

| 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, 2020

**Audited Financial Statements  
With Other Financial Information**

**West Virginia Board of Treasury Investments  
Year Ended June 30, 2020**

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West Virginia Board of Treasury Investments  
 Financial Statements with Other Financial Information  
 For the Year Ended June 30, 2020

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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, 2020, 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 from 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, 2020, 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*

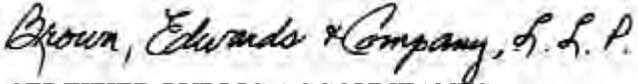
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the BTI's basic financial statements. The combining and individual fund financial statements, the schedule of investments in securities, and other financial information, as listed in the 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 24, 2020 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.



CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia  
August 24, 2020

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# West Virginia Board of Treasury Investments

## Management's Discussion and Analysis

June 30, 2020

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, 2020. 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**

Fiscal year 2020 was a challenging year as the the State of West Virginia dealt with the economic impact of the global coronavirus pandemic. Through the first half of the fiscal year, general revenue tax receipts were only slightly behind estimates, falling approximately \$33 million under projections. The primary causes for the shortfall were decreases in personal income tax collections and severance taxes. Slowing activity in the construction and mining sectors were likely responsible for the drop in personal income tax receipts and a major contributor to the decline in severance tax receipts. Offsetting these shortfalls were increases in business and occupation tax receipts and corporate net income tax receipts. Revenue collections picked up in the third quarter of the fiscal year, closing the gap between projected and actual receipts, with collections falling only \$6.4 million short of estimates. The remainder of the fiscal year saw a significant decrease in revenue collections as the global coronavirus pandemic wreaked havoc in West Virginia's economy. To slow the spread of the coronavirus, the Governor ordered many activities shutdown in March 2020 and encouraged individuals to limit non-essential travel and activities. The slowdown that resulted from the shutdown, along with a pull-back on spending by consumers, resulted in a significant drop in state and local government revenues. Adding to the fourth quarter collection shortfall was an executive order from the Governor deferring taxes due on April 15, 2020 until July 15, 2020. By the end of the fiscal year, total general revenue collections were below estimates by approximately \$198.8 million for the year. Even with tax receipts falling substantially below estimates, the BTI managed to post an all-time record of assets under management during the fiscal year. The increase in assets was the result of two large deposits into the WV Money Market Pool during the year: \$746 million in proceeds from a bond issuance in December 2019 and \$1.25 billion in federal coronavirus relief funds received in April 2020. With these deposits, assets under management topped \$7 billion at the end of April 2020. Assets under management declined over the last two months of the fiscal year and the BTI ended the fiscal year at approximately \$6.5 billion. BTI management expects that assets under management will fall significantly in fiscal year 2021 as the coronavirus relief funds are spent down and the Division of Highways continues to spend down the balance of bond proceeds invested with the BTI. BTI management also expects that the economic fallout from the coronavirus will result in other state and local government participant balances falling as these entities may have less available funds to invest and may draw against invested funds to make up shortfalls in revenue collections.

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 1.71%, 1.47%, and 4.53%, respectively, for the year

ended June 30, 2020. The decline in pool returns was primarily driven by the economic disruptions caused by the global COVID-19 pandemic and the Federal Reserve's (the "Fed's") unprecedented actions to stabilize credit markets and soften the economic blow from the pandemic. Although softening economic activity in the United State and abroad had prompted the Fed to cut rates three times over the first half of fiscal year 2020, the economic shock of the global pandemic had a far more dramatic impact on pool yields for the fiscal year. During the second half of fiscal year 2020, the severe negative reaction in risk markets to the cascading economic shutdowns and high levels of uncertainty regarding the extent of the disruption led to the U.S. government implementing drastic monetary and fiscal stimulus programs. In March 2020, Congress passed, and the President signed, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The CARES Act was designed to provide direct aid to individuals, families and businesses, increase unemployment benefits, provide loans, grants and tax relief to businesses to incentivize them to limit layoffs, provide monetary support to state and local governments to combat the pandemic and provide financial support to health care providers to treat COVID-19 patients. The unprecedented size of the \$2.2 trillion price tag of the CARES Act equaled approximately 10% of U.S. gross domestic product ("GDP"). In addition to fiscal stimulus, the CARES Act contained several other provisions to provide temporary relief to those affected by the economic fallout from the COVID-19 pandemic. These provisions included deferral of loan and interest payments on student loans, a moratorium on evictions and foreclosures for certain renters and homeowners, and a requirement that all private insurance plans cover COVID-19 tests, treatments, and vaccines. The Fed, leveraging the experience gained during the Great Financial Crisis ("GFC"), moved quickly and decisively in March 2020 to support the markets and the economy. The Fed began by cutting rates 50 basis points at an early March 2020 meeting. As the aggressive rate cut failed to ease conditions, the Fed called another emergency meeting and cut rates to near zero. In addition to the rate cut, the Fed moved forcefully to supply the market with much needed liquidity, expanding their balance sheet from approximately \$4 trillion to over \$7 trillion. To put this in perspective, the Fed grew their balance sheet to a peak of \$4.5 trillion in response to the GFC. The Fed also resurrected several GFC programs, such as the Commercial Paper Funding Facility ("CPFF"), Term Asset-Backed Securities Loan Facility ("TALF"), and Primary Dealer Credit Facility ("PDCF"), to deal with specific issues in the credit markets. The Fed also implemented several new programs, including the Money Market Mutual Fund Lending Facility ("MMLF"), Primary Market Corporate Credit Facility ("PMCCF"), the Secondary Market Corporate Credit Facility ("SMCCF") and the Main Street Business Lending Program. The Fed left almost no letter of the alphabet unused in the creation of various programs to supply liquidity and maintain market functionality. In addition to the direct relief to the markets, the Fed also provided regulatory relief to allow commercial banks to use portions of their regulatory capital reserves to lend to businesses and households affected by the pandemic. For all but the largest banking organizations, the Fed reduced the reserve requirements to zero to increase the amount of lendable funds available in the market. In April 2020, the Fed signaled that they were prepared to expand their balance sheet indefinitely to stem any long-lasting damage to the U.S. economy. The Fed also expanded their support of credit markets in announcing \$500 billion in loans to municipalities, an increase of \$850 billion in the short-term credit lending facilities established in March 2020, and a program to purchase investment-grade private sector corporate debt and high-yield debt of corporations that had been rated investment-grade as of March 15, 2020. The implementation, and in some cases the mere announcement, of these programs and facilities helped to restore a semblance of calm in the credit markets. Although the BTI was not eligible to participate in any of the Fed's facilities and programs, it did receive indirect benefits from their implementation. In the money market space, the MMLF created in March 2020 provided the biggest support to the BTI's stable dollar funds. The MMLF allowed prime money market funds to sell back paper to broker dealers at the funds' amortized cost. This facility was critical as prime money market funds were experiencing heavy outflows at a time when security prices were depressed. This facility helped to improve liquidity in the money markets as dealers were more confident to bid in the secondary market. In the markets for longer-dated securities, performance of corporate debt fell from fiscal year 2019 levels as credit spreads widened significantly in the second half of the fiscal year. Credit spreads, as represented by ICE BofA US Corporate Index Option-Adjusted Spread, blew out in March 2020, rising by nearly 280 basis points. In response to the market stabilization efforts of the Fed, credit spreads fell through the remainder of the fiscal year, ending

the year approximately 38 basis points higher than the beginning of fiscal year levels. Treasury yields ended the fiscal year down substantially from fiscal year-end 2019 levels, primarily because of the Fed's rate actions and the high level of demand for safe-haven investments. The movements in credit spreads and actions of the Fed were responsible for lower levels of performance over fiscal year 2020.

