,928	9,936
Collateralized CP Co LLC		0.000	2.714	10/08/2019	7,000	6,949	6,955
Anglesea Funding LLC		2.614	F 2.629	10/11/2019	25,000	25,000	25,014
Thunder Bay Funding		0.000	2.651	10/15/2019	7,500	7,443	7,448
Exxon Mobile Corp		0.000	2.319	10/15/2019	20,000	19,866	19,862
Citigroup Global Markets		0.000	2.630	10/15/2019	7,000	6,947	6,952
DBS Bank LTD		0.000	2.350	10/15/2019	25,250	25,079	25,077
Nordea Bank		0.000	2.551	10/15/2019	21,000	20,846	20,855
Societe Generale		0.000	2.329	10/15/2019	20,000	19,866	19,857
Exxon Mobile Corp		0.000	2.297	10/16/2019	15,120	15,019	15,015
JP Morgan Securities		0.000	2.693	10/16/2019	10,000	9,922	9,930
Toronto Dominion Bank		0.000	3.112	10/18/2019	5,000	4,954	4,964
DBS Bank LTD		0.000	2.289	10/22/2019	20,000	19,859	19,856
Bedford Row Funding Corp		2.734	F 2.734	10/24/2019	5,000	5,000	5,004
Old Line Funding Corp		0.000	2.750	11/04/2019	15,000	14,859	14,879
Ciesco LLC		0.000	2.608	11/06/2019	5,000	4,955	4,956
Chariot Funding LLC		2.464	F 2.521	11/06/2019	10,000	10,000	10,001
Bedford Row Funding Corp		2.524	F 2.579	11/07/2019	4,000	4,000	4,001
Nordea Bank		0.000	2.593	11/08/2019	10,000	9,909	9,915
LMA Americas LLC		0.000	2.630	11/12/2019	8,000	7,924	7,932
Crown Point Capital Co		2.613	F 2.612	11/12/2019	20,000	20,000	20,006
Old Line Funding LLC		2.541	F 2.541	11/13/2019	15,000	15,000	15,001
Crown Point Capital Co		2.601	F 2.601	11/14/2019	10,000	10,000	10,003
Collateralized CP Flex Co LLC		2.580	F 2.561	11/19/2019	5,000	5,000	5,000
Old Line Funding LLC		2.503	F 2.503	11/20/2019	6,000	6,000	6,000
Bedford Row Funding Corp		2.533	F 2.533	11/21/2019	8,000	8,000	8,003
Jupiter Securitization Co LLC		2.624	F 2.624	11/22/2019	50,000	50,000	50,027
Collateralized CP Co LLC		0.000	2.651	11/25/2019	5,000	4,947	4,954
Collateralized CP Co LLC		2.581	F 2.581	11/26/2019	6,000	6,000	6,001
Glencove Funding LLC		2.568	F 2.634	11/29/2019	15,000	15,000	15,000
Old Line Funding LLC		2.460	F 2.530	12/05/2019	7,500	7,500	7,500
Bedford Row Funding Corp		0.000	2.275	12/06/2019	9,000	8,912	8,911
DBS Bank LTD		0.000	2.339	12/11/2019	7,000	6,928	6,929
Citigroup Global Markets		0.000	2.653	12/16/2019	7,000	6,916	6,927
DNB Bank ASA		2.494	F 2.494	12/16/2019	12,000	12,000	12,002
Nestle Capital Corp		0.000	2.646	12/23/2019	3,000	2,962	2,967
Collateralized Co LLC		0.000	2.666	01/10/2020	10,000	9,861	9,880
Bedford Row Funding Corp		2.757	F 2.766	01/13/2020	8,000	8,000	8,005
Coca-Cola Co		0.000	2.633	01/17/2020	29,000	28,587	28,643
Chariot Funding LLC		0.000	2.922	01/27/2020	5,000	4,917	4,917
ASB Finance LTD		2.572	F 2.572	02/10/2020	12,000	12,000	12,005

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F – Floating rate note security.

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2019
(In thousands)

WEST VIRGINIA MONEY MARKET POOL (Continued)								
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>	
Westpac Banking Corp		2.710	F	2.690	02/10/2020	12,500	12,500	12,506
Westpac Banking Corp		2.700	F	2.660	02/14/2020	10,000	10,000	10,004
Royal Bank of Canada		2.520	F	2.590	03/05/2020	5,000	5,000	5,002
Jupiter Securitization Co LLC		0.000		2.741	03/13/2020	22,500	22,074	22,091
Bedford Row Funding Corp		2.542	F	2.571	03/13/2020	1,000	1,000	1,000
Jupiter Securitization Co LLC		0.000		2.741	03/16/2020	4,000	3,923	3,926
National Australia Bank LTD		0.000		2.689	03/19/2020	30,000	29,430	29,512
Royal Bank of Canada		2.690	F	2.872	04/09/2020	15,000	15,000	15,004
Toronto Dominion Bank		2.650	F	2.650	06/18/2020	20,000	20,000	20,000
Total Commercial Paper	56.6%						2,236,198	2,236,606
<i>Negotiable Certificates of Deposit</i>								
KBC Bank NV NY		2.350		2.350	07/02/2019	20,000	20,000	20,000
Canadian Imperial Bank		2.728	F	2.728	07/05/2019	20,000	20,000	20,000
Canadian Imperial Bank		2.909	F	2.564	07/08/2019	4,600	4,600	4,600
Svenska Handelsbanken NY		2.692	F	2.692	07/08/2019	5,000	5,000	5,000
Bank of Montreal		2.560		2.560	07/08/2019	27,000	27,000	27,000
Sumitomo Mitsui Trust		2.600		2.600	07/12/2019	24,000	24,000	24,002
Societe Generale		2.667	F	2.667	07/15/2019	8,000	8,000	8,000
Rabobank Nederland NV NY		2.610	F	2.610	07/19/2019	8,500	8,500	8,500
Sumitomo Mitsui Bank NY		2.654	F	2.654	07/22/2019	5,000	5,000	5,001
Sumitomo Mitsui Bank NY		2.584	F	2.584	07/25/2019	8,000	8,000	8,001
Svenska Handelsbanken NY		2.562	F	2.588	07/29/2019	10,000	10,000	10,001
Sumitomo Mitsui Trust		2.562	F	2.619	07/30/2019	14,000	14,000	14,002
Rabobank Nederland NV		2.640	F	2.640	08/02/2019	8,500	8,500	8,502
Toronto Dominion Bank		2.380		2.380	08/06/2019	30,250	30,250	30,250
Sumitomo Mitsui Trust		2.545		2.545	08/08/2019	20,800	20,800	20,804
Bank of Nova Scotia		2.600		2.600	08/22/2019	17,000	17,000	17,000
BNZ International Funding		2.508	F	2.560	09/03/2019	9,000	9,000	9,002
Bank of Montreal		2.380		2.380	09/06/2019	20,000	20,000	20,002
Nordea Bank		2.620		2.620	09/11/2019	10,000	10,000	10,006
BNP Paribas NY		2.522	F	2.522	09/18/2019	15,000	15,000	15,005
Bank of Tokyo-Mit UFJ NY		2.070		2.630	09/25/2019	6,000	5,991	5,991
Skandinav Enskilda Bank		2.411	F	2.651	10/11/2019	5,000	5,000	5,001
Sumitomo Mitsui Trust		2.477	F	2.494	10/16/2019	50,000	50,000	49,999
Skandinav Enskilda Bank		2.602	F	2.602	10/28/2019	10,000	10,000	10,000
Bank of Montreal		2.789	F	2.789	11/01/2019	5,000	5,000	5,003
Oversea-Chinese Banking		2.579	F	2.579	11/01/2019	15,000	15,000	15,000
Sumitomo Mitsui Bank NY		2.532	F	2.532	11/08/2019	20,000	20,000	19,998
Cooperatieve Rabobank UA		2.310		2.310	11/12/2019	16,500	16,500	16,497
Sumitomo Mitsui Bank NY		2.502	F	2.502	11/18/2019	25,000	25,000	24,997
Oversea-Chinese Banking		2.534	F	2.534	11/27/2019	7,000	7,000	7,002
Skandinav Enskilda Bank		2.320		2.320	12/09/2019	5,000	5,000	5,003
Canadian Imperial Bank		2.840	F	2.840	01/03/2020	10,000	10,000	10,018
Svenska Handelsbanken NY		2.737	F	2.737	01/14/2020	8,000	8,000	8,005
Svenska Handelsbanken NY		2.632	F	2.621	01/27/2020	8,000	8,001	8,000
Bank of Nova Scotia		2.551	F	2.551	02/06/2020	15,000	15,000	15,004
Canadian Imperial Bank		2.551	F	2.551	02/06/2020	10,000	10,000	10,003
Oversea-Chinese Banking		2.503	F	2.503	02/21/2020	17,000	17,000	17,002
Westpac Banking Corp		2.690	F	2.640	03/13/2020	20,000	20,000	20,006
Bank of Montreal		2.700		2.700	03/19/2020	25,000	25,000	25,114
Royal Bank of Canada		2.700	F	2.660	04/24/2020	5,000	5,000	5,001
Bank of Montreal		2.584	F	2.584	04/27/2020	10,000	10,000	10,003
Canadian Imperial Bank		2.620	F	2.620	05/01/2020	23,000	23,000	23,006

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2019
(In thousands)

WEST VIRGINIA MONEY MARKET POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Canadian Imperial Bank		2.620 <i>F</i>	2.620	05/01/2020	20,000	20,000	20,005
Bank of Montreal		2.589 <i>F</i>	2.588	05/07/2020	10,000	10,000	10,002
Bank of Montreal		2.564 <i>F</i>	2.564	05/15/2020	14,000	14,000	14,001
Canadian Imperial Bank		2.564 <i>F</i>	2.564	05/15/2020	15,000	15,000	15,001
Bank of Nova Scotia		2.552 <i>F</i>	2.552	05/18/2020	5,000	5,000	4,999
Bank of Montreal		2.790 <i>F</i>	2.620	06/05/2020	5,000	5,000	5,000
Royal Bank of Canada		2.700 <i>F</i>	2.660	06/12/2020	10,000	10,000	10,000
Bank of Nova Scotia		2.690 <i>F</i>	2.650	06/22/2020	10,000	10,000	10,000
Toronto Dominion Bank		2.604 <i>F</i>	2.604	06/25/2020	25,000	25,000	25,000
Total Negotiable Certificates of Deposit	18.0%					714,142	714,339
Repurchase Agreements							
BNP Paribas SA		2.490	2.490	07/01/2019		250,000	250,000
Goldman, Sachs & Co		2.510	2.510	07/01/2019		47,200	47,200
Merrill Lynch PFS Inc		2.490	2.490	07/01/2019		176,000	176,000
Total Repurchase Agreements	12.0%					473,200	473,200
Money Market Funds							
Federated		2.250 **			200	200	200
Federated		2.460 **			176,993	177,014	177,046
BlackRock Liquidity		2.350 **			1,405	1,405	1,405
Total Money Market Funds	4.5%					178,619	178,651
Total Money Market Pool	100.0%					\$ 3,956,476	\$ 3,957,138
WEST VIRGINIA GOVERNMENT MONEY MARKET POOL							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
U.S. Treasury Bills							
United States Treasury		0.000 %	2.345 %	07/02/2019	5,000	\$ 5,000	\$ 5,000
United States Treasury		0.000	2.350	07/09/2019	5,000	4,997	4,997
United States Treasury		0.000	2.412	07/11/2019	5,000	4,997	4,997
United States Treasury		0.000	2.372	07/16/2019	5,000	4,995	4,995
United States Treasury		0.000	2.257	07/23/2019	13,000	12,982	12,982
United States Treasury		0.000	2.429	08/01/2019	6,000	5,987	5,990
United States Treasury		0.000	2.185	11/21/2019	5,000	4,958	4,959
United States Treasury		0.000	2.186	11/29/2019	5,000	4,955	4,957
United States Treasury		0.000	2.179	12/05/2019	5,000	4,954	4,956
United States Treasury		0.000	2.075	12/26/2019	4,000	3,960	3,960
Total U. S. Treasury Bills	22.9%					57,785	57,793

(Continued on Next Page)

F – Floating rate note security.