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 fell from prior year levels, dropping from 2.47% for fiscal year 2019 to 1.71% for fiscal year 2020. The largest factor in the decrease in performance in fiscal year 2020 was the series of rate cuts and actions by the Fed discussed previously. The annual return masks how far yields had fallen as of fiscal year end, as the annualized daily gross yield at end of fiscal year 2019 was 2.52% versus only 0.54% as of June 30, 2020. Even with the wild swings in the market over the past fiscal year, the pool's investment managers continued to meet the pool's primary investment objective of safety and liquidity. With market liquidity in short supply in March 2020 for any security not issued by the U.S. Treasury, the pool's investment managers closely monitored credit exposure in the pool and began focusing on increasing overnight liquidity. The managers increased allocations to Treasury securities, especially over the last quarter of the fiscal year as Treasuries were offering attractive yields relative to overnight repo and other weekly liquidity eligible assets. With a great deal of uncertainty heading into the new fiscal year, the pool's managers will likely continue to maintain the WAM of the pool in the 30 to 40-day 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 lower than the previous fiscal year, with the pool return, net of advisor fees, decreasing from 2.25% in fiscal year 2019 to 1.47% for fiscal year 2020. As with the WV Money Market Pool, the annual return masks the severe decline in yields that occurred over the last few months of the fiscal year. The annualized gross daily yield began the fiscal year at 2.34% and ended the fiscal year over 200 basis points lower at 0.33%. Over the last four months of the fiscal year, the pool's manager extended the portfolio WAM as the flight to quality unfolded and Treasury bill and agency yields collapsed. The portfolio WAM was raised to the 50-day range, with longer Treasuries added to the portfolio to gain duration exposure. The manager also added longer-dated agency floaters where yields were attractive. Going forward, the manager will continue to maintain the longer WAM for the pool.

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 2020 net-of-advisor-fee returns were similar to fiscal year 2019 returns, falling slightly from 4.58% for fiscal year 2019 to 4.52% for fiscal year 2020. Although the portfolio return dropped only 6 basis points year-over-year, the return was very volatile over fiscal year 2020 as the markets saw some of the most dramatic moves on record. Over the first half of the fiscal year, the pool was ahead of its benchmark by 25 basis points and beating the performance of the same time period from fiscal year 2019 by almost 39 basis points. Corporate spreads had continued to drift lower, falling approximately 20 basis points from beginning of fiscal year levels. The strong performance of corporate bonds led to market values of positions exceeding the manager's estimated intrinsic value, prompting them to reduce their overweight to corporate bonds. The portfolio manager, Sterling Capital Management ("Sterling"), reduced exposure to REIT issuers and issuers from more cyclical sectors such as energy and autos, as well as trimming exposure to BBB-rated issuers. With falling rates leading to a wave of refundings in the municipal markets, cash from the liquidation of corporate debt was re-deployed into highly rated taxable municipal issues. As the COVID-19 pandemic unfolded over the first

three months of the calendar year 2020, credit spreads widened considerably resulting in the pool posting its worst quarterly performance in almost nine years. However, the market dislocations also provided significant buying opportunities for the pool's manager. With yields in corporate, securitized and municipal securities reflecting deeply discounted, and even distressed levels, the manager began adding positions in names that were likely to weather the economic downturn well. Securities from strong issuers, such as JPMorgan Chase and Toyota were purchased at spreads-to-Treasuries of 245 to 260 basis points. High-quality municipal issues were also added as municipal bond funds were liquidating positions practically at fire sale prices to meet massive redemptions in March 2020. These trades positioned the pool to take advantage of the spread tightening that occurred over the last quarter of the fiscal year as the Fed stepped in heavily to shore up credit markets and the economy. Over the last quarter of the fiscal year 2020, the pool turned in its best quarterly performance in over a decade, turning in an un-annualized net-of-manager fee return of 3.09%. Going forward, Sterling will look to lengthen to the pool's duration from 1.7 years to 1.8 to 1.9 years. With the Fed indicating that it will hold rates near zero until at least 2021, the manager has no concerns in managing the pool at a higher duration level. The pool will also continue to be managed with an overweight to corporate bonds and securitized products as the Fed has committed to doing whatever it takes to maintain credit market functionality. However, with all the economic uncertainty present at fiscal year end, the pool's manager is expecting higher levels of volatility over the next fiscal year.

### **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, 2020 and 2019 (in thousands).

	2020	2019
Current assets	\$ 1,958	\$ 2,028
Noncurrent assets	6	5
Total assets	1,964	2,033
Current liabilities	665	577
Total liabilities	665	577
Net position:		
Net investment in capital assets	6	5
Unrestricted	1,293	1,451
Total net position	\$ 1,299	\$ 1,456

The net position of the Operating Fund decreased by \$157,000 during fiscal year 2020. The decrease in net position was the result of a decrease in current assets of \$70,000 and an increase in current liabilities of \$88,000. Noncurrent assets increased by \$1,000 during fiscal year 2020.

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 \$1,958,000 comprises \$1,093,000 in cash and \$865,000 in accounts receivable. The cash balance decreased from fiscal year 2019 by \$303,000 while the accounts receivable balance increased to \$233,000 at the end of fiscal year 2020.

The decrease in the cash balance was the result of a net operating loss of \$157,000. Contributing to the decrease in cash was an increase in receivables and payables balances. The changes in receivables and payables are more fully discussed below.

The accounts receivable balance of \$865,000 represents fees that have been accrued but not withdrawn from the investment pools at June 30, 2020 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 \$234,000 over the fiscal year-end 2019 balance. This increase was composed of an increase in administrative fees receivable of \$134,000, an increase in advisor fees receivable of \$98,000, an increase in custodian fees receivable of \$1,000, and an increase in consultant fees receivable of \$1,000. The increases in administrative fees was the result of administrative fees for April and May 2020 not being transferred from the investment pools to the operating fund before fiscal year end. At the end of fiscal year 2019, only one month of administrative fees were receivable versus three months of administrative fees at the end of fiscal year 2020. The increase in advisor fees receivable resulted from the higher level of assets under management at the end of fiscal year 2020 as compared to fiscal year-end 2019. With respect to custodian fees receivable, the increase in the receivable was the result of the increase in assets under management at the end of fiscal year 2020 as compared to fiscal year-end 2019. Consultant fees receivable increased year-over-year as a result of a fee increase for the 2020-21 contract renewal.

Capital assets, net of accumulated depreciation, did not substantially change during the year. A new copier that cost \$5,000 was purchased during the fiscal year. This increase in capital assets was offset by annual depreciation of \$4,000. During fiscal year 2020, computer equipment totaling \$6,000 was retired. The retired computer equipment had been fully depreciated in prior fiscal years.

The balance of \$665,000 in current liabilities represents \$601,000 in accounts payable and \$64,000 of reimbursements due to the West Virginia State Treasurer's Office (the "STO") at June 30, 2020. Current liabilities increased by \$88,000 as compared to the fiscal year-end 2019 balance. The net increase in current liabilities was composed of an increase of \$97,000 in accounts payable and a decrease of \$9,000 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, 2020, custodian fees for June 2020, investment consultant fees for the quarter ending June 30, 2020, and maintenance costs for the investment management system for June 2020. The net increase of \$88,000 in accounts payable was primarily composed of increases in amounts payable to the BTI's investment advisors, consultant, and custodian. Investment advisor fees payable increased by \$98,000 due to a higher level of assets under management during the final quarter of the fiscal year 2020 as compared to the final quarter of fiscal year 2019. Custodian fees payable increased by \$1,000 as a result of the higher level of assets under management at the end of fiscal year 2020. Consultant fees payable increased by \$1,000 as a result of an increase in the annual fees for the 2020-21 contract year. The remaining \$3,000 decrease in payables was due to a decrease in amounts payable for purchase of new computer equipment. The \$64,000 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 \$9,000 lower than at the end of fiscal year 2020, primarily due to a decrease in pass-through costs related to annual software license renewals, travel, and computer equipment.

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, 2020 and 2019 (in thousands).

	2020	2019
<b>Revenues</b>		
Operating revenues:		
Management services	\$ 1,144	\$ 1,717
Advisor and custodian services	2,028	1,893
Total revenues	3,172	3,610
<b>Expenses</b>		
Operating expenses:		
General and administrative	1,296	1,305
Advisor and custodian fees	2,029	1,893
Depreciation	4	3
Total expenses	3,329	3,201
Increase (decrease) in net position	(157)	409
Net position at beginning of year	1,456	1,047
Net position at end of year	\$ 1,299	\$ 1,456

Operating revenues at June 30, 2020 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 2020 decreased by \$438,000. The decrease in revenue consisted of a decrease of \$574,000 in management (administrative) fees charged to the pools, an increase of \$143,000 in advisor fee revenues, and a decrease of \$7,000 in custodial fees.

Advisor fees are computed based upon market values of the pools. The average market value of assets under management were approximately \$589 million higher over the course of fiscal year 2020 for the WV Money Pool, resulting in an increase in advisor fees of \$163,000. Advisor fees for the WV Government Money Market Pool increased year-over-year by \$11,000 as a result of an increase of \$35 million in average assets under management over fiscal year 2020. Offsetting these increases in advisor fees was a decrease in the advisor fees for the WV Short Term Bond Pool. Although average assets under management in the pool were \$99 million higher in fiscal year 2020, the average advisor fee charged to the pool was approximately 1.24 basis points lower than the average advisor fee for fiscal year 2019. In November of 2018, the investment advisor for the pool changed from Federated Hermes (“Federated”) to Sterling. On an annualized basis, the fee charged by Sterling is approximately 3 basis points lower than the fee charged by Federated. For fiscal year 2019, when the pool was managed for four months by Federated and eight months by Sterling, the advisor fee charged to the pool was approximately 6.96 basis points. For fiscal year 2020, when the pool was managed for the entire year by Sterling, the advisor fee charged to the pool was approximately 5.72 basis points. Even with the \$99 million increase in average assets under management, the lower average fee resulted in a decrease of \$31,000 in advisor fees for the pool. Custodian fees decreased by a combined \$7,000 as a result of a new fee schedule implemented in October 2019. Effective October 1, 2019, the annual administrative fee decreased by 0.05 basis points from 0.25 basis

points to 0.20 basis points. The effects of the lower fee were offset by an increase in assets during the fiscal year and an increase in trading by the investment managers. Trading activity during fiscal year 2020 was driven by the increase in assets under management and market disruptions in the second half of the fiscal year resulting from the COVID-19 pandemic. Administrative fee revenue decreased by \$574,000 from fiscal year 2019 levels. For fiscal year 2020, the BTI cut the administrative fee from 3.0 basis points to 1.6 basis points. The cut in the administrative fee rate was the primary cause of the drop in administrative fee income. The effects of the administrative fee cut were somewhat offset by the increase in average assets under management during fiscal year 2020.

Total operating expenses for the year increased by \$128,000. This includes a decrease of \$9,000 in general and administrative expense and an increase in advisor and custodian fees of \$136,000. 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 \$27,000 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 increased from fiscal year 2019 levels, rising by \$3,000 year-over-year. The primary components of this increase were an increase in costs related to Bloomberg terminal services and an increase in consultant fees over the fiscal year. Offsetting these increases were decreases in contractual and professional service costs. During fiscal year 2019, the BTI had professional service costs related to the redesign of BTI marketing materials and for evaluation of the internal auditor's annual audit plan. Costs for these, or similar services, were not incurred during fiscal year 2020. Computer equipment expenditures decreased in fiscal year 2020, falling by \$21,000. The decrease was related to reimbursements to the STO for network infrastructure upgrades in fiscal year 2019. There were no such reimbursements in fiscal year 2020. Travel and training costs decreased by \$8,000 from fiscal year 2019 levels as all office travel and outside training was cancelled starting in February 2020 due to the COVID-19 pandemic. Machine rental costs fell by \$2,000 as the BTI replaced a leased copier with a purchased copier. The leased copier was leased by the STO and the BTI reimbursed the STO for the monthly lease payments. Office expenses, included miscellaneous office equipment purchase, fell by \$5,000 from fiscal year 2019. Other general and administrative expenses decreased by approximately \$8,000 from fiscal year 2019.

A large portion of the BTI's expenses represent investment advisor fees. The current investment advisors are Federated Hermes, 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 \$1,868,000 and custodian fees of \$160,000. Investment advisor fees increased by \$143,000 and custodian fees decreased by \$8,000 over fiscal year 2019 levels. Approximately \$174,000 of net increase in investment advisor fees was the result of an increased level of assets under management in the WV Money Market and WV Government Money Market Pools over fiscal year 2020. 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 \$31,000 as compared to fiscal year 2019. Custodian fees decreased by \$8,000 during fiscal year 2020, primarily due to the aforementioned changes to the custodian fee schedule implemented during fiscal year 2020.

**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, 2020 and 2019 (in thousands).

	2020	2019
<b>Assets</b>		
Investments	\$ 6,515,053	\$ 5,159,739
Receivables	34,002	11,933
Total assets	6,549,055	5,171,672
<b>Liabilities</b>		
Accrued expenses	864	631
Dividends and purchases payable	80,664	1,817
Total liabilities	81,528	2,448
<b>Net Position</b>		
Held in trust for investment pool participants	6,384,155	5,166,061
Held in trust for individual investment account holders	83,372	3,163
Net position	\$ 6,467,527	\$ 5,169,224

As of June 30, 2020, the Consolidated Fund's assets totaled approximately \$6.5 billion and were composed almost entirely of investments in securities. Net position as of the end of fiscal year 2020 was nearly \$1.3 billion higher than the fiscal year end 2019 net position. The increase in net position was composed of a net increase of \$1.2 billion in investments by state agencies and local governments in the investment pools. Adding to this increase was an increase of \$72 million in investments in individual accounts over fiscal year 2020.

As more fully discussed below, the BTI experienced a net increase in invested funds during fiscal year 2020. The overwhelming majority of the increase was in the WV Money Market Pool, which saw an increase of almost \$1.1 billion in net position. The WV Government Money Market Pool also increased year-over-year, adding approximately \$11 million from fiscal year-end 2019. Net position of the WV Short Term Bond Pool increased by \$75 million while the State Loan Pool added approximately \$1 million in net position. The Municipal Bond Commission Account ("MBC Account") increased by \$80 million as the Municipal Bond Commission added new funds to the account. The WV Bank Pool experienced a decline in net position over fiscal year 2020, falling by \$10 million from fiscal year-end 2019. 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 \$22.1 million over the fiscal year-end 2019 balance. The increase in receivables was primarily the result of an increase of \$23.5 million in receivables for investments sold. This receivable represents amounts due to the BTI for securities sales with trade dates in the before June 30 that settle after fiscal year-end. As discussed below, although investments increased year-over-year, interest and dividends receivable across all pool and accounts decreased by \$1.4 million as a result of the Fed slashing rates to zero during fiscal year 2020.