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*** Rate represents last business day of the month.*

West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2019
(In thousands)

WEST VIRGINIA GOVERNMENT MONEY MARKET POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
U. S. Government Agency Bonds and Notes							
Federal Home Loan Bank		2.395	F	2.395	07/03/2019	2,000	2,000
Federal Home Loan Bank		2.275	F	2.275	07/19/2019	1,000	1,000
Federal Home Loan Bank		2.285	F	2.285	07/19/2019	1,000	1,000
Federal Home Loan Bank		2.362	F	2.362	08/02/2019	2,000	2,000
Federal Home Loan Bank		2.278	F	2.278	08/20/2019	2,000	2,000
Federal Home Loan Bank		2.283	F	2.283	08/21/2019	2,000	2,000
Federal Home Loan Bank		2.322	F	2.322	09/10/2019	4,000	4,000
Federal Home Loan Bank		2.342	F	2.342	10/09/2019	1,000	1,000
Federal Home Loan Bank		2.389	F	2.389	11/07/2019	2,000	1,999
Federal Home Loan Bank		2.382	F	2.382	11/12/2019	2,000	2,000
Federal Home Loan Bank		2.485	F	2.485	11/15/2019	1,000	1,000
Federal Farm Credit Bank		2.394	F	2.394	03/25/2020	1,000	1,000
Federal Home Loan Bank		2.392	F	2.392	05/08/2020	2,500	2,499
Federal Home Loan Bank		2.368	F	2.368	05/20/2020	2,000	1,999
Federal Home Loan Bank		2.510		2.510	05/28/2020	1,475	1,476
Federal Home Loan Bank		2.400		2.400	06/17/2020	4,000	4,000
Total U. S. Government Agency Bonds and Notes	12.3%					30,975	30,973
U.S. Agency Discount Notes							
Federal Home Loan Bank		0.000		2.431	07/02/2019	5,000	5,000
Federal Home Loan Bank		0.000		2.441	07/05/2019	4,000	3,999
Federal Home Loan Bank		0.000		2.369	07/10/2019	27,500	27,484
Federal Home Loan Bank		0.000		2.436	07/12/2019	2,000	1,999
Federal Home Loan Bank		0.000		2.479	07/15/2019	7,000	6,993
Federal Home Loan Bank		0.000		2.132	07/16/2019	5,000	4,996
Federal Home Loan Bank		0.000		2.213	07/18/2019	10,000	9,990
Federal Home Loan Bank		0.000		2.351	07/31/2019	5,000	4,990
Federal Home Loan Bank		0.000		2.422	08/01/2019	5,000	4,990
Federal Home Loan Bank		0.000		2.426	08/14/2019	5,000	4,985
Federal Home Loan Bank		0.000		2.281	08/20/2019	5,000	4,986
Federal Home Loan Bank		0.000		2.275	08/21/2019	7,500	7,477
Federal Home Loan Bank		0.000		2.392	08/28/2019	2,000	1,992
Federal Home Loan Bank		0.000		2.376	09/04/2019	2,000	1,991
Federal Home Loan Bank		0.000		2.377	09/06/2019	4,000	3,984
Federal Home Loan Bank		0.000		2.258	09/13/2019	11,000	10,950
Federal Home Loan Bank		0.000		2.427	10/15/2019	2,000	1,986
Federal Farm Credit Bank		0.000		2.465	11/25/2019	1,600	1,584
Total U.S. Agency Discount Notes	43.8%					110,373	110,378
Repurchase Agreements							
Goldman, Sachs & Co		2.510		2.510	07/01/2019	52,900	52,901
Total Repurchase Agreements	21.0%					52,900	52,901
Money Market Funds							
BlackRock Liquidity		2.350	**			111	111
Total Money Market Funds	0.0%					111	111
Total Government Money Market Pool	100.0%					\$ 252,144	\$ 252,156

(Continued on Next Page)

F – Floating rate note security.

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2019
(In thousands)

WEST VIRGINIA SHORT TERM BOND POOL

<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>U. S. Treasury Notes and Bonds</i>							
United States Treasury		1.000 %	0.992 %	10/15/2019	4,575	\$ 4,575	\$ 4,560
United States Treasury		2.750	2.837	09/30/2020	7,500	7,492	7,578
United States Treasury		2.125	2.561	01/31/2021	5,000	4,966	5,023
United States Treasury		1.375	2.775	05/31/2021	10,500	10,228	10,421
United States Treasury		2.750	2.710	08/15/2021	8,700	8,707	8,880
United States Treasury		1.250	2.486	10/31/2021	15,000	14,582	14,833
United States Treasury		1.875	2.900	11/30/2021	13,500	13,180	13,543
United States Treasury		1.875	2.485	01/31/2022	29,700	29,250	29,805
United States Treasury		1.875	1.830	08/31/2022	20,557	20,585	20,649
Total U. S. Treasury Notes and Bonds	15.8%					113,565	115,292
<i>U.S. Agency Collateralized Mortgage Obligations</i>							
Federal Home Loan Mort Corp		2.644	F 2.759	03/15/2021	7	7	7
Federal Home Loan Mort Corp		2.644	F 2.757	06/15/2021	1	1	1
Federal National Mortgage Assn		2.510	2.915	08/01/2021	3,425	3,404	3,456
Federal National Mortgage Assn		2.510	2.912	08/01/2021	4,190	4,165	4,228
Federal National Mortgage Assn		2.510	2.912	08/01/2021	3,260	3,240	3,289
Federal Home Loan Mort Corp		2.864	2.802	08/25/2022	4,840	4,837	4,929
Federal National Mortgage Assn		3.000	2.840	05/01/2030	6,612	6,672	6,760
Federal Home Loan Mort Corp		2.994	F 2.997	08/15/2030	94	94	96
Federal Home Loan Mort Corp		2.894	F 2.967	09/15/2030	50	49	50
Federal Home Loan Mort Corp		2.794	F 2.810	07/15/2031	53	53	53
Federal Home Loan Mort Corp		2.844	F 2.857	12/15/2031	98	98	97
Federal Home Loan Mort Corp		2.794	F 2.807	01/15/2033	159	159	159
Federal National Mortgage Assn		2.654	F 2.994	03/25/2036	554	554	549
Government National Mortgage		2.500	2.512	10/20/2039	2,704	2,701	2,715
Government National Mort Assn		2.867	F 2.859	12/20/2060	2,202	2,183	2,198
Government National Mort Assn		2.967	F 2.891	12/20/2060	1,950	1,953	1,951
Government National Mort Assn		3.067	F 2.964	02/20/2061	2,889	2,905	2,896
Government National Mort Assn		2.967	F 2.891	06/20/2062	2,979	2,983	2,981
Government National Mort Assn		2.987	F 2.905	08/20/2062	1,305	1,308	1,307
Government National Mort Assn		2.807	F 2.771	12/20/2062	1,826	1,817	1,821
Government National Mort Assn		2.867	F 2.814	03/20/2063	2,287	2,282	2,283
Government National Mort Assn		2.917	F 2.851	04/20/2063	2,245	2,244	2,243
Government National Mort Assn		3.167	F 3.050	08/20/2063	3,004	3,028	3,018
Government National Mort Assn		2.867	F 2.821	04/20/2065	3,065	3,054	3,059
Total U.S. Agency Collateralized Mortgage Obligations	6.9%					49,791	50,146
<i>Corporate Fixed-Rate Bonds and Notes</i>							
Duke Energy Florida LLC		2.100	2.100	12/15/2019	156	156	156
Bat Capital Corporation		2.297	3.096	08/14/2020	4,150	4,113	4,141
KKR Group Finance Co		6.375	3.379	09/29/2020	4,673	4,842	4,891
Fed Caisses Desjardins		2.250	3.455	10/30/2020	5,000	4,921	5,001
Georgia Pacific LLC		5.400	3.528	11/01/2020	6,000	6,145	6,236
Dominion Energy Gas Holdings		2.800	3.550	11/15/2020	5,000	4,950	5,023
Takeda Pharmaceutical		3.800	3.833	11/26/2020	1,750	1,748	1,782
UBS AG		2.450	3.505	12/01/2020	5,000	4,927	5,005
Marsh & McLennan Co Inc		3.500	3.540	12/29/2020	5,000	4,997	5,083
Wells Fargo Bank NA		2.600	2.717	01/15/2021	3,550	3,544	3,564
US Bank NA		3.000	3.042	02/04/2021	4,290	4,286	4,342

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F – Floating rate note security.

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2019
(In thousands)

WEST VIRGINIA SHORT TERM BOND POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Regions Financial Corp		3.200	3.223	02/08/2021	1,950	1,949	1,971
Crown Castle INTL Corp		3.400	3.405	02/15/2021	2,000	2,000	2,027
Celgene Corporation		2.875	2.891	02/19/2021	1,720	1,720	1,734
Exelon Corp		2.450	2.455	04/15/2021	1,000	1,000	1,000
Cargill Inc		3.050	3.442	04/19/2021	2,500	2,483	2,533
Scentre Group Trust		2.375	3.320	04/28/2021	2,800	2,754	2,791
Citizens Bank NA/RI		2.550	2.534	05/13/2021	1,800	1,801	1,805
Huntington National Bank		3.250	3.291	05/14/2021	4,000	3,997	4,066
Cargill Inc		4.307	3.452	05/14/2021	1,600	1,625	1,660
American Express		3.375	3.381	05/17/2021	2,000	2,000	2,038
CVS Corp		2.125	2.184	06/01/2021	1,000	999	993
Diamond 1 Fin/Diamond 2		4.420	3.504	06/15/2021	3,000	3,052	3,091
Coventry Health Care Inc		5.450	3.761	06/15/2021	1,000	1,032	1,049
Capital One Financial Corp		4.750	3.652	07/15/2021	3,000	3,064	3,136
Citibank NA		3.400	3.439	07/23/2021	4,000	3,997	4,085
Mitsubishi UFJ Financial Group		3.535	3.570	07/26/2021	2,500	2,498	2,556
Citizens Financial Group		2.375	2.386	07/28/2021	2,660	2,659	2,658
New York Life Global FDG		3.250	3.280	08/06/2021	2,100	2,099	2,147
Tyson Foods Inc		2.250	2.299	08/23/2021	1,310	1,309	1,306
Ryder System Inc		2.250	2.296	09/01/2021	1,250	1,249	1,246
Seven & I Holdings		3.350	3.435	09/17/2021	4,000	3,993	4,087
Halfmoon Parent INC		3.400	3.400	09/17/2021	1,000	1,000	1,020
Kinder Morgan Ener Part		5.000	4.133	10/01/2021	7,500	7,638	7,864
Smithfield Foods Inc		2.650	2.732	10/03/2021	1,290	1,288	1,272
Fortis Inc		2.100	2.313	10/04/2021	1,100	1,098	1,091
ConAgra Foods Inc		3.800	3.512	10/22/2021	5,180	5,213	5,324
National Australia BK/NY		3.700	3.741	11/04/2021	4,300	4,296	4,435
American Express		3.700	3.691	11/05/2021	3,500	3,501	3,608
Cargill Inc		3.250	3.532	11/15/2021	1,250	1,242	1,279
American Electric Power Co Inc		3.650	3.672	12/01/2021	4,750	4,748	4,899
BPCE SA		2.750	3.300	12/02/2021	4,750	4,690	4,785
Roper Technologies INC		2.800	2.834	12/15/2021	2,000	1,998	2,013
AERCAP Ireland CAP/GLOBAL		4.450	4.497	12/16/2021	2,550	2,547	2,648
John Deere Capital Corp		3.200	3.234	01/10/2022	5,500	5,496	5,643
Westpac Banking Corp		2.800	3.324	01/11/2022	5,350	5,283	5,417
Sumitomo Mitsui Financial		2.846	3.701	01/11/2022	5,000	4,898	5,055
MetLife Global Funding		3.375	3.381	01/11/2022	1,375	1,375	1,413
Fox Corporation		3.666	3.666	01/25/2022	3,750	3,750	3,875
Pacificorp		2.950	2.950	02/01/2022	5,500	5,500	5,595
Jackson National Life Global		3.300	2.844	02/01/2022	4,200	4,247	4,297
Key Bank NA		3.300	3.221	02/01/2022	5,500	5,511	5,645
FMC Corporation		3.950	3.553	02/01/2022	3,200	3,231	3,299
Caterpillar Financial Services		2.950	2.967	02/26/2022	5,365	5,363	5,478
Mitsubishi UFJ Leasing		3.406	3.406	02/28/2022	2,500	2,500	2,551
AT&T Inc		3.200	3.384	03/01/2022	6,000	5,972	6,128
Regency Energy Partner		5.875	4.208	03/01/2022	6,000	6,250	6,436
Toyota Industries Corp		3.110	3.104	03/12/2022	5,500	5,500	5,598
Burlington North Santa Fe		3.050	2.966	03/15/2022	2,300	2,305	2,356
Cadillac Fairview Property		3.125	3.080	03/20/2022	5,395	5,401	5,501
Cintas Corporation		2.900	3.011	04/01/2022	5,500	5,484	5,594
Huntington National Bank		3.125	3.155	04/01/2022	1,825	1,824	1,861
Midwest Connector Capital Co		3.625	3.139	04/01/2022	5,000	5,063	5,123
MassMutual Global Funding		2.500	3.264	04/13/2022	5,000	4,899	5,042
Saudi Arabian Oil Co		2.750	2.843	04/16/2022	5,175	5,161	5,223
DBS Group Holdings LTD		2.850	2.864	04/16/2022	2,750	2,749	2,784

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2019
(In thousands)