In the WV Money Market Pool, interest and dividends receivable decreased by \$2.0 million from fiscal year 2019. The pool's holdings of interest-bearing securities declined from 45% of total holdings at fiscal year-end 2019 to 35% of holdings at fiscal year-end 2020. With the increase in assets, the drop in the amount of interest-bearing securities was only \$45 million year-over-year. However, the weighted average coupon on the interest-bearing securities decreased from 2.35% at the end of fiscal year 2019 to approximately 0.44% by the end of fiscal year 2020. The decline in interest rates was almost entirely responsible for the \$2.0 million decrease in interest receivable in the WV Money Market Pool from fiscal year 2019.

The interest receivable balance of the WV Government Money Market Pool increased by \$0.1 million from fiscal year 2019 as the pool balance increased by approximately \$11 million during the fiscal year and the investment manager increased allocations to interest-bearing securities. As of fiscal year-end 2019, approximately 33% of the pool was invested in interest-bearing securities with a weighted average coupon of 0.82%. By the end of fiscal year 2020, the percentage of investments that were interest-bearing had increased to 41%. However, the weighted average coupon as of fiscal year-end 2020 had fallen to only 0.23%. The increase in interest-bearing holdings, along with the \$11 million increase in assets under management, resulted in the interest receivable balance increasing slightly despite the significant decline in coupon rates year-over-year.

Interest and dividends receivable in the WV Short Term Bond Pool increased by approximately \$0.6 million over fiscal year-end 2019. The primary driver for the increase was an increase in the notional amount of assets of approximately \$61 million during fiscal year 2020. The decline in interest rates that affected the other pools was less severe in the WV Short Term Bond Pool as the weighted average coupon rate only fell by 0.30% from 2.86% as of fiscal year-end 2019 to 2.56% as of fiscal year-end 2020. In addition to the higher coupons, the investment manager increased allocations to securities with quarterly and semi-annual interest payment frequencies from 71% of the pool to approximately 78% 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 2020. The WV Short Term Bond Pool was also responsible for the \$23.5 million year-over-year increase in receivables for securities sold. Certain securities were sold by the pool at the end of June 2020 that had trade settlement dates after fiscal year-end 2020.

Interest and dividends receivable also declined in other pools and accounts, with the interest receivable in the WV Bank Pool falling by \$0.3 million and rising by \$0.2 million in the Municipal Bond Commission Account. The drop in the interest receivable in the WV Bank Pool was due to a decline in certificates of deposit sold at auction during fiscal year 2020 and a decrease in the rates on new certificates sold during the year. The increase in interest receivable in the Municipal Bond Commission Account resulted from the Municipal Bond Commission making new deposits in the account during the year. As of fiscal year-end 2019, the balance of the Account was zero. With the new deposits made during the year, the assets in the account rose to \$80.2 million by fiscal year-end 2020. The remaining pools and accounts were little changed from the prior fiscal year.

Total liabilities increased by approximately \$79.1 million from June 30, 2019 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 increase in liabilities was the result of changes in the amounts payable for securities purchased in the WV Money Market, WV Government Money Market and WV Short Term Bond Pools. The liability for investments purchased for these pools increased by \$50.0 million, \$2.0 million and \$25.7 million, respectively. These payables represent amount due for security purchases with trade dates prior to fiscal year-end and settlement dates after fiscal year-end. Dividends payable in the WV Short Term Bond Pool increased by over \$1.1 million, primarily due to the distribution of gains realized from security sales

during the month of June 2020. Pool net income was approximately \$0.2 million higher in June 2019 as compared to June 2020. However, the realized gain distribution for June 2020 was \$1.3 million higher than the realized gain distribution for June 2019. Accrued expenses were up approximately \$0.2 million as compared to the end of fiscal year 2019.

Net position is the excess of total assets over total liabilities. As of June 30, 2020, the Consolidated Fund had total net position of approximately \$6.5 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 23.6% 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 up significantly from fiscal year 2020, increasing by just over \$80.0 million. The increase in net position in individual accounts was due entirely to the Municipal Bond Commission making new deposits to 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 \$1.1 billion from the prior year. The primary source of the increase was an increase of \$1.1 billion in State agency investments. Local government investments also increased year-over-year, rising by \$58 million from fiscal year 2019. Most 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 \$816 million from fiscal year 2019 and is primarily the result of payments to the State of West Virginia from the Coronavirus Relief Fund ("CRF"). The CRF was created by the CARES Act and is administered by the U.S. Department of the Treasury. Absent the CRF deposits, State Participation would have declined by approximately \$363 million as revenue collections fell as a result of the partial economic shutdown in response to the COVID-19 pandemic. The next largest increase in state agency investments was a \$266 million increase in the accounts of the West Virginia Department of Transportation (the "DOT"). In December 2019, the state issued \$600 million in general obligation state road bonds under the Governor's Roads to Prosperity program. The state received approximately \$746 million from this sale. Offsetting the increase due to the bond sale, were decreases totaling \$480 million in other DOT bond proceed accounts. The total balance of other state agency investments were little changed year-over-year.

Net position of the WV Government Money Market Pool increased by \$10.5 million from fiscal year end 2019. State agency deposits, which made up just over 88% of the funds invested in the Pool at the end of fiscal year 2020, increased by \$24.6 million over the course of fiscal year. The \$24.6 million increase in state agency deposits was composed of a \$0.7 million decrease in MBC deposits, a \$23.8 million increase in West Virginia Housing Development Fund deposits, a \$1.7 million increase in Division of Environmental Protection (the "DEP") deposits and a net decrease of \$0.2 million in other state agency deposits. Direct local government investments in the Pool are predominately made by county school boards. Over fiscal year 2020, local government investments decreased by \$14.1 million, primarily from a single county school board which drew against invested proceeds from a bond issuance for school construction.

The net position of the WV Short Term Bond Pool increased by \$75.3 million from fiscal year-end 2019. A majority of the increase was net participant investments over the course of the fiscal year. During the year, the pool received \$40.9 million in net new investments by participants. Nearly all of the new investments came from state agencies. Contributing to the increase in net position was reinvestment of pool income and net capital gain distributions totaling \$26.7 million. The remaining \$7.7 million was the result of a net increase in the market value of securities held by the pool.

Investments in the State Loan Pool rose during the fiscal year, increasing by \$1.2 million. The balance of the Revolving Loan program increased by \$1.2 million for the year as the WVEDA made draws on the loan program. Loan draws totaling \$13.7 million were made during the year. Offsetting the draws were regular monthly principal payments and extra principal payments totaling \$3.4 million. At the end of fiscal year 2019, the WVEDA had notified the BTI that the Non-recourse loan program investments were being terminated. The remaining balance of cash on hand at the WVEDA was to be returned to the BTI subsequent to the venture capital firms being notified that no further capital draws would be funded. During the process of reconciling WVEDA's available cash balance to the BTI's expected cash balance, the WVEDA was found to have approximately \$0.1 million less on hand than was indicated by the WVBTI's records. After an audit of the WVEDA's records, it was determined that the difference was related to fees and expenses paid by the WVEDA from loan proceeds that were not reported by to the BTI over the life of the loan program. Based on the audit, the BTI increased the loan loss reserve by \$0.1 million during fiscal year 2020. Once the final audit report has been released, the WVEDA will remit the remaining balance to the WVBTI. 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 approximately \$9.9 million during fiscal year 2020. Although rates for offered funds fell during the fiscal year, demand for funds offered through the West Virginia CD program declined during the fiscal year. The BTI continued offering \$15 million at each monthly auction during fiscal year 2020, placing approximately 77% 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 \$0.3 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 increased by \$80.2 million from the prior fiscal year. The MBC was responsible for the increase 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. The net position of the MBC Account increased by \$80.3 million during fiscal year 2020. The net increase in the net position was composed of deposits totaling \$109.2 million plus net income of \$0.6 million, less withdrawals from the account of \$29.5 during the year. For the remaining accounts, the net position of the School Fund decreased 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, 2020 and 2019 (in thousands).