WEST VIRGINIA SHORT TERM BOND POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Goldman Sachs Group Inc		3.000	3.405	04/26/2022	11,679	11,552	11,791
Avolon Holdings		3.625	3.647	05/01/2022	3,885	3,882	3,938
Guardian Life GLOB Fund		2.500	3.617	05/08/2022	5,000	4,850	5,024
International Business Machs		2.850	2.869	05/13/2022	7,302	7,298	7,426
Consumers Energy Company		2.850	2.745	05/15/2022	2,715	2,723	2,765
Discovery Communications		3.300	4.059	05/15/2022	4,000	3,918	4,072
Simon Property Group Inc		2.625	3.027	06/15/2022	3,475	3,436	3,508
Compass Bank		2.875	2.908	06/29/2022	2,000	1,998	2,017
Healthcare Trust of America		2.950	3.421	07/01/2022	3,785	3,734	3,812
Athene Global Funding		3.000	3.659	07/01/2022	3,825	3,754	3,871
Penske Truck Leasing		4.875	3.799	07/11/2022	5,000	5,153	5,315
Tapestry Inc		3.000	4.049	07/15/2022	3,066	2,975	3,070
Wells Fargo & Company		2.625	2.644	07/22/2022	5,000	4,997	5,036
Charter Communications		4.464	3.277	07/23/2022	2,800	2,896	2,942
Alimentation Couche-Tard		2.700	2.720	07/26/2022	1,425	1,424	1,428
Federal Realty Inv Trust		3.000	3.686	08/01/2022	3,885	3,808	3,946
Baltimore Gas & Electric Co		2.800	2.388	08/15/2022	3,631	3,676	3,677
Brixmor Operating		3.875	3.792	08/15/2022	4,325	4,335	4,442
Centerpoint Energy INC		2.500	3.182	09/01/2022	4,500	4,408	4,506
Ryder System Inc		2.500	2.405	09/01/2022	4,000	4,011	4,008
VISA Inc		2.150	2.214	09/15/2022	4,000	3,992	4,017
National Rural Utilities		2.300	2.304	09/15/2022	2,000	2,000	2,005
Korea Hydro & Nuclear Power		3.000	3.821	09/19/2022	5,500	5,365	5,577
PRICOA Global Funding		2.450	2.472	09/21/2022	1,330	1,329	1,335
Realty Income Corp		3.250	3.155	10/15/2022	5,000	5,014	5,130
Bank of America Corp		2.503	3.831	10/21/2022	4,000	3,837	4,010
Constellation Brands Inc		2.650	2.787	11/07/2022	5,500	5,476	5,519
Jones Lang LaSalle Inc		4.400	3.570	11/15/2022	3,550	3,643	3,691
NiSource Finance Corp		2.650	2.677	11/17/2022	860	859	865
Andeavor Logis LP		3.500	3.568	12/01/2022	2,000	1,996	2,047
NBC Universal Media LLC		2.875	2.701	01/15/2023	2,860	2,876	2,921
AERCAP Ireland CAP/GLOBAL		3.300	3.357	01/23/2023	2,000	1,996	2,018
Morgan Stanley		3.750	2.988	02/25/2023	6,000	6,156	6,268
Total Corporate Fixed-Rate Bonds and Notes	49.9%					358,297	365,352
Corporate Floating-Rate Bonds and Notes							
Sempra Energy		3.097	F	3.097	01/15/2021	965	962
Manufacturers & Traders Trust		2.850	F	2.850	01/25/2021	4,000	3,992
Bank of America Corp		3.252	F	3.252	07/21/2021	4,000	4,013
Bank of America Corp		3.242	F	3.242	10/01/2021	4,000	4,011
General Motors Financial Co		4.147	F	4.147	01/14/2022	3,640	3,674
Citibank NA		3.165	F	3.207	02/19/2022	4,000	4,050
Capital One Financial Corp		3.403	F	3.403	03/09/2022	2,060	2,077
Becton Dickinson & Company		3.504	F	3.504	06/06/2022	2,000	2,013
American Express		3.189	F	3.189	08/01/2022	2,000	2,004
BP Capital Markets		3.069	F	3.068	09/19/2022	1,000	1,001
Nissan Motor Acceptance		3.020	F	3.020	09/28/2022	3,200	3,180
JP Morgan Chase & Co		3.207	F	3.203	04/01/2023	7,000	7,144
Total Corporate Floating-Rate Bonds and Notes	5.2%					37,865	38,121
Collateralized Mortgage Obligations							
Galton Funding Mortgage Trust		4.500	4.352	02/25/2059	5,806	5,919	5,958
Total Collateralized Mortgage Obligations	0.8%					5,919	5,958

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2019
(In thousands)

WEST VIRGINIA SHORT TERM BOND POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Commercial Mortgage-Backed Securities							
Wells Fargo RBS		3.344 F	3.368	03/15/2044	376	376	377
Total Commercial Mortgage-Backed Securities	0.1%					376	377
Asset-Backed Securities							
Ford Credit Auto Lease Trust		2.020	2.035	06/15/2020	996	996	996
BMW Vehicle Lease Trust		2.180	2.190	06/22/2020	5,100	5,100	5,097
Kubota Credit Owner Trust		1.500	1.516	07/15/2020	488	487	487
GM Financial Auto Leasing		2.260	2.277	08/20/2020	1,650	1,650	1,649
Volvo Financial Equipment		1.890	1.898	09/15/2020	1,100	1,100	1,098
Ford Credit Auto Lease Trust		2.170	2.180	02/15/2021	1,320	1,320	1,318
BMW Vehicle Lease Trust		2.190	2.214	03/22/2021	575	575	575
Hyundai Auto Lease Trust		2.130	2.142	04/15/2021	4,000	4,000	3,998
Great American Leasing Rec		2.600	2.620	06/15/2021	2,000	2,000	2,006
MMAF Equipment Finance		2.920	2.944	07/12/2021	607	607	608
Master Credit Card Trust		2.260	2.281	07/21/2021	4,000	3,999	3,998
Hyundai Auto Lease Trust		2.210	2.223	09/15/2021	3,400	3,400	3,395
Nextgear Floorplan		2.190	2.210	09/15/2021	2,000	2,000	1,998
GM Financial Auto Leasing		2.120	2.134	09/20/2021	2,000	2,000	1,996
Hertz Vehicle Financing LLC		2.670	3.532	09/25/2021	4,750	4,706	4,757
PFS Financing Corp		1.870	1.877	10/15/2021	1,250	1,250	1,247
Drive Auto Receivables		3.010	3.030	11/15/2021	808	808	809
AmeriCredit Automobile Rec		1.980	1.994	12/20/2021	1,642	1,641	1,639
Chrysler Capital Auto Rec		1.960	1.969	01/18/2022	120	120	120
GMF Floorplan		2.220	2.236	01/18/2022	2,000	2,000	1,998
Santander Retail Auto Lease Tr		2.370	2.387	01/20/2022	1,500	1,500	1,500
Enterprise Fleet Financing LLC		2.040	2.057	02/22/2022	1,375	1,375	1,371
Santander Drive Auto Rec		3.010	3.027	03/15/2022	1,500	1,500	1,503
AmeriCredit Automobile Rec		1.900	1.914	03/18/2022	2,354	2,354	2,349
Securitized Term Auto Rec		2.289	2.372	03/25/2022	2,405	2,403	2,402
Nextgear Floorplan		2.540	2.555	04/18/2022	4,000	4,000	4,001
Santander Retail Auto Lease Tr		3.060	3.081	04/20/2022	3,000	3,000	3,027
Dell Equipment Finance Trust		2.140	2.152	04/22/2022	647	647	646
Mercedes - Benz Master Owner		2.654 F	2.669	05/16/2022	1,800	1,800	1,801
Honda Auto Receivables Owner		3.010	3.028	05/18/2022	1,300	1,300	1,316
Hertz Fleet Lease Funding LP		2.700	2.724	07/11/2022	5,000	4,999	5,012
Gracechurch Card PLC		2.794 F	2.810	07/15/2022	4,000	4,000	3,999
PFS Financing Corp		2.994 F	3.013	07/15/2022	1,650	1,650	1,653
GM Financial Auto Loan		2.320	0.000	07/18/2022	3,500	3,500	3,506
Enterprise Fleet Financing LLC		2.130	2.140	07/20/2022	462	462	461
World Omni Automobile Lease		2.320	2.331	08/15/2022	1,500	1,500	1,499
Nissan Auto Lease Trust		2.040	2.048	09/15/2022	2,275	2,275	2,272
Cards II Trust		2.654 F	2.669	10/17/2022	1,800	1,800	1,800
MMAF Equipment Finance LLC		2.210	2.220	10/17/2022	2,000	2,000	2,000
Nextgear Floorplan		2.560	2.573	10/17/2022	4,000	4,000	4,009
PFS Financing Corp		2.400	2.421	10/17/2022	3,400	3,399	3,406
Dell Equipment Finance Trust		2.190	2.202	10/24/2022	2,000	2,000	1,998
Volvo Financial		2.894 F	2.912	11/15/2022	3,350	3,350	3,360
Golden Credit Card Trust		2.620	2.634	01/15/2023	1,900	1,900	1,912
Mercedes Benz Auto Lease		2.010	2.020	01/17/2023	1,750	1,750	1,749
Enterprise Fleet Financing		2.220	2.231	01/20/2023	1,800	1,799	1,797
Great American Leasing Rec		2.360	2.373	01/20/2023	4,750	4,750	4,751
AmeriCredit Auto Rec		3.150	3.078	03/20/2023	2,090	2,093	2,117
Ally Master Owner Trust		3.290	3.311	05/15/2023	1,000	1,000	1,021

(Continued on Next Page)

F – Floating rate note security.

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2019
(In thousands)

WEST VIRGINIA SHORT TERM BOND POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
BMW Floorplan Master Owner Tr		3.150	3.179	05/15/2023	1,600	1,600	1,632
World Omni Automobile Lease		2.940	2.961	05/15/2023	3,000	3,000	3,028
GM Financial Consumer Auto		2.060	2.075	05/16/2023	3,500	3,500	3,499
Ally Master Owner Trust		3.300	3.327	07/17/2023	1,250	1,250	1,274
First National Master Trust		2.834	F 2.851	10/16/2023	3,200	3,200	3,203
Mercedes-Benz Auto Lease Trust		2.510	2.476	10/16/2023	1,400	1,400	1,404
Dell Equipment Finance Trust		3.370	3.400	10/22/2023	1,220	1,220	1,241
ARI Fleet Lease Trust		2.110	2.124	07/15/2024	1,563	1,563	1,564
Discover Card Master Trust		3.040	3.059	07/15/2024	5,000	5,000	5,121
Daimler Trucks Retail Trust		3.030	3.050	11/15/2024	2,500	2,500	2,523
ARI Fleet Lease Trust		2.280	2.296	04/15/2026	5,000	4,999	5,000
Chesapeake Funding II LLC		1.880	1.909	06/15/2028	904	903	903
Ford Credit Auto Owner Trust		2.360	2.854	03/15/2029	11,000	10,766	11,024
Chesapeake Funding II LLC		1.990	1.999	05/15/2029	2,099	2,099	2,094
Chesapeake Funding II LLC		1.910	1.920	08/15/2029	1,082	1,082	1,077
SLMA Student Loan Trust		3.494	F 3.520	06/17/2030	496	496	496
Social Professional Loan Progr		3.254	F 3.276	07/25/2039	569	569	568
Social Professional Loan Progr		1.720	1.726	09/25/2040	518	518	516
Social Professional Loan Progr		2.390	2.402	02/25/2042	2,004	2,004	2,006
Total Asset Backed Securities	21.2%					155,534	156,200
Money Market Funds							
BlackRock Liquidity		2.350	**		523	523	523
Total Money Market Funds	0.1%					523	523
Total Short Term Bond Pool	100.00%					\$ 721,870	\$ 731,969

(Continued on Next Page)

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2019
(In thousands)

WEST VIRGINIA BANK POOL							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>Certificates of Deposit</i>							
Citizens Bank of WV		2.680 %	2.680 %	07/11/2019	5,000	\$ 5,000	\$ 5,000
WesBanco Bank		2.680	2.680	07/11/2019	10,000	10,000	10,000
Main Street Bank		2.650	2.650	08/15/2019	4,000	4,000	4,000
Bank of Romney		2.650	2.650	08/15/2019	1,000	1,000	1,000
WesBanco Bank		2.650	2.650	08/15/2019	10,000	10,000	10,000
Bank of Romney		2.650	2.650	09/12/2019	1,000	1,000	1,000
WesBanco Bank		2.650	2.650	09/12/2019	10,000	10,000	10,000
WesBanco Bank		2.650	2.650	10/10/2019	10,000	10,000	10,000
Bank of Romney		2.600	2.600	11/14/2019	1,000	1,000	1,000
WesBanco Bank		2.650	2.650	11/14/2019	10,000	10,000	10,000
BcBank Inc		2.450	2.450	12/12/2019	2,500	2,500	2,500
Citizens Bank of WV		2.450	2.450	12/12/2019	5,000	5,000	5,000
WesBanco Bank		2.450	2.450	12/12/2019	7,500	7,500	7,500
Total Certificates of Deposit	99.7%					77,000	77,000
<i>Money Market Funds</i>							
BlackRock Liquidity		2.350 **			232	232	232
Total Money Market Funds	0.3%					232	232
Total West Virginia Bank Pool	100.0%					\$ 77,232	\$ 77,232
STATE LOAN POOL							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>Loans and Mortgages</i>							
Intergovernmental Loans							
WVEDA Revolving Loan		0.890 %			117,371	\$ 117,371	\$ 117,371
WVEDA Non-Recourse Loan		3.000			24,326	24,326	24,326
WVEDA Broadband Loan		1.300			1,480	1,480	1,480
Total Intergovernmental Loans						143,177	143,177
Reserve for uncollectable loans					23,968	23,968	23,968
Loans and Mortgages, net of reserve for uncollectable loans	100.0%					119,209	119,209
<i>Money Market Funds</i>							
BlackRock Liquidity		2.350 **			34	34	34
Total Money Market Funds	0.0%					34	34
Total State Loan Pool	100.0%					\$ 119,243	\$ 119,243

(Continued on Next Page)

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2019
(In thousands)

RESERVE POOL							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Depository Accounts							
United National Bank		2.49% ** F	2.503%	08/31/2022	19,546	\$ 19,546	\$ 19,546
Total Depository Accounts	100.0%					19,546	19,546
Money Market Funds							
BlackRock Liquidity		2.350 **			1	1	1
Total Money Market Funds	0.0%					1	1
Total Reserve Pool	100.0%					\$ 19,547	\$ 19,547

SCHOOL FUND							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Money Market Funds							
BlackRock Liquidity		2.350 **			1,425	\$ 1,425	\$ 1,425
Total Money Market Funds	100.0%					1,425	1,425
Total School Fund	100.0%					\$ 1,425	\$ 1,425

EDA - AW							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
U. S. Treasury Issues							
United States Treasury Bond		6.250 %	4.929 %	08/15/2023	1,445	\$ 1,515	\$ 1,703
Total U. S. Treasury Issues	100.0%					1,515	1,703
Total EDA-AW	100.0%					\$ 1,515	\$ 1,703

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Other Financial Information

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF NET ASSET VALUES (UNAUDITED)

JUNE 30, 2019

(IN THOUSANDS EXCEPT FOR INVESTMENT UNIT DATA)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Loan Pool	Reserve Pool
Paid-in capital	\$ 3,959,313	\$ 252,159	\$ 727,726	\$ 77,774	\$ 119,402	\$ 19,588
Accumulated undistributed net investment income (loss)	-	-	-	-	-	-
Accumulated undistributed net realized gain (loss)	-	-	-	-	-	-
Unrealized net appreciation (depreciation) of investments	-	-	10,099	-	-	-
Net position at value	<u>\$ 3,959,313</u>	<u>\$ 252,159</u>	<u>\$ 737,825</u>	<u>\$ 77,774</u>	<u>\$ 119,402</u>	<u>\$ 19,588</u>
Investment unit data:						
Units outstanding	3,959,313,091	252,159,034	7,158,283	77,774,563	119,401,616	19,587,456
Net position, unit price	\$ 1.00	\$ 1.00	\$ 103.07	\$ 1.00	\$ 1.00	\$ 1.00

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

PORTFOLIO STATISTICS (UNAUDITED)

JUNE 30, 2019

	<u>West Virginia Money Market</u>	<u>West Virginia Government Money Market</u>	<u>West Virginia Short Term Bond Pool</u>
Weighted Average Days to Maturity	42 days	40 days	N/A
Maximum Weighted Average Investment Maturity Term Per Board Guidelines	60 days	60 days	N/A
Effective Duration	N/A	N/A	723 days
Maximum Effective Duration Per Board Guidelines	N/A	N/A	731 days
Money Market Yield - Monthly	2.48%	2.29%	N/A

The money market yield represents the rate of income, net of expenses, earned over the past month and is not intended to indicate future performance. The return is annualized over a 365-day year, assuming no reinvestment of earnings.

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

PARTICIPANT NET ASSET VALUES (UNAUDITED)

JUNE 30, 2019

(IN THOUSANDS)

WV Money Market Pool			
State Agencies:		Local Governments:	
WV State Treasurer's Office:			
State Participation	\$ 887,785	Wood Co Board of Education	28,761
Banking Services	400,817	Mercer County Board of Education	27,816
Safekeeping	33,271	City of Charleston	20,359
Safe Road Bonds	70	Fayette County Board of Education	12,970
Roads to Prosp Debt Service	95	Marshall County Board of Education	16,846
Broadband Loan Guarantee	10,020	Tyler Co Board of Education	6,792
Veterans Lottery	1,166	Taylor County Board of Education	8,178
Total WV State Treasurer's Office	<u>1,333,224</u>	Boone County Commission	5,345
Department of Transportation	1,324,907	Pleasants County Board of Education	5,158
Higher Education Policy Commission	257,093	Braxton County Board of Education	4,851
Public Employees Insurance Agency	149,137	Kanawha EOC	4,910
Department of Environmental Protection	67,706	City of Parkersburg	4,947
WV Lottery Commission	144,619	Berkeley Co PSSD	5,757
Department of Commerce	33,657	Lewis County Board of Education	1,656
Department of Health and Human Resources	103,338	City of Weirton	2,832
Division of Natural Resources	82,838	Lincoln County Board of Education	3,866
Board of Risk and Insurance Management	47,459	Roane County Board of Education	2,296
Water Development Authority	35,292	Fayette County Commission	2,193
WV Municipal Pension Oversight Board	30,962	Kanawha County Emergency Ambulance Authority	3,938
WV Economic Development Authority	43,015	Mason County Board of Education	5,684
School Building Authority	16,743	Ritchie County Board of Education	1,399
Regional Jail Authority	16,870	Wyoming County Board of Education	1,083
WV Housing Development Fund	19,556	Berkeley County Board of Education	2,367
WVU	8,537	Greenbrier County Board of Education	1,080
Insurance Commission	11,570	Pleasants County Commission	1,028
WV State Auditor's Office	6,925	Other	<u>11,353</u>
Performance and wage bond accounts	19,335	Total net asset value	<u>193,465</u>
Other	13,065		<u>\$ 3,959,313</u>
Total State Agencies	<u>3,765,848</u>		

WV Government Money Market Pool	
State Agencies:	
Municipal Bond Commission	\$ 190,827
WV Economic Development Authority	7,625
Other	8,382
Total State Agencies	<u>206,834</u>
Local Governments:	
Ohio County Board of Education	42,669
Hancock County Commission	1,143
Other	1,513
Total Local Governments	<u>45,325</u>
Total net asset value	<u>\$ 252,159</u>

WV Short Term Bond Pool	
State Agencies:	
WV State Treasurer's Office:	
State Participation	\$ 302,073
Banking Services	177,013
Prepaid Tuition Escrow	24,347
Total WV State Treasurer's Office	<u>503,433</u>
Department of Environmental Protection	159,726
WV Lottery Commission	32,762
WV Economic Development Authority	18,332
Higher Education Policy Commission	6,085
DHHR - Children's Health Insurance	4,551
WV Court of Claims	4,271
WV Parkways Authority	3,431
Department of Transportation	2,250
Other	2,321
Total State Agencies	<u>737,162</u>
Local Governments:	
Other	<u>663</u>
Total Local Governments	<u>663</u>
Total net asset value	<u>\$ 737,825</u>

Glossary of Financial and Investment Terms

Agency Securities - Securities issued by U.S. Government agencies, such as the Federal Home Loan Bank. These securities have high credit ratings but are not backed by the full faith and credit of the U.S. Government.

Asset-Backed Notes - Financial instruments collateralized by one or more types of assets including real property, mortgages, and receivables.

Banker's Acceptance - A high quality, short-term negotiable discount note drawn on and accepted by banks that are obligated to pay the face amount at maturity.

Basis Point - The smallest measure used in quoting yields or returns. One basis point is 0.01% of yield. One hundred basis points equals 1%. For example, a yield that changed from 8.75% to 9.50% increased by 75 basis points.

Benchmark - A standard unit used as the basis of comparison; a universal unit that is identified with sufficient detail so that other similar classifications can be compared as being above, below, or comparable to the benchmark.

Capital Gain (Loss) - Also known as capital appreciation (depreciation), capital gain (loss) measures the increase (decrease) in value of an asset over time.

Certificates of Deposit (CDs) - A debt instrument issued by banks, usually paying interest, with maturities ranging from seven days to several years.

Commercial Paper - Short-term obligations with maturities ranging from one to 270 days. They are issued by banks, corporations, and other borrowers to investors with temporarily idle cash.

Compounded Annual Total Return - Compounded annual total return measures the implicit annual percentage change in value of an investment, assuming reinvestment of dividends, interest, and realized capital gains, including those attributable to currency fluctuations. In effect, compounded annual total return smoothes fluctuations in long-term investment returns to derive an implied year-to-year annual return.

Consumer Price Index (CPI) - A measure of change in consumer prices, as determined by a monthly survey of the U.S. Bureau of Labor Statistics. Components of the CI include housing costs, food, transportation, electricity, etc.

Cumulative Rate of Return - A measure of the total return earned for a particular time period. This calculation measures the absolute percentage change in value of an investment over a specified period, assuming reinvestment of dividends, interest income, and realized capital gains. For example, if a \$100 investment grew to \$120 in a two-year period, the cumulative rate of return would be 20%.

Derivative - Derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate, or index. For example, an option is a derivative instrument because its value derives from an underlying stock, stock index, or future.

Discount Rate - The interest rate that the Federal Reserve charges banks for loans, using government securities or eligible paper as collateral.

Expense Ratio - The amount, expressed as a percentage of total investment, that shareholders pay for mutual fund operating expenses and management fees.

Federal Funds Rate - The interest rate charged by banks with excess reserves at a Federal Reserve district bank to banks needing overnight loans to meet reserve requirements. The federal funds rate is one of the most sensitive indicators of the direction of interest rates because it is set daily by the market.

Federal Reserve Board - The governing body of the Federal Reserve System (twelve regional Federal banks monitoring the commercial and savings banks in their regions). The board establishes FRS policies on such key matters as reserve requirements and other regulations, sets the discount rate, and tightens or loosens the availability of credit in the economy.

Gross Domestic Product (GDP) - Total final value of goods and services produced in the United States over a particular period or time, usually one year. The GDP growth rate is the primary indicator of the health of the economy.

Index - A benchmark used in executing investment strategy which is viewed as an independent representation of market performance. An index implicitly assumes cost-free transactions; some assume reinvestment of income. Examples: S&P Index, Lehman Brothers Aggregate Index, Russell 2000 Index.

Inflation - A measure of the rise in price of goods and services, as happens when spending increases relative to the supply of goods on the market, i.e. too much money chasing too few goods.

Investment Income - The equity dividends, bond interest, and/or cash interest paid on an investment.

Maturity Date - The date on which the principal amount of a bond or other debt instrument becomes payable or due.

Money Market Fund - An open-ended mutual fund that invests in commercial paper, bankers' acceptances, repurchase agreements, government securities, certificates of deposit, and other highly liquid and safe securities and pays money market rates of interest. The fund's net asset value remains a constant \$1 per share - only the interest rate goes up or down.

Net Asset Value (NAV) - The total assets minus total liabilities, including any valuation gains or losses on investments or currencies, and any accrued income or expense.

Par Value - The stated or face value of a stock or bond. It has little significance for common stocks; however, for bonds it specifies the payment amount at maturity.

Principal - Face value of an obligation, such as a bond or a loan, that must be repaid at maturity.

Realized Gain (Loss) - A gain (loss) that has occurred financially. The difference between the principal amount received and the cost basis of an asset realized at sale.

Repurchase Agreements (Repos) - An agreement to purchase securities from an entity for a specified amount of cash and to resell the securities to the entity at an agreed upon price and time. Repos are widely used as a money market instrument.

Reverse Repurchase Agreements (Reverse Repos) - An agreement to sell securities to an entity for a specified amount of cash and to repurchase the securities from the entity at an agreed upon price and time.

Treasury Bill (T-Bill) - Short-term, highly liquid government securities issued at a discount from the face value and returning the face amount at maturity.

Treasury Bond or Note - Debt obligations of the Federal government that make semi-annual coupon payments and are sold at or near par value in denominations of \$1,000 or more.

Turnover - The minimum of security purchases or sales divided by the fiscal year's beginning and ending market value for a given portfolio.

Unrealized Gain (Loss) - A profit (loss) that has not been realized through the sale of a security. The gain (loss) is realized when a security or futures contract is actually sold or settled.

Variable Rate Note - Floating rate notes with a coupon rate adjusted at set intervals, such as daily, weekly, or monthly, based on different interest rate indices, such as LIBOR, Fed Funds, and Treasury Bills.

Volatility - A statistical measure of the tendency of a market price or yield to vary over time. Volatility is said to be high if the price, yield, or return typically changes dramatically in a short period of time.

Yield - The return on an investor's capital investment.