	Year Ended June 30,	
	2020	2019
<b>Additions</b>		
Net investment income	\$ 100,085	\$ 120,213
Net realized gain (loss)	6,622	(817)
Net increase in fair value of investments	7,742	14,306
Unit purchases and contributions	13,591,694	11,538,994
Total additions	13,706,143	11,672,696
<b>Deductions</b>		
Distributions	105,970	119,146
Unit redemptions and withdrawals	12,301,870	10,813,808
Total deductions	12,407,840	10,932,954
Change in net position	1,298,303	739,742
Net position at beginning of year	5,169,224	4,429,482
Net position at end of year	\$ 6,467,527	\$ 5,169,224

Fiscal year 2020 net investment income was below prior fiscal year income, falling by approximately 17% from fiscal year 2019 levels. The decline in income was due to a series of Fed rate cuts that occurred over the course of the fiscal year. Most of the pools and accounts, except for the WV Short Term Bond Pool, State Loan Pool and MBC account, experienced decreases in net investment income, with a total decrease of \$20.1 million from the prior fiscal year. The WV Money Market Pool's net investment income decreased by \$22.4 million, accounting for most of the overall net decrease. The WV Government Money Market Pool net investment income was \$1.4 million less than the net investment income for the pool for fiscal year 2019. WV Bank Pool's net investment income decreased by \$0.5 million and the Reserve Pool's net investment income decreased by \$0.1 million. Pools and accounts experiencing an increase in net investment income over fiscal year 2019 levels were the WV Short Term Bond Pool, State Loan Pool and MBC Account. Net investment income in the WV Short Term Bond Pool increased by \$2.2 million from fiscal year 2019. The State Loan Pool experienced an increase in net investment income of \$1.6 million, while the MBC Account's net investment income increased by \$0.5 million. Net investment income in the School Fund and EDA-AW Account were little changed from fiscal year 2019.

The Fed's series of rate cuts during fiscal year 2020 were responsible for the decline in net income in the BTI's two principal stability pools. Although both pools experienced increases in investment by participants, the slashing of short-term rates to near zero resulted in an overall decline in net investment income. WV Money Market Pool performance, net of advisor fees, dropped by 76 basis points from 2.47% in fiscal year 2019 to 1.71% for fiscal year 2020. The Fed enacted three quarter point rate cuts during the first half of the fiscal year, dropping the benchmark fed funds rate to a range of 1.50% to 1.75%. In response to the turmoil resulting from the spreading COVID-19 pandemic, the Fed lowered rates to near zero in March 2020. These rate cuts were primarily responsible for the decline of \$22.4 million decrease in net investment income from fiscal year 2019.

The WV Government Money Market Pool also experienced a decrease in net-of-advisor-fee performance year-over-year, with returns falling by 78 basis points from 2.25% in fiscal year 2019 to 1.47% in fiscal

year 2020. Net investment income declined even with the increase of \$35 million in the average investment balance over the fiscal year. As with the WV Money Market Pool, the series of rate cuts by the Fed were responsible for the decline of \$1.4 million in net investment income.

The WV Short Term Bond Pool's performance, net of advisor fees, dropped slightly from fiscal year 2019 levels. Returns in fiscal year 2020 were 5 basis points lower than the returns for fiscal year 2019, falling from 4.58% for fiscal year 2019 to 4.53% for fiscal year 2020. With the slight decrease in returns, the \$98.7 million increase in the average investment balance over fiscal year 2020 was the primary cause of the increase of \$2.2 million in net investment income.

The WV Bank Pool's net investment income decreased by \$0.5 million from fiscal year 2019 levels. Falling interest rates on CD auction placements was the primary cause of the decline in interest income year over year. The average rate for placements fell from 2.53% in fiscal year 2019 to 1.54% in fiscal year 2020. Contributing to the decline in net investment income was a decline in the placement of funds, with an average placement of \$11.6 million per auction in fiscal year 2020 versus an average placement of \$13.1 million in fiscal year 2019.

The Reserve Pool's net investment income decreased \$0.1 million from fiscal year 2019 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 decrease in the net investment income was due to falling rates throughout the fiscal year.

Net investment income in the Loan Pool increased by \$1.6 million from fiscal year 2019 levels. Interest income in the pool increased year-over-year by \$1.2 million as rates on the Revolving Loan and Broadband Loan reset higher. The rate for the Revolving Loan is based on the average gross-of-fee return for the WV Money Market Pool for the prior fiscal year. This resulted in the annual rate for the Revolving Loan increasing from 1.60% for fiscal year 2019 to 2.46% for fiscal year 2020. The rate on the Broadband Loan is reset quarterly, based on the rolling twelve-month return for the WV Money Market Pool. Since the rate is backward-looking, it did not begin to decline until the second half of the fiscal year. For fiscal year 2020, the average rate on outstanding balances was 2.32% for fiscal year 2020 versus an average rate of 1.89% for fiscal year 2019. Also contributing to the increase in net investment income was a \$0.4 million decrease in write-downs for the Non-recourse Loan. During fiscal year 2020, write-downs totaled \$0.1 million versus \$0.5 million for fiscal year 2019. 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 rose by \$0.5 million from fiscal year 2019. As of the end of fiscal year 2019, the MBC account had a zero balance as the MBC had withdrawn the proceeds from maturities of the remaining investments in the account. During fiscal year 2020, the MBC made new deposits of approximately \$109.8 million into the account. The average amount invested in the account increased substantially from fiscal year 2019, rising from an average of \$18.2 million to \$46.7 million for fiscal year 2020. This increase in assets was the primary reason net investment income increased year-over-year.

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 gain of \$6.6 million. The net realized gain in 2020 represented a positive swing of \$7.4 million from fiscal year 2019's net realized loss of \$0.8 million. An overwhelming majority of the net gains were realized in the WV Short Term Bond Pool, which had a net realized gain for fiscal year 2020 of \$7.4 million. Part of the net realized gains were the result of trading activity to generate liquidity for \$58.0 million in participant withdrawals that occurred over fiscal year 2020. The remaining net realized gains were the result of the trading activity by the portfolio manager to reduce risk exposure in the pool, exiting positions where the manager believed the securities were trading

above intrinsic value, and increasing exposure in securities/sectors that appeared to be undervalued as a result of the severe turbulence in the market in the last half of fiscal year 2020. Both the WV Money Market and WV Government Money Market Pools had net realized gains during fiscal year 2020 that were comparable to their realized gains in fiscal year 2019. The realized gains in these two pools 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 was positive for fiscal year 2020, but substantially less than the net change for fiscal year 2019. Fiscal year 2020's net increase in fair value of \$7.7 million was approximately \$6.6 million lower than the net increase in fair value for fiscal year 2019. For fiscal year 2020, the WV Short Term Bond Pool experienced a net increase of \$7.7 million in fair value, accounting for nearly all the increase. The primary reason for the increase during fiscal year 2020 was the decline in interest rates. The Fed lowered their benchmark rate three times during the first half of the fiscal year in response to lower inflation expectations and softening economic growth. In March 2020, the Fed cut the fed funds rate to near zero and launched a series of liquidity and market support programs in response to the sudden economic downturn and market turmoil caused by the spreading COVID-19 pandemic. While lower market rates helped boost the value of portfolio holdings, widening credit spreads moderated the increase in value as 73% of the portfolio is invested in corporate debt and asset-backed securities.