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Yield - The return on an investor's capital investment.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Members of the
West Virginia Board of Treasury Investments
Charleston, West Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the combined fiduciary funds of the West Virginia Board of Treasury Investments (the "BTI"), a component unit of the State of West Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the BTI's basic financial statements, and have issued our report thereon dated August 30, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the BTI's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the BTI's internal control. Accordingly, we do not express an opinion on the effectiveness of the BTI's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the BTI's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BTI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
August 30, 2019



WEST VIRGINIA DEPARTMENT OF TRANSPORTATION

Division of Motor Vehicles

5707 MacCorkle Avenue, Southeast
Post Office Box 17300
Charleston, West Virginia 25317-0010 • (304) 558-3900
TDD: (800) 742-6991 • (800) 642-9066

Byrd E. White, III
Secretary of Transportation

September 18, 2019

The Honorable Mitch Carmichael, Chair
Joint Committee on Government and Finance
Room 227M, Building 1
State Capitol Complex
Charleston, WV 25305

The Honorable Roger Hanshaw, Chair
Joint Committee on Government and Finance
Room 228M, Building 1
1900 Kanawha Blvd. E.
Charleston, WV 25303

RE: Division of Motor Vehicles
report pursuant to
West Virginia Code §3-2-11

Dear Sirs:

The attached report is submitted on behalf of the Department of Transportation and the Division of Motor Vehicles in compliance with statutory requirements pertaining to the 2019 interim legislative meeting. In 2016, the West Virginia Legislature amended W. Va. Code §3-2-11 to create an automatic voter registration process with an effective date of July 1, 2017. This process involved the Division of Motor Vehicles, the Secretary of State and each County Clerk. Previously, an electronic voter registration process was authorized but not mandated by the relevant code section. As a result of this earlier authorization, the Division began working with the other entities prior to 2016 to implement the submission of electronic information for voter registration purposes. In calendar year 2016, the Division electronically submitted information through a vendor to the Secretary of State which substantially complied with the 2016 amendments for 41,563 new voter registration applicants.

In 2017, prior to the effective date of the 2016 amendments, the Legislature again amended W. Va. Code §3-2-11. The 2017 amendment eliminated obligations for DMV to provide information when a person declined to register to vote before those obligations became effective. In addition, the Legislature extended the effective date of the remaining 2016 changes until July 1, 2019. The Division continued submitting information to the Secretary of State that substantially complied with the 2016 provisions of W. Va. Code §3-2-11 in calendar year 2017 for 48,122 new voter registration applicants.

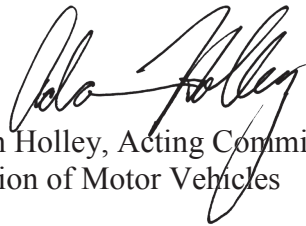
The electronic voter registration process is accomplished by using signature pads provided through a contract with an existing vendor whose contract expired in 2016. This vendor has continued services under successive emergency contracts while a new contract was sought through the state purchasing process. The new contract was awarded in late 2018 to a different vendor with an approximate implementation date of sometime after October 1, 2019.

In addition to the signature pad process, the Division also submits data file reports to the Secretary of State containing other information about existing licensees required by W. Va. Code §3-2-11 since at least July 7, 2018. The report is submitted by programmers for the Division of Highways who are assigned by the Department of Transportation to maintain DMV's mainframe system. The report provides information on all citizens with a driver's license or identification card.

Throughout the amendment process, the DMV has continued to be in substantial compliance with WV Code §3-2-11, by collecting most of the data elements and submitting reports to the Secretary of State containing information about existing licensees. In 2019, DMV became fully compliant with the collection of all statutorily required data elements, including the new ones added in the 2019 legislative session.

Finally, the Division's internal mainframe system is a legacy system in need of modernization notwithstanding the mandates of W. Va. Code §3-2-11. Changes to the system are not easy. Each additional element expected to be collected and maintained through this legacy system through state or federal mandates exacerbates the need for a modernization project.

With the upcoming new driver's license system implementation scheduled for some time after October 1, 2019, and the continued work by the DMV to modernize the mainframe system, the DMV strives to continuously improve all the services it provides to customers, including voter registration.

A handwritten signature in black ink, appearing to read "Adam Holley", is positioned above the printed name and title.

Adam Holley, Acting Commissioner
Division of Motor Vehicles

WEST VIRGINIA LEGISLATIVE INTERIM MEETING - 2019 UPDATE -



AUTOMATIC VOTER REGISTRATION PROCESS

West Virginia Department of Transportation, Division of Motor Vehicles

Legislative Overview

Automatic Voter Registration Process

In 2016, the West Virginia Legislature began amending WV Code §3-2-11 to create an automatic voter registration process. This process involves the West Virginia Division of Motor Vehicles, the Secretary of State, and each County Clerk. The code was amended again in 2017, 2018 and 2019 during the Legislative Sessions.

Throughout the amendment process, the DMV has continued to be in substantial compliance with WV Code §3-2-11, by collecting most of the data elements and submitting reports to the Secretary of State containing information about existing licensees.

The current statute provides:

The Division of Motor Vehicles or other division or department that may be established by law to perform motor vehicle driver licensing services shall obtain as an integral and simultaneous part of every process of application for the issuance, renewal, or change of address of a motor vehicle driver's license, or official identification card pursuant to the provisions of §17B-2-1 et seq. of this code, when the division's regional offices are open for regular business, the following information from each qualified registrant:

1. Full name, including first, middle, last, and any premarital names;
2. Date of birth;
3. Residence address and mailing address, if different;
4. The applicant's electronic signature;
5. Telephone number, if available;
6. Email address, if available;
7. Political party membership, if any;
8. Driver's license number and last four digits of Social Security number;
9. A notation that the applicant has attested that he or she meets all voter eligibility requirements;
10. United States citizenship status;
11. Whether the applicant affirmatively declined to become registered to vote during the transaction with the Division of Motor Vehicles;
12. Date of application; and
13. Any other information specified in rules adopted to implement this section.

Legislative Overview continued...

In July 2019, DMV became fully compliant with the collection of all statutory required data elements, including the new ones added in the 2019 Legislative session. DMV changed the driver's license application to collect email, phone number and county of residence and modified the mainframe to store email, phone number and clarify the county of residence. The mainframe was also modified to include an affirmative notation of citizenship status, which allows the Secretary of State to fulfill his or her duties as provided by §3-2-3 of this code to confirm that persons who are noncitizens of the United States have not and cannot register to vote via the Online Voter Registration portal. The mainframe was also modified to distinguish between an update, transfer and new voter registrant. DMV sends a datafile to the Secretary of State's Office for participation in the Electronic Registration Information Center (ERIC) at intervals requested by the Secretary of State. This data file originates from the DMV's driver licensing mainframe system. In addition, DMV forwards a nightly batch file with voter registration information from a signature pad process. This data file originates from a DMV driver's license vendor that provides the electronic signature pads.

The 2019 amendments also delayed the effective date for automatic voter registration in conjunction with certain Division of Motor Vehicle transactions until July 1, 2021, and requires the Division of Motor Vehicles, the Department of Transportation, and the Secretary of State to file certain reports with, and appear before, the Joint Committee on Government and Finance and the Joint Standing Committee on the Judiciary during the first interim meetings occurring after September 1, 2019.

With the upcoming new driver's license system implementation scheduled for some time after October 1, 2019, and the continued work by the DMV to modernize the internal driver's license system, DMV strives to continuously improve the service provided to all customers.

Although the DMV is now compliant with the requirements mandated in §3-2-11, the committee should be cognizant of the fact that the current vendor of the signature pad process is being replaced by a new vendor. In addition, the DMV mainframe is a legacy system that is decades old and is overdue for replacement. The DMV is currently performing due diligence to modernize both the driver and vehicle systems. It is anticipated that modernization will cost \$30 to \$50 million and be completed over a three to five year period.

Automatic Voter Registration Attachments

- A. Application for Driver's License or Identification Card
- B. Schedule of Implementation
- C. Changes in Process
- D. Automatic Voter Registration Applicants
- E. Sample Driver's License Record

Attachment A

Application for a Driver's License or Identification Card

Driver's License Application with required Voter Registration information included for collection.

DMV-DS-23P REVISED 04/2019

West Virginia DMV
PO BOX 17010
Charleston, WV 25317

Application for a Driver's License or Identification Card

Complete both sides of this application. All requested information is mandatory unless otherwise noted.



Name _____
LAST, FIRST, AND MIDDLE

Former Names _____
SUPPORTING LEGAL DOCUMENTATION IS REQUIRED BY LAW

Residence Address _____

County of Residence _____

Mailing Address _____
REQUIRED IF DIFFERENT FROM RESIDENCE ADDRESS

City, State, ZIP code _____

Social Security Number _____

WV License # _____ Birth date _____
MM DD YYYY

Gender _____ Weight _____ LBS Height _____ FT _____ IN

Eye Color _____ Do you wear corrective lenses? ☐ ☐

Daytime Phone (optional) (_____) _____ - _____

Cellular Phone (optional) (_____) _____ - _____

Email Address (optional) _____

YOU MUST ANSWER "YES" OR "NO" TO ALL QUESTIONS BELOW UNLESS YOU DO NOT MEET THE QUESTION'S CRITERIA.

YES NO

☐ ☐ Has your address changed since your last License/ID issuance?
If "yes", please list previous address below:

Please remember WV Law requires you to notify DMV within 20 days after a change of address.

☐ ☐ Are you a U.S. Citizen? If not, list your Alien Registration Number below.

☐ ☐ Have you been issued a license/ID in another jurisdiction in the last 10 years?
If "yes", list jurisdiction and License/ID#(s): _____

☐ ☐ Do you have a suspended/revoked license or a pending license suspension/revocation in ANY jurisdiction within the previous five years?
If "yes", you are required to provide a letter of explanation including the date of the incident.

☐ ☐ Have you been refused a license by any jurisdiction within the previous five years? If "yes", you are required to provide a letter of explanation including the date of the incident.

☐ ☐ **APPLICANTS THAT OWE A CHILD SUPPORT OBLIGATION ONLY:** Do you owe an obligation that is more than six months in arrears?

☐ ☐ **APPLICANTS THAT OWE A CHILD SUPPORT OBLIGATION ONLY:** Are you the subject of a child support-related warrant, subpoena, or court order?

☐ ☐ **LEVEL 2 GDL Applicants ONLY:** Have you been convicted of a traffic violation in the past six months?

☐ ☐ **LEVEL 3 GDL Applicants ONLY:** Have you been convicted of a traffic violation in the past 12 months?

☐ ☐ Do you have any visual/medical condition(s) affecting your ability to drive safely? If "yes", you are required to provide a letter of explanation.



☐ ☐ Do you wish to be designated on your license as an organ donor?
By checking "yes", you agree that the DMV may furnish your personal information to designated organ donation groups.



☐ ☐ Do you wish to be designated on your license as diabetic? If "yes", a licensed physician must certify your condition by completing the MEDICAL ENDORSEMENT section on side two of this application.



☐ ☐ Do you wish to be designated on your license as hearing impaired? If "yes", a licensed audiologist must certify your condition by completing the MEDICAL ENDORSEMENT section on side two of this application.



☐ ☐ **Veterans of the United States Military ONLY:** Do you wish to have the United States Veterans designation on your license? If you choose to have the veterans designation, DMV is required to verify your status with your DD Form 214, WD AGO 53, WD AGO 55, WD AGO 53-55, NAVPERS 553, NAVMC 78PD, NAVCG 553, Military Identification Card, or a Current Military license plate registration card. (A CSR may verify status as a current military license plate holder through the vehicle system if an applicant does not have their registration card on hand.)

☐ ☐ Have you ever experienced seizures or loss of consciousness, emotional or mental illness, alcohol or drug problems, or any physical condition that requires you to use special equipment to drive? If "yes", you are required to provide a letter of explanation.

☐ ☐ Are you currently registered to vote?
If "yes", declare if you need to update or transfer your voter information: _____

☐ ☐ Are you registered to vote in another state?
If "yes", which state? _____

☐ ☐ **Ages 18 and up ONLY:** Do you wish to register to vote?

☐ ☐ Do you wish to make a contribution to the West Virginia State Police Forensic Laboratory Fund? If "yes", specify the contribution amount: \$ _____

☐ ☐ Do you wish to make a contribution to the West Virginia Department of Veterans Assistance? If "yes", choose an amount: ☐ \$5 ☐ \$10 ☐ Other: _____

You must complete BOTH sides of this application. An incomplete application will not be processed.