The change in fair value in the EDA-AW Account was similar to the prior year, rising very little year-over-year.

### **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.

Although there were several noteworthy events that occurred in the first half of the fiscal year, they were overshadowed by disruptions in the world economy and global financial markets caused by the COVID-19 global pandemic. The first half of the fiscal year saw three Fed rate cuts, the first since the Great Financial Crisis, mayhem in the repo market in September 2019, and a continuation of the trade war between the U.S. and China. A top concern of economists going into the second half of fiscal year 2020 related to downside risks to the U.S. economy resulting from the back-and-forth tariff war between the U.S. and China. This, along with other concerns, would take a back seat to the rapidly spreading coronavirus pandemic. Economic activity across the world would slow dramatically as governments instituted policies to slow the spread of the virus. The worldwide meltdown in risk markets saw record-setting outflows from investment-grade bond funds and prime money market funds as investors fled risk assets in favor of safe-haven U.S. government money market funds. Over the month of March 2020, prime money market funds lost approximately \$125 billion assets while U.S. government money market funds saw inflows close to \$840 billion. Credit spreads widened substantially during the month while yields on U.S. Treasuries plunged towards record lows. The Fed aggressively stepped in in March 2020 to ease monetary conditions and provide support to risk markets, cutting rates to near zero and implementing a variety of facilities to restore liquidity to the markets. The Fed continued to tweak their programs and implement new ones over the remainder of the fiscal year. The unprecedented actions of the Fed, along with the massive fiscal support package passed by Congress, were able to restore some calm to the markets. As of fiscal year-end 2020, credit spreads had come in, ending the year approximately 30 basis points higher than where they started the fiscal year while Treasury yields were significantly lower, ranging from 13 basis points for 1-month Treasuries to 18 basis points for 3-year Treasuries. The rate actions by the Fed were primarily responsible

for the decline in return in the WV Money Market and WV Government Money Market Pools. Although the decline in market yields helped performance in the WV Short Term Bond Pool through the first half of the fiscal year, the blowout in credit spreads in the first quarter pulled down returns. The actions of the Feds over the remainder of the fiscal year, as well as the manager taking advantage of market dislocations in March and April 2020, helped the portfolio recover from the first quarter underperformance and post a return for the year that was comparable to the fiscal year 2019 return.

Economic growth in the U.S., as measured by Gross Domestic Product ("GDP"), over the fiscal year was sharply down from the prior fiscal year, with estimates placing the average negative growth rate for fiscal year 2020 at 8.2%. Economic growth had ticked up early in the fiscal year, but there were signs that some of the underpinnings were weakening. Softening business investment and weaker exports were pointing to potentially slower GDP growth in the future. The first half of the fiscal year was marked by a continuation of the President's trade war with China. Tariffs were announced on a variety of Chinese goods, with China retaliating with their own tariff announcements. The two sides finally reached a "Phase One" deal in December 2019 that gave investors some confidence that the early part of calendar year 2020 might be less volatile. This optimism, coupled with the Fed's monetary easing, resulted in credit markets performing well over the first half of the fiscal year. However, the first half of calendar year 2020 was anything but "less volatile" as the novel coronavirus began to spread around the world. The unprecedented economic crisis, precipitated by the coronavirus pandemic, would result in GDP crashing in the second half of the fiscal year. As the infection rate surged in the U.S. in the early spring, many state and local governments imposed quarantines and shut down schools, businesses and other institutions. Events with large crowds, such as sporting events, concerts and conventions, were voluntarily canceled or canceled under government order. Although these actions slowed the spread of the virus, they devastated the labor market and the economy. Unemployment surged to record levels and economic activity plummeted. The fourth quarter of 2020 is expected to witness the largest drop in economic activity with a projected annualized decline in GDP in the 30% to 40% range. The CARES Act passed by Congress in March 2020 will likely have prevented the economic collapse from being significantly worse. The CARES Act provided direct aid, loans and support to households, governments and businesses in an effort to soften the economic blow of the pandemic.

General revenue fund tax collections were \$198.8 million below the official fiscal year 2020 estimates and 5.5% below fiscal year 2019 receipts. The decline in revenue was due to the onset of the COVID-19 pandemic during the latter portion of the fiscal year. The global economy declined significantly during the first half of calendar year 2020 as commerce was partially curtailed by stay-at-home and business closure orders to slow down the spread of the pandemic. Consumer confidence waned and unemployment spiked as many businesses either closed or substantially reduced their operations. Both business and leisure travel came to an abrupt halt and many workers began working remotely from home. The partial shutdown in West Virginia began in late March with a gradual reopening beginning in May that was largely completed by June. The pandemic induced recession resulted in nationwide fiscal year 2020 revenue shortfalls for all state governments in comparison with their original estimates.

West Virginia general revenue fund collections were on a path to meet or exceed year-end estimates as of March 31, 2020, with fiscal year-to-date revenue collections of \$3.3 billion ahead of prior year receipts by 0.3%. The fourth quarter fiscal year 2020 revenue estimate was 6.2% less than actual revenues received in the prior fiscal year. The lower estimate was attributable to an expectation of lower year-end annual income tax payments following higher than usual revenue gains in the prior year and lower severance tax revenues associated with a weakening energy sector. The combined revenues for the eight largest sources of revenue (i.e., Personal Income Tax, Consumer Sales Tax, Severance Tax, B&O Tax, Corporation Net Income Tax, Insurance Premium Tax, Tobacco Products Tax and Excess Lottery Fund Transfers) were estimated to decrease by 7.0% from prior fiscal year receipts. Due to the economic impact of the pandemic and a related decision to defer payment of estimated and annual income tax return payments due between April and June

to July, actual revenue collections for these revenue sources fell by nearly 27.5% from the prior year. As a result, the State faced a fiscal year-end budget gap in excess of \$300 million.

The State closed this gap through a combination of one-time revenues and reduced spending authorizations. The one-time revenues included \$23 million from the Income Tax Refund Reserve Account, an acceleration of nearly \$15.7 million in 10-year Liquor License Renewal Fees otherwise due on July 1st, an additional \$3.25 million from abandoned and unclaimed property and \$57 million in pandemic related expenditure reimbursements from federal funds received under the CARES Act. The State also benefited from an enhanced Federal Medical Assistance Percentage (FMAP) of 6.2% provided to all states during the current pandemic. The enhanced FMAP and other available State Medicaid reserve funds were used to lower the amount of general revenue funds used in fiscal year 2020 by \$186 million. In addition, another \$13 million in spending authority relating to funds that would otherwise have expired at year end was eliminated. These actions closed the budget gap for the year. Additional year-end expirations contributed to a net budgetary surplus of \$28.0 million at the close of fiscal year 2020. Out of this budgetary surplus, \$14.0 million will be transferred into the Revenue Shortfall Reserve Fund, \$6.0 million is already appropriated by the Legislature for the Milton Floodwall Project, and the remaining \$8.0 million will be available for future appropriation.