Attachment B

Schedule of Implementation

Method of Collection

- **Type of voter registration transaction (New or Update)**
Mainframe collects – 4/15/19 – will be sent by new vendor – currently in ERIC data file
- **Full name, including first, middle, last and any former names;**
Mainframe collects – sent in daily file sending prior name 4/12/19 in ERIC data file
- **Date of birth;**
Mainframe collects – sent in daily file and ERIC data file
- **Residence address;**
Mainframe collects – sent in daily file - verified at signature pad by customer – sent in ERIC data file
- **Mailing address;**
Mainframe collects – sent in daily file – sent in ERIC data file
- **County of residence;**
Mainframe collects - 2 digit code sent 4/12/19 (with a translation for codes)– also sent in ERIC data file
- **The applicant's electronic signature;**
Signature pad collects – sent in daily file
- **Telephone number(s);**
Mainframe collects 6/16/19– also in ERIC data file – will be sent in daily file with new vendor
- **Email address;**
Mainframe collects – also in ERIC data file – will be sent in daily file with new vendor
- **Driver's license number;**
Mainframe collects – also in ERIC data file- verified by customer on signature pad – sent in daily file
- **Last four digits of the Social Security number;**
Mainframe collects – verified via SSOLV – last four sent in ERIC data file
- **Political party membership, if any;**
Signature pad collects – sent in daily file
- **A data field indicating whether the applicant has attested that he or she meets all voter eligibility requirements as set forth in W.Va. State Code §§3-2-2(a) and 3-2-2(b);** Signature pad collects – sent in daily file
- **Date of application; and**
Signature pad collects – sent in daily file
- **If the license transaction is to change from another state to West Virginia, whether the applicant is registered to vote in another state and that state.**
Mainframe collects transfer information – sent in ERIC data file
- **Citizenship Status**
Mainframe collects – sent in ERIC data file

MAINFRAME	SIGNATURE PAD
✓	
✓	✓
✓	
✓	
✓	
✓	
	✓
✓	
✓	
✓	
✓	
	✓
	✓
	✓
✓	
✓	✓

Attachment C

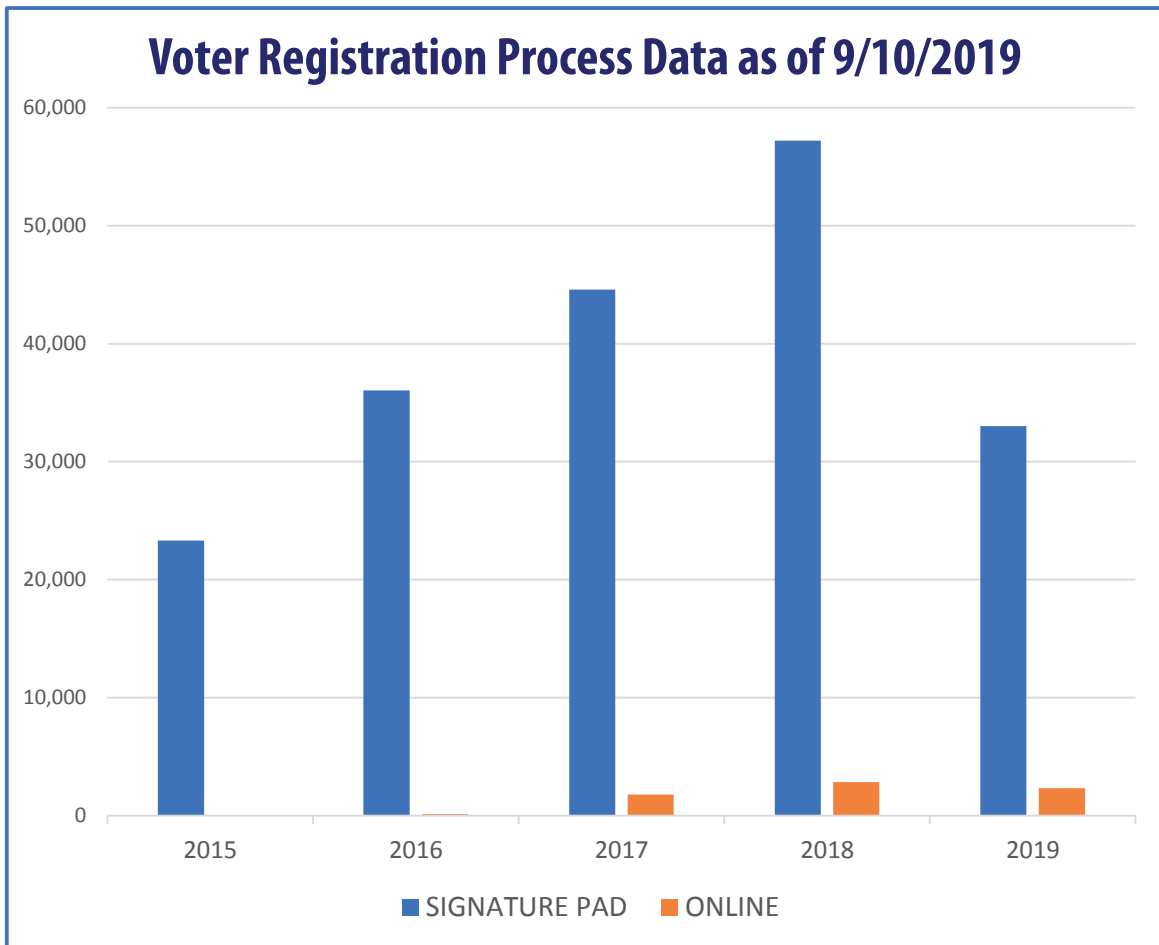
Most Recent Changes in Process

Changes by WV Department of Transportation	ERIC File Change Dates
Added two digit county code to the ERIC extract file	April 12, 2019
Added prior name fields to the ERIC extract file	April 12, 2019
Added phone number and email address fields to ERIC extract file	June 16, 2019
Added phone number and email address fields to input screens in DMV Driver System	June 21, 2019

Field Name	Starting Position	Characteristic	Length	Format
DLN/ID	1	CHAR	7	
UNIQUE ID	9	CHAR	7	
FIRST NAME	17	CHAR	40	
MIDDLE NAME	58	CHAR	40	
LAST NAME	99	CHAR	40	
SUFFIX	140	CHAR	3	
DOB	144	DATE	10	MM/DD/YYYY
RESIDENT STREET NUMBER	155	CHAR	5	
RESIDENT STREET NAME	161	CHAR	20	
RESIDENT CITY	182	CHAR	15	
RESIDENT STATE	198	CHAR	2	
RESIDENT ZIP CODE	201	CHAR	9	
MAILING STREET NUMBER	211	CHAR	5	
MAILING STREET NAME	217	CHAR	20	
MAILING CITY	238	CHAR	15	
MAILING STATE	254	CHAR	2	
MAILING ZIP CODE	257	CHAR	9	
SOCIAL SECURITY NUMBER	267	CHAR	4	
REGISTER TO VOTE	272	CHAR	1	"Y" - Indicates desire to register "N" - Indicates desire NOT to register
LATEST ISSUE DATE	274	DATE	10	MM/DD/YYYY
EXPIRATION DATE	285	DATE	10	MM/DD/YYYY
COUNTY	295	CHAR	2	
PRIOR FIRST NAME	297	CHAR	12	
PRIOR MIDDLE NAME	309	CHAR	17	
PRIOR LAST NAME	326	CHAR	17	
PRIOR SUFFIX	343	CHAR	5	
PHONE	348	CHAR	10	9999999999
EMAIL ADDRESS	358	CHAR	70	

Attachment D

Automatic Voter Registration Applicants



Calendar Year	Signature Pad	Online	TOTAL
2015	23,310		23,310
2016	36,043	36	36,079
2017	44,596	1,794	46,390
2018	57,217	2,847	60,064
2019	33,013	2,322	35,335
TOTAL	194,179	6,999	201,178

Online DMV Driver's License Transactions

Calendar Year	Reviewed Online	Requested to Vote
2016	765	36
2017	20,329	1,795
2018	27,544	2,847
2019	30,797	3,257

Attachment E

Sample Driver's License Record

MVLA L#T LICENSE APPLICATION - UPDATE WITHOUT RENEWAL
04
NEW TRAN ID: LICENSE LEVEL: P ISSUE TYPE: U DL NO: Y000012
OTHER NAME:
NAME: EXAMPLE / GLENNA / NM FLG:
RADD: / RED MAPLE RD / WILSIE / BRAX / WV / 26623 - 0000
ADDR: / RED MAPLE RD / WILSIE / WV / 26623 - 0000
SEX: F WGT: 210 HGT: 5 00 EYES: 2 SSN: 111 23 1111 CITIZEN:
DOB: 06 15 1956 ORGAN DONOR: n DETACH/EXAM NO: EXAM DATE:
DIABETIC: Y REG TO VOTE: y REG FOR SEL SERV: HEARING IMPAIRED: Y
LICENSE TYPE: 8 CLASS: A ENDORSEMENTS: T P S HAZ MAT PASSED? N
RESTRICTIONS: M SPECIAL RESTRICTION:
PHONE: 304 926 9999
EMAIL: exampleg@aol.com
PRIOR STATE: PRIOR LICENSE NO: PRIOR CDL?
PRIOR NAME: / / / LONG FLAG:
PRINT CODE: 0 TRAN DATE: 09 09 19 TSA/CURR EXP DATE: 06/15/2020
1 = DO NOT PRINT VETERAN: Life DNR VIEWED IMAGE
2 = ONLINE PRINT
3 = REAL ID
4 = PRINT IN OFFICE



Legislative Committees Interim Session
September 23-24, 2019

Automatic Voter Registration Report

Mac Warner, Secretary of State

Introduction

This report provides a statutory summary, full and complete list of the infrastructure needed, an update on the progress in preparation for the implementation of Automatic Voter Registration (AVR) and practical considerations of AVR by the West Virginia Secretary of State.

Governing Law

Section eleven, article two, chapter three of the West Virginia Code provides the duties, requirements and procedures for voter registration services offered in conjunction with driver licensing in West Virginia. Agencies tasked with implementation of this section are the West Virginia Secretary of State's Office and the Division of Motor Vehicles.

Pursuant to subsection (n) of the aforementioned Code section:

[T]he Secretary of State shall . . . appear before the Joint Committee on Government and Finance and the Joint Standing Committee on the Judiciary, during the first interim meetings of such committees occurring after September 1, 2019, to present written reports containing a full and complete list of any infrastructure each agency requires to achieve the purposes of this section.

Section four-a, article two, chapter three of the West Virginia Code provides:

The Secretary of State shall implement and maintain a single, official, statewide, centralized, interactive computerized voter registration database of every legally registered voter in the state . . . [which] shall serve as the single system for storing and managing the official list of registered voters throughout the state.

With regard to local election officials' duties, subsection (d) of section four, article 2, chapter three of the West Virginia Code provides:

The clerk of the county commission shall be responsible for the administration of voter registration within the county and shall establish procedures and practices which ensure the full implementation of the requirements of federal and state laws and rules relating to voter registration, and which ensure nondiscriminatory practices.

Implementation Efforts

Passage of SB 491 (eff. March 6, 2019) set the implementation date of AVR for July 1, 2021. To ensure full compliance with the National Voter Registration Act (*i.e.* Motor Voter Act), the Secretary of State's Office (WVSOS) consulted with the Legislature, Association of Counties' "AVR Committee," the Statewide Voter Registration System (SVRS) vendor, Division of Motor Vehicles (DMV) and the third-party vendor developing the DMV's new systems. Progress made towards implementation is detailed below.

I. Legislative Assistance

Following conversations with various Legislators and the State Budget Office at the suggestion of Senate Judiciary Committee members, WVSOS requested increased spending authority to dedicate \$1.5 million of existing revenues generated by the Secretary of State Business & Licensing Division to pay for a SVRS upgrade. The current SVRS is version 2.0 and is nearly a decade old; the most recent SVRS available is version 9.0.

On April 2, 2019, the Budget Office communicated that it would move forward with the request. On May 7, 2019, WVSOS requested that the Governor place a supplemental appropriation on the upcoming Special Session Call for consideration. Finally, with the passage of SB 1015 on June 18, 2019, the Legislature approved a supplemental appropriation to cover the cost of the needed SVRS upgrade from version 2.0 to 9.0.

II. County Clerks Association AVR Committee

Immediately following the passage of SB 1015 in June 2019, the West Virginia County Clerks Association leadership led by its President, Linda Huggins (Preston County Clerk) formed the "AVR Committee." With the additional representation of the WV Association of Counties by its Executive Director Jonathan Adler, the AVR Committee serves as a working group to assist WVSOS and DMV with timely and effective implementation of AVR.

The purpose of the AVR Committee is to provide a unified voice for the counties to communicate and assist with decisions that will affect the county registrars. Until now, there has not been a standing committee to act as a formal line of communication between the county clerks and WVSOS or DMV for AVR implementation purposes.

One of the most important roles the AVR committee will play is helping WVSOS design the SVRS system in a way that provides counties the tools to efficiently manage the exponential increase in voter registration volume. For larger counties with ample staff and resources, the volume increase may be manageable. Smaller counties with just one or two people that run the entire office (voter registration, election systems and equipment management, issuance and recordation of deeds, marriages, births and deaths in the county, etc.), this technology is a necessity to ensure all persons are properly and timely registered to vote.

Following the creation of the AVR Committee, WVSOS hosted a demonstration at the Capitol with the State's SVRS vendor to preview version 9.0. The attendees from the AVR Committee

reviewed the new SVRS, asked questions and provided guidance and input on how to make West Virginia's upgrade most beneficial for the implementation of AVR.

In addition to major increases in security, accessibility and usability, SVRS version 9.0 comes with technology that completely removes the majority of the "manual" county-level voter registration processes. Specifically, the current SVRS version requires counties to manually key (i.e. type) nearly every voter registration that is provided by the DMV through the Motor Voter process. Although simple, it takes time and is prone to human/clerical error. However, SVRS version 9.0 removes most of the manual-entry requirement and registrars can automatically approve a voter registration after reviewing it on their computer screen.