### **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, 2020

*(In Thousands)*

<b>Assets</b>	
Current assets:	
Cash	\$ 1,093
Receivables	865
Total current assets	<u>1,958</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	6
Total assets	<u>1,964</u>
 <b>Liabilities</b>	
Current liabilities:	
Accounts payable	665
Total liabilities	<u>665</u>
 <b>Net position</b>	
Net investment in capital assets	6
Unrestricted	1,293
Total net position	<u>\$ 1,299</u>

*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, 2020

*(In Thousands)*

<b>Operating revenues</b>	
Management services	\$ 1,144
Advisor services	1,868
Custodian services	160
Total operating revenues	<u>3,172</u>
<b>Operating expenses</b>	
Advisor fees	1,868
Management fees	743
Professional service fees	275
Fiduciary bond	20
Custodian fees	161
General and administrative	258
Depreciation	4
Total operating expenses	<u>3,329</u>
<b>Operating loss</b>	<u>(157)</u>
Change in net position	(157)
Net position at beginning of period	<u>1,456</u>
Net position at end of period	<u><u>\$ 1,299</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, 2020

*(In Thousands)*

<b>Cash flows from operating activities</b>	
Cash received for services	\$ 2,938
Payments to vendors	<u>(3,236)</u>
Net cash used in operating activities	(298)
 <b>Cash flows from capital and related financing activities</b>	
Purchase of capital equipment	<u>(5)</u>
Net cash used for capital and related financing activities	<u>(5)</u>
 Net decrease in cash	 (303)
Cash at beginning of period	<u>1,396</u>
Cash at end of period	<u><u>\$ 1,093</u></u>
 <b>Reconciliation of operating income to net cash used in operating activities</b>	
Operating loss	\$ (157)
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation	4
Changes in assets and liabilities:	
Receivables	(233)
Accounts payable	88
Net cash used in operating activities	<u><u>\$ (298)</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, 2020

*(In Thousands)*

<b>Assets</b>	
Investments:	
At amortized cost	\$5,621,810
At fair value	893,243
Total investments	<u>6,515,053</u>
Receivables:	
Accrued interest	7,072
Dividends	59
Other	26,871
Total receivables	<u>34,002</u>
Total assets	<u>6,549,055</u>
 <b>Liabilities</b>	
Accrued expenses	864
Dividends payable	2,924
Investments purchased	77,740
Total liabilities	<u>81,528</u>
 <b>Net Position</b>	
Held in trust for investment pool participants	6,384,155
Held in trust for individual investment account holders	83,372
Total net position	<u><u>\$6,467,527</u></u>

*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, 2020

(In Thousands)

<b>Additions</b>	
Investment income:	
Interest	\$ 61,532
Dividends	3,187
Net amortization	38,624
Provision for uncollectible loans	(89)
Total investment income	<u>103,254</u>
Investment expenses:	
Investment advisor fees	1,867
Custodian bank fees	160
Administrative fees	1,142
Total investment expenses	<u>3,169</u>
Net investment income	100,085
Net realized gain from investments	6,622
Net increase in fair value of investments	<u>7,742</u>
Net increase in net position from operations	114,449
Participant transaction additions:	
Purchase of pool units by participants	13,377,374
Reinvestment of pool distributions	104,859
Contributions to individual investment accounts	109,461
Total participant transaction additions	<u>13,591,694</u>
Total additions	<u>13,706,143</u>
<b>Deductions</b>	
Distributions to pool participants:	
Net investment income	99,348
Net realized gain from investments	6,622
Total distributions to pool participants	<u>105,970</u>
Participant transaction deductions:	
Redemption of pool units by participants	12,271,849
Withdrawals from individual investment accounts	30,021
Total participant transaction deductions	<u>12,301,870</u>
Total deductions	<u>12,407,840</u>
Change in net position	1,298,303
Net position at beginning of period	<u>5,169,224</u>
Net position at end of period	<u><u>\$ 6,467,527</u></u>

*See accompanying notes to financial statements*

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# West Virginia Board of Treasury Investments

## Notes to Financial Statements

June 30, 2020

### 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. The MBC Account, which had closed May 31, 2019, was re-opened on December 5, 2019.

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). The MBC Account, which had closed May 31, 2019, was re-opened on December 5, 2019.

### **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, 2020, the Loan Pool had an allowance for uncollectible loans of \$24,057,000.

**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 \$1,093,000 at June 30, 2020. 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, 2020.

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 bills *	P-1	A-1+	\$ 1,017,343	19.76%
Commercial Paper	P-1	A-1+	861,472	16.73
	P-1	A-1	1,834,384	35.62
Negotiable certificates of deposit	P-1	A-1+	302,738	5.88
	P-1	A-1	469,111	9.11
Money market funds	Aaa	AAAm	1,581	0.03
	NR	AAAm	217,022	4.21
Repurchase agreements (underlying securities):				
U.S. Treasury bonds and notes*	Aaa	AA+	445,700	8.66
			<u>\$ 5,149,351</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):

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		
U.S. Treasury notes *	Aaa	AA+	\$ 27,041	10.23%
U.S. Treasury bills *	P-1	A-1+	30,986	11.71
U.S. agency bonds and notes	Aaa	AA+	33,850	12.79
U.S. agency discount notes	P-1	A-1+	125,304	47.36
Money market funds	Aaa	AAAm	177	0.07
Repurchase agreements (underlying securities):				
U.S. Treasury bonds and notes*	Aaa	AA+	47,200	17.84
			<u>\$ 264,558</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+	\$ 121,838	15.04%
U.S. agency collateralized mortgage obligations				
U.S. government guaranteed*	Aaa	AA+	20,539	2.54
Non-U.S. government guaranteed	Aaa	AA+	15,762	1.95
Corporate fixed- and floating-rate bonds and notes				
	Aaa	AAA	3,694	0.46
	Aaa	AA+	6,719	0.83
	Aa1	AA	2,565	0.32
	Aa2	AA+	5,181	0.64
	Aa2	AA	5,753	0.71
	Aa2	AA-	6,432	0.79
	Aa2	NR	5,954	0.73
	Aa3	AA+	2,076	0.26
	Aa3	AA-	18,385	2.27
	Aa3	A+	5,759	0.71
	Aa3	A	12,477	1.54
	A1	AA-	7,480	0.92
	A1	A+	30,064	3.71
	A1	A	5,150	0.64
	A1	A-	10,553	1.30
	A1	NR	5,283	0.65

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\* 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		
	A2	A+	17,992	2.22
	A2	A	33,012	4.08
	A2	A-	28,326	3.50
	A2	NR	3,100	0.38
	A3	A+	9,595	1.18
	A3	A	9,366	1.16
	A3	A-	28,248	3.49
	A3	BBB+	44,538	5.50
	Baa1	A-	11,726	1.45
	Baa1	BBB+	17,585	2.17
	Baa1	BBB	8,656	1.07
	Baa1	NR	2,132	0.26
	Baa2	A-	10,242	1.26
	Baa2	BBB+	10,361	1.28
	Baa2	BBB	38,950	4.81
	Baa2	BBB-	4,404	0.54
	Baa3	BBB	10,276	1.27
	Baa3	BBB-	25,583	3.16
	Ba1	BBB	2,005	0.25
	Ba1	BBB-	8,289	1.02
	NR	A	6,478	0.80
	NR	AA-	1,817	0.22
	NR	BBB+	4,575	0.56
Collateralized mortgage obligations	NR	AAA	2,668	0.33
Municipal Securities	Aaa	AAA	4,060	0.50
	Aa1	AA+	6,475	0.80
	Aa1	AA	8,928	1.10
	Aa1	NR	7,054	0.87
	Aa2	AA	9,872	1.22
	Aa2	AA-	8,337	1.03
	Aa2	NR	3,528	0.44
	NR	AAA	2,618	0.32
	NR	AA+	3,187	0.39
Asset-backed securities	Aaa	AAA	29,701	3.66
	Aaa	NR	40,232	4.97
	Aa1	NR	7,961	0.98
	NR	AAA	38,951	4.81
Money market funds	Aaa	AAAm	7,585	0.94
			\$ 810,077	100.00%