Since the demonstration, the counties have regularly checked-in with our Office to offer more feedback, request additional demos, explain their needs and concerns about efficiency in registration processing and generally advise on how the State can effectively implement the law. Though pleased with these new timesaving and more accurate capabilities, county clerks still express concerns with AVR (see *Practical Considerations* below).

III. Division of Motor Vehicles

On August 23, 2019, the AVR Committee and WVSOS members met with the DMV Commissioner and key staff, and a representative from the Department of Transportation at the DMV's main office in Kanawha City. Topics covered include:

- DMV's expected implementation date of its new drivers licensing system;
- Impact the new DMV system will have on the existing motor voter processes;
- Needs for assessing compatibility between the new DMV system to the upgraded SVRS;
- Options for auditing regular transactions;
- Options for auditing and preventing improper voter registrations (e.g. records of deceased persons, non-citizens, non-residents, minors, etc.);
- Programming changes to the data files shared by DMV with counties through SVRS; and
- Voter registration training and materials for DMV clerks and offices around the state.

As a follow-up to the August 23 meeting, on September 16, 2019 the technical staff from WVSOS, DMV and DMV's new system vendor discussed data files and formatting requirements for each new system. Following the development and programming stages, WVSOS and its SVRS vendor are poised to for the transition to the testing and implementation phases.

IV. WVSOS & DMV Voter Registration Efforts

While the intent of AVR is generally to increase voter registrations, it is important to recognize other efforts that are ongoing in West Virginia. WVSOS shares data provided by the DMV with a national organization that analyzes DMV data from 29 other states to generally assist with (1) identifying eligible but unregistered voters, and (2) voter registration data list maintenance. Since joining this national organization, WVSOS has mailed invitations to register to vote to 421,301 postcards to eligible citizens who, at the time of the mailing, had a WV license but were not registered.

Additionally, in the past two years over 130,000 voters have registered to vote. Thanks in large part to WVSOS' partnership with the county clerks, over 36,000 eligible high-school-age students registered to vote in that time period. These efforts are, and will be, ongoing regardless of AVR.

Infrastructure Required

Following numerous discussions with county clerks and the meeting at DMV in August, it is clear that WVSOS must utilize a vendor's product and services that provide the proper infrastructure to (1) reduce manual data-entry at the county level; (2) securely and accurately transmit data from WVSOS and DMV to the county level; and (3) include auditing capabilities to investigate reported issues from other voter registration agencies, all to ensure every eligible voter is properly registered to vote.

With the passage of SB 1015, the current SVRS vendor can operate within the constraints of statutory timing and funding to provide the needed infrastructure to the counties with the upgraded SVRS version 9.0. Notably, all funding will come from existing monies generated by WVSOS business and licensing activities and no additional funds will be needed from the Legislature.

Working towards implementation, WVSOS hosted several planning calls and online demonstrations between the SVRS vendor and county clerks across the state. In early September 2019, WVSOS received a proposed work schedule from the vendor, which included several features at the counties' request. At the time of this report, the vendor projects a start date for production and development of November 1, 2019.

Programming and development are expected to last roughly seven months until June 2020, with a pilot period of testing/UAT and necessary technical modifications to end several months ahead of the July 2021 AVR deadline.

Practical Considerations

WVSOS and the county clerks stand ready to implement AVR in West Virginia. However, it is important that the Legislature is aware that the vast majority of county clerks are foundationally opposed to AVR. WVSOS supports the clerks' position that this law has the unintended implication of being practically unnecessary in light of regular registration efforts currently taking place without AVR. This presents the question of whether it is Government's role to "automatically" register a person to vote rather than offer them a free and fair opportunity to register?

AVR will certainly increase the volume of new and updated registrations for counties to process. The counties do not complain that voter registration is not their duty; quite the contrary. They are concerned that with the registration efforts already taking place, will AVR have the desired effect, and at what cost?

Looking at the data, West Virginia has roughly 1.2 million currently registered voters. As noted above, postcards were mailed to over 400,000 people identified as being potentially eligible to register to vote since AVR originally passed. According to the 2018 Election Administration and Voting Survey report to Congress by the Federal Election Assistance Commission, West Virginia's citizen voting age population is 1,428,859.¹

In sum, 1.6 million West Virginians are either registered to vote or have been asked if they want to register, with just 1.4 million eligible based on their age. Statistically speaking, every single eligible person in West Virginia should either be registered to vote or has been asked, "Do you want to register to vote?"

These figures beg the ultimate question of whether voter registration is an "automatic" right that should be imposed by government, or one that should be affirmatively asserted and exercised by the individual the same as other Constitutional rights? Is it conceivable that some people have chosen not to participate, have no interest in being registered to vote or simply choose not to share their personal information with the government?

With regard to practical effects of AVR implementation timing, during the 2019 Regular Session a WVSOS representative expounded on some of the Office's concerns with then-recent events in the existing motor voter processes. There was evidence of "systematic errors" identified during the 2018 General Election that required dozens of voters to cast provisional ballots. Shortly thereafter, national news broke out of California regarding tens-of-thousands of AVR errors due to improper implementation.

Thanks to the ongoing partnership between the DMV and WVSOS, the aforementioned systematic errors have been investigated and resolved. And, with a new DMV system being developed by a third-party vendor, WVSOS is optimistic that there will be fewer growing pains during transition. However, both WVSOS and the DMV are at the behest of third-party vendors constrained by statutory time limits and funding to ensure technical success and proper implementation. Additionally, in some states AVR has not lived up to the glowing recommendation that is often portrayed by special interest organizations and affiliated news outlets.

For example, there were 77,000 registration errors stemming from a "software issue" within the first two weeks of the "rushed" California AVR rollout.² Just a few months later, an "administrative processing error" led to 23,000 DMV customers being incorrectly registered to vote (some of whom were assigned to the wrong political party), and a month later an estimated 500 transmittal errors caused hundreds of people who wanted to vote to not be registered in time for the midterm elections.

¹ Source: https://www.eac.gov/assets/1/6/2018_EAVS_Report.pdf

² John Myers, May 24, 2018. "California DMV Audit Pending with Lawmakers Suspicious of Voter Fraud." *California Globe*. Accessed on September 18, 2019 at <https://californiaglobe.com/legislature/california-dmv-audit-pending-with-lawmakers-suspicious-of-voter-fraud/>

Across the board, investigative journalism has shed substantial light on the error-plagued California AVR rollout. One National Public Radio (NPR) investigation reported that:

California rushed to roll out its new “motor voter” system before the 2018 election and a million new voters were signed up as a result . . . The state's system was plagued with technological glitches and errors, including tens of thousands of inaccurate voter records and some non-citizens accidentally being registered.³

Other headlines include:

*"Hackers attacked California DMV voter registration system marred by bugs, glitches"*⁴

*“Deleted texts and ‘show stopper defects’: California tech official raced to launch Motor Voter”*⁵

*“California Audits DMV for 100,000 Voter Registration Errors”*⁶

*“One voter, two registration forms: Errors reported in rollout of California’s ‘motor voter’ system”*⁷

Our 55 local election officials have worked tirelessly to clean up their registration rolls of deceased, relocated and otherwise ineligible voter registrations. Every person who currently goes to the DMV but declines to register to vote is asked again before a major election by WVSOS and invited to register to vote.

Nevertheless, WVSOS stands ready with the county clerks and DMV to implement AVR by July 2021. We are grateful for the Legislature’s acknowledgment during the 2019 Regular Session that a risky AVR implementation was not in the best interests of the State, counties or voters.

³ Pam Fessler, April 11, 2019. *NPR Politics*. Accessed on September 18, 2019 at

<https://www.npr.org/2019/04/11/711779753/report-voter-rolls-are-growing-due-to-automatic-voter-registration>

⁴ John Myers, April 9, 2019. *LA Times*. Accessed on September 18, 2019 at <https://www.latimes.com/politics/la-pol-ca-california-motor-voter-problems-investigation-20190409-story.html>

⁵ Bryan Anderson, May 8, 2019. *The Sacramento Bee*. Accessed on September 18, 2019 at <https://www.sacbee.com/news/politics-government/capitol-alert/article229967789.html#storylink=cpy>

⁶ Fred Lucas, March 12, 2019. *The Daily Signal*. Accessed on September 18, 2019 at <https://www.dailysignal.com/2019/03/12/california-audits-dmv-for-100000-voter-registration-errors/>

⁷ John Myers, May 24, 2018. *LA Times*. Accessed on September 18, 2019 at <https://www.latimes.com/politics/la-pol-ca-motor-voter-registrations-errors-20180524-story.html>

Conclusion

Working in conjunction with the county clerks and Division of Motor Vehicles, the Secretary of State's Office is making progress towards a proper and responsible implementation of AVR.

The practical considerations of AVR are worthy of further discussion, especially with a lack of support from local officials and statistically exceptional amount of eligible citizens who have either registered or been given multiple opportunities to register to vote.

Nevertheless, to accommodate the Legislature's will and counties' needs for adequate tools to assist with the exponential volume increase, the development of the needed infrastructure is already in the works with sufficient funding secured. Regardless the clerks/WVSOS position on AVR, we are on track to implement the provisions of the law by July 1, 2021.



Consolidated Public Retirement Board

Jeffrey E. Fleck
Executive Director

“Serving Those Who Serve West Virginia”



Who We Are

- The Consolidated Public Retirement Board (CPRB) was established by statute (§5-10D) in 1991
- Administer nine unique and distinct retirement plans
 - *Public Employees Retirement System (PERS)
 - *Teachers' Retirement System (TRS)
 - *Teachers' Defined Contribution Plan (TDC)
 - *State Trooper Plan A (Closed in 1994)
 - *State Trooper Plan B
 - *Deputy Sheriff's Retirement System (DSRS)
 - *Judges Retirement System (JRS)
 - *Emergency Medical Services Retirement System (EMSRS)
 - *Municipal Police and Fire Retirement System (MPFRS) – Established in 2010

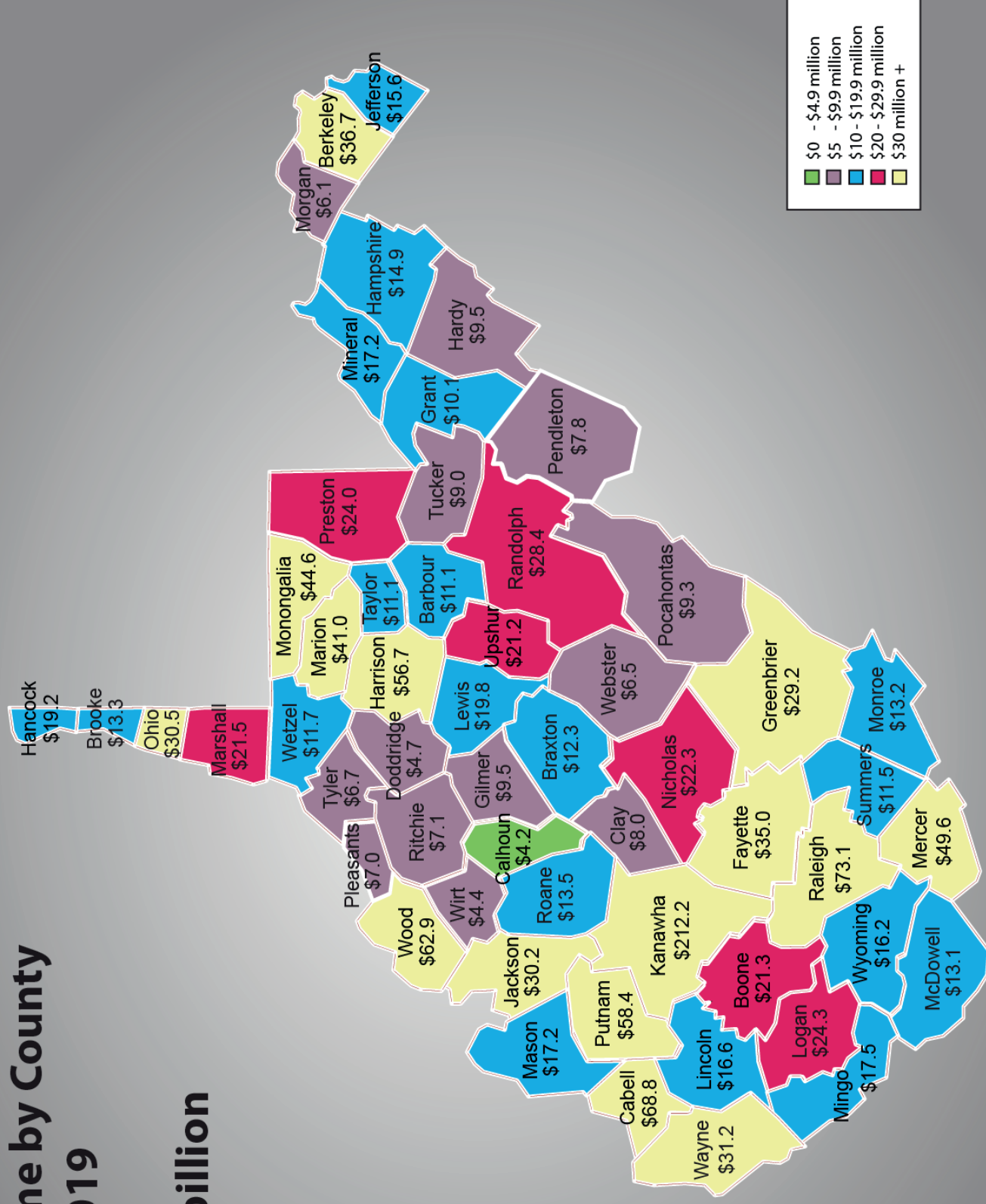


Who We Are

- 74,000 active members and 65,700 retirees
- More than 800 employers participate in plans administered by the CPRB
- \$15.9 billion in assets managed by the West Virginia Investment Management Board (IMB)
- Led by a 17 member Board
 - *Four ex officio members: Governor, State Auditor, State Treasurer and Cabinet Secretary of Administration
 - *Four residents of the state that are not participants in our plans
 - *Nine members that are participants in the various plans (A Trooper Plan B representative was added during the 2019 Legislative session)



Total: \$1.42 billion



In 1994 and 1995 the Legislature put a 40 year amortization schedule in place for the Public Employees' Retirement System (PERS) and the Teacher's Retirement System (TRS)

- TRS will be fully amortized in 2034
- PERS will be fully amortized in 2035





Funding Percentage For Each Plan 2003 vs. Today

Plan	2003	2018
PERS	73.1%	92.9%
TRS	19.1%	69.6%
State Police Plan A	22.2%	90.4%
State Police Plan B	87.3%	101.8%
Deputy Sheriff's Retirement System	62.6%	92.1%
Judges Retirement System	54.6%	185.5%
Emergency Medical Services System	N/A	104.9%
Municipal Police and Fire System	N/A	168.3%



Significant Historical Events – CPRB

- 1991 – The Creation of the CPRB
- 1991 – The closure of TRS and the Creation of the Teacher’s Defined Contribution Plan (TDC)
- 1994 – The Closure of Trooper Plan A and the Creation of Trooper Plan B
- 1998 – The Creation of the Deputy Sheriff’s Retirement System
- 2005 – The Closure of the TDC Plan and Reopening of TRS
- 2006 - \$1 Billion of Tobacco Settlement Money Contributed to TRS



Significant Historical Events – CPRB

- 2008 – Window opened for TDC members to Transfer to TRS. Over 15,000 people transferred.
- 2008 – The Creation of the Emergency Medical Services Retirement System
- 2010 – The Creation of the Municipal Police and Fire Retirement System
- 2015 – The Creation of “Tier 2” in PERS, TRS and Trooper Plan B: Increased Employee Contribution (PERS), Higher Retirement Age, 10 Year Vesting, No Leave for Additional Service Credit



Plan Statistics



Consolidated Public Retirement Board (CPRB) Plan Statistics

As of 7/1/2018	Public Employees (PERS)		Teachers' Defined Benefit (TRS)		Teachers' Defined Contribution (TDC)	State Police (Plan A)	State Police (Plan B)	Judges' System (JRS)		Deputy Sheriffs' (DSRS)	Emergency Medical Services (EMRS)	Municipal Police & Firefighters (MPFRS)
	TIER I	TIER II	TIER I	TIER II				TIER I	TIER II			
Year Implemented	1961	2015	1941	2015	1991	1935	1994	1949	2005	1998	2008	2010
Active Members	27,284	7,481	27,540	5,634	3,407	20	570	23	51	1,050	577	332
Retirees	27,568	0	36,394	0	336	759	33	57	1	403	102	1
Covered by Soc. Sec.	Yes		Yes		Yes	No	No	Yes		Yes	Yes	Unknown
Out of State Svc. Credit	Yes		Yes		No	No	No	No		No	No	No
% of Employer Contributions	10%		Per Actuary (NC + UAAL) 26.44% FY2019		7.50%	Per Actuary (NC+ UAAL) 41.06 % FY2019	14% of Base Pay	Per Actuary (NC + UAAL) \$779,000 FY2019		12.0% + Fees (0.84% fees FY2019)	10.50%	8.50%
% of Employee Contrib.	4.50%	6.00%	6.00%	6.00%	4.50%	9.00%	12% of Base Pay	7.0%		8.50%	8.50%	8.50%
Unfunded Accrued Liability (UAL)	\$494,831,000		\$3,280,137,000		N/A	\$72,166,000	(\$3,274,000)	(\$94,273,000)		\$19,002,000	(\$3,728,000)	(\$3,279,000)
% Funded	92.9%		69.6%		N/A	90.4%	101.8%	185.5%		92.1%	104.9%	168.3%
Normal Retirement	Age 60 and 5 years of service or age 55 and age plus service equals 80	Age 62 and 10 years of service	Age 60 and 5 years of service or age 55 and 30 years or any age and 35 years	Age 62 and 10 years of service	Age 55 and 12 years of service	25 years of service or age 50 and 20 years or age 62 and 10 years	Age 50 and 25 years service or age 52 and 20 years or age 62 and 10 years	24 years of service or age 65 and 16 years		Age 50 and age plus service equals 70 or age 60 and 5 years or, if not working, age 62 and 5 years	Age 50 and age plus service equals 70 or age 60 and 10 years or age 62 and 5 years	Age 50 and age plus service equals 70 or age 60 and 10 years or age 62 and 5 years
Retirement Benefits	(2.0% of FAS) x (years of service)		(2.0% of FAS) x (Years of Service)		Vested assets in both EE & ER contributions and net earnings thereon	5.5% of total salary earned as employee	(2.75% of FAS) x (Years of Service)	Judges on bench on/or before 7-1-05 75% of current salary of sitting judges		(2.50% of FAS) x (Years of Service)	• 2.75% of FAS for 1-20 years of svc. • 2.0% of FAS for 21-25 years of svc. • 1.0% of FAS for years over 25 with max of 90%	• 2.6% of FAS for 1-20 years of svc. • 2.0% of FAS for 21-25 years of svc. • 1.0% of FAS for 26-30 years of svc.
Final Average Salary (FAS)	36 highest consecutive months out of last 15 years of earnings	60 highest consecutive months out of last 15 years of earnings	5 highest plan years out of last 15 years of earnings		Vesting: 33.33% at 6 years 66.67% at 9 years 100% at 12 years	N/A	5 highest calendar years out of last 10 years of earnings	Judges on bench after 7-1-05 75% of FAS FAS-3 highest years		5 highest consecutive plan years out of last 10 years of earnings	5 highest consecutive plan years out of last 10 years of earnings	5 highest consecutive plan years out of last 10 years of earnings
COLA	No	No	No		No	3.75%	1.0%	No		No	No	No
Credit for Military Service	Yes - May be credited up to 5 years	Yes - May purchase up to 5 years	Yes - May be credited up to 10 years or 25% of total service	Yes - May purchase up to 5 years	Service under USERRA only	Yes - Credit for up to 5 years after 20 years of service	Yes- Credit for up to 5 years after 20 years of service	Yes - Credit for up to 5 years		Yes - Credit for up to 5 years after 5 years of service	Yes - Credit for up to 5 years after 5 years of service	Yes - Credit for up to 5 years after 5 years of service
Disability Benefits	Yes - After 10 years of service for non-work related disability	Yes - After 10 years of service or 5 years of service for student violence	Yes - After 10 years of service or 5 years of service for student violence		Yes - No minimum service	Any age & any service	Any age & any service	Yes - After 10 years of service or age 65 with 6 years		Any age & any service	Any age & any service	Any age & any service
Interest Rate Assumption	7.5%		7.5%		N/A	7.5%	7.5%	7.5%		7.5%	7.5%	7.5%

Plan Statistics



CPRB Retirement Plans - Running Statistics

PLAN NAME	PLAN YEAR	ACTIVES		VESTED TERMS.		NON-VESTED TERMS.		RETIREES		UAL (In millions)	% FUNDED *	MKT. VALUE ASSETS (In millions)
		TIER I	TIER II	TIER I	TIER II	TIER I	TIER II	TIER I	TIER II			
PERS	7/1/2015	36,122		4,169		15,473		25,679		\$847.51	86.8%	\$5,565.08**
		TIER I	TIER II	TIER I	TIER II	TIER I	TIER II	TIER I	TIER II			
	7/1/2016	32,969	3,181	4,214	0	15,628	846	26,293	0	\$726.85	89.0%	\$5,888.56**
	7/1/2017	30,088	6,006	4,301	0	16,128	1,624	27,053	0	\$584.10	91.5%	\$6,248.41**
	7/1/2018	27,284	7,481	4,625	1	15,920	3,554	27,568	0	\$494.83	92.9%	\$6,508.77**
TRS	7/1/2015	35,788		1,707		2,891		34,738		\$3,507.56	66.0%	\$6,803.09
		TIER I	TIER II	TIER I	TIER II	TIER I	TIER II	TIER I	TIER II			
	7/1/2016	33,121	2,690	1,867	0	3,177	81	35,440	0	\$3,668.00	65.4%	\$6,936.28**
	7/1/2017	29,903	4,415	2,767	0	3,617	548	35,964	0	\$3,534.14	67.1%	\$7,193.08**
	7/1/2018	27,540	5,634	3,169	0	3,723	1,528	36,394	0	\$3,280.14	69.6%	\$7,497.89**
TDC	7/1/2015	3,865		N/A		N/A		193***		N/A	N/A	\$417.46
		TIER I	TIER II	TIER I	TIER II	TIER I	TIER II	TIER I	TIER II			
	7/1/2016	3,707		N/A		N/A		234***		N/A	N/A	\$423.00
	7/1/2017	3,538		N/A		N/A		278***		N/A	N/A	\$470.83
	7/1/2018	3,407		N/A		N/A		336***		N/A	N/A	\$515.30
STATE POLICE PLAN A	7/1/2015	52		3		1		746		\$110.02	84.7%	\$607.34
		TIER I	TIER II	TIER I	TIER II	TIER I	TIER II	TIER I	TIER II			
	7/1/2016	42		3		1		747		\$150.25	79.4%	\$578.80
	7/1/2017	39		3		1		744		\$98.08	86.7%	\$641.75
	7/1/2018	20		4		1		759		\$72.17	90.4%	\$682.80
STATE POLICE PLAN B	7/1/2015	625		10		121		21		(\$1.55)	101.2%	\$131.68
		TIER I	TIER II	TIER I	TIER II	TIER I	TIER II	TIER I	TIER II			
	7/1/2016	611		11		124		24		\$6.76	95.4%	\$138.57
	7/1/2017	595		11		125		27		\$3.20	98.1%	\$166.69
	7/1/2018	570		17		125		33		(\$3.27)	101.8%	\$188.92
JUDGES	7/1/2015	33	37	1	0	1	0	55	0	(\$63.03)	158.8%	\$170.15
		TIER I	TIER II	TIER I	TIER II	TIER I	TIER II	TIER I	TIER II			
	7/1/2016	31	41	1	0	1	1	54	0	(\$59.42)	155.1%	\$167.19
	7/1/2017	29	46	2	0	1	1	57	0	(\$81.02)	174.4%	\$189.96
	7/1/2018	23	51	0	0	1	2	57	1	(\$94.27)	185.5%	\$204.49
DEPUTY SHERIFFS	7/1/2015	1,024		95		200		339		\$16.89	91.0%	\$171.36
		TIER I	TIER II	TIER I	TIER II	TIER I	TIER II	TIER I	TIER II			
	7/1/2016	1,042		102		204		353		\$19.21	90.0%	\$172.63
	7/1/2017	1,018		116		231		383		\$2.47	98.8%	\$200.82
	7/1/2018	1,050		114		246		403		\$19.00	92.1%	\$220.51
EMSRs	7/1/2015	568		49		134		71		\$3.35	94.4%	\$56.94
		TIER I	TIER II	TIER I	TIER II	TIER I	TIER II	TIER I	TIER II			
	7/1/2016	586		63		144		81		\$7.77	88.3%	\$58.87
	7/1/2017	608		67		185		89		\$0.43	99.4%	\$71.17
	7/1/2018	577		61		221		102		(\$3.73)	104.9%	\$79.30
MPFRS	7/1/2015	140		0		41		0		(\$0.93)	183.3%	\$2.05
		TIER I	TIER II	TIER I	TIER II	TIER I	TIER II	TIER I	TIER II			
	7/1/2016	191		0		43		0		(\$1.17)	161.4%	\$3.08
	7/1/2017	217		0		90		0		(\$2.57)	186.7%	\$5.52
	7/1/2018	332		2		97		1		(\$3.28)	188.3%	\$8.08
TOTALS as of 7/1/2018		73,969		7,993		25,418		65,654		\$3,761.59		\$15,906.06

* Plan assets as a percent of Actuarial Accrued Liabilities
**Actuarial Value Asset under 4 Year Asset Smoothing
***Receiving Periodic Payment Distribution

The materials contained herein are intended for general guidance purposes only. In the event there is a discrepancy between information contained here and the WV State Code and Rules, the language in the Code and Rules shall prevail



Questions???