NR = Not Rated

The WV Bank Pool holds an interest in a money market mutual fund valued at approximately \$171,000. 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 \$56,000. 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 \$2,000. 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 \$1,264,000. 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 bills	\$ 1,017,343	37
Commercial paper	2,695,856	52
Negotiable certificates of deposit	771,849	58
Repurchase agreements	445,700	1
Money market funds	218,603	1
	\$ 5,149,351	44

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 notes	\$ 27,041	80
U.S. Treasury bills	30,986	79
U.S. agency bonds and notes	33,850	10
U.S. agency discount notes	125,304	65
Repurchase agreements	47,200	1
Money market funds	177	1
	\$ 264,558	50

The overall effective duration of the investments of the WV Short Term Bond Pool is limited to a +/- 20 percent band around the effective duration of the portfolio's benchmark (the ICE BofAML 1-3 US Corporate & Government Index). As of June 30, 2020, the effective duration of the benchmark was 662 days. Maximum effective duration of individual securities cannot exceed 1,827 days (five years) from date of purchase. The following table provides information on the effective duration for the various asset types in the WV Short Term Bond Pool:

Security Type	Carrying Value (In Thousands)	Effective Duration (Days)
U.S. Treasury notes and bonds	\$ 121,838	773
U.S. agency collateralized mortgage obligations	36,301	366
Corporate fixed-rate bonds and notes	454,306	641
Corporate floating-rate bonds and notes	16,475	377
Collateralized mortgage obligations	2,668	752
Municipal Securities	54,059	800
Asset-backed securities	116,845	442
Money market funds	7,585	-
	\$ 810,077	620

The West Virginia Bank Pool holds nonnegotiable certificates of deposit totaling \$67,500,000 with maturity dates ranging from July 2020 through December 2020, and an interest in a money market mutual fund valued at approximately \$171,000. 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 \$56,000 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 \$19,900,000 in a bank depository account and an interest in a money market mutual fund valued at approximately \$2,000. 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 Municipal Bond Commission Account holds three State and Local Government Series securities valued at \$80,183,000 with a weighted average maturity of 433 days. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to fair value losses in the Municipal Bond Commission Account arising from increasing interest rates.

The School Fund Account holds only an interest in a money market mutual fund valued at approximately \$1,264,000 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 \$1,718,000 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 \$67,500,000. The Reserve Pool contains funds totaling approximately \$19,900,000 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, 2020 (in thousands):

Investment Type	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	\$ 121,838	\$ -	\$ -	\$ 121,838
U.S. agency collateralized mortgage obligations	-	36,301	-	36,301
Corporate fixed-rate bonds and notes	-	454,306	-	454,306
Corporate floating-rate bonds and notes	-	16,475	-	16,475
Collateralized mortgage obligations	-	2,668	-	2,668
Municipal Securities	-	54,059	-	54,059
Asset-backed securities	-	116,845	-	116,845
Money market funds	7,585	-	-	7,585
	<u>\$ 129,423</u>	<u>\$ 680,654</u>	<u>\$ -</u>	<u>\$ 810,077</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 \$1,264,000 using Level 1 inputs.

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

The EDA-AW Account holds a U.S. Treasury bond reported at a fair value of \$1,718,000 using Level 1 inputs.

## 6. Capital Assets

Capital asset activity in the proprietary fund was as follows (in thousands):

	June 30, 2019	Increases	Decreases	June 30, 2020
Equipment, at cost	\$ 24	\$ 5	\$ 6	\$ 23
Accumulated depreciation	(19)	(4)	(6)	(17)
Equipment, net of accumulated depreciation	<u>\$ 5</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 6</u>

## 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, 2020, 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, 2020, was 2.46%. 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, 2020, the outstanding balance was \$118,523,000.

- 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, 2020, \$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 \$24,057,000 has been accrued at June 30, 2020.

- 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, 2020, the annualized rate is 2.11%. 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, 2020, the outstanding balance was \$1,480,000.

As of June 30, 2020, 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 \$8,160,000, 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, 2020, 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, 2020, the BTI reimbursed the Treasurer's Office \$821,000 for services, which includes \$742,000 for management services provided by Treasurer's Office employees. As of June 30, 2020, the BTI had an amount payable to the Treasurer's Office totaling \$64,000, 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, 2019. 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, 2019. 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 June 15, 2021. 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, 2019. 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, 2020. 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, 2019. 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.

The GASB has issued a statement related to accounting and financial reporting for conduit debt obligations: Statement No. 91, *Conduit Debt Obligations*. The objective of Statement No. 91 is to better meet the information needs of financial statement users by enhancing the comparability and consistency of conduit debt obligation reporting and reporting of related transactions and other events by state and local government issuers. The provisions of this statement are effective for reporting periods beginning after December 15, 2021. Because the BTI does not engage in debt issuance or transactions that would be considered conduit debt obligations, it is not affected by this statement.

The GASB has issued a statement related to accounting and financial reporting related to the replacement of interbank offered rates (“IBORs”) in hedging derivative instruments and leases: Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of Statement No. 93 is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The provisions of this statement are effective for reporting periods beginning after June 15, 2020. Because the BTI does not engage in hedging derivative transactions or leases, 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, 2020

(In Thousands)

	<u>WV Money Market Pool</u>	<u>WV Government Money Market Pool</u>	<u>WV Short Term Bond Pool</u>	<u>WV Bank Pool</u>	<u>Loan Pool</u>
<b>Assets</b>					
Investments:					
At amortized cost	\$ 5,149,351	\$ 264,558	\$ -	\$ 67,671	\$ 120,328
At fair value	-	-	810,077	-	-
Receivables:					
Accrued interest	1,207	165	5,001	242	247
Dividends	59	-	-	-	-
Other	-	-	26,871	-	-
Total receivables	<u>1,266</u>	<u>165</u>	<u>31,872</u>	<u>242</u>	<u>247</u>
Total assets	5,150,617	264,723	841,949	67,913	120,575
<b>Liabilities</b>					
Accrued expenses	651	47	156	4	6
Dividends payable	-	-	2,924	-	-
Investments purchased	49,992	1,998	25,750	-	-
Total liabilities	<u>50,643</u>	<u>2,045</u>	<u>28,830</u>	<u>4</u>	<u>6</u>
<b>Net Position</b>					
Held in trust for investment pool participants	5,099,974	262,678	813,119	67,909	120,569
Held in trust for individual investment account holders	-	-	-	-	-
Total net position	<u>\$ 5,099,974</u>	<u>\$ 262,678</u>	<u>\$ 813,119</u>	<u>\$ 67,909</u>	<u>\$ 120,569</u>

(Continued)

<u>Reserve Pool</u>	<u>Municipal Bond Commission Account</u>	<u>School Fund Account</u>	<u>Economic Development Authority - American Woodmark Account</u>	<u>Total</u>
\$ 19,902	\$ -	\$ -	\$ -	\$ 5,621,810
-	80,183	1,264	1,719	893,243
4	172	-	34	7,072
-	-	-	-	59
-	-	-	-	26,871
<u>4</u>	<u>172</u>	<u>-</u>	<u>34</u>	<u>34,002</u>
19,906	80,355	1,264	1,753	6,549,055
-	-	-	-	864
-	-	-	-	2,924
-	-	-	-	77,740
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,528</u>
19,906	-	-	-	6,384,155
-	80,355	1,264	1,753	83,372
<u>\$ 19,906</u>	<u>\$ 80,355</u>	<u>\$ 1,264</u>	<u>\$ 1,753</u>	<u>\$6,467,527</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, 2020

(In Thousands)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Loan Pool
<b>Additions</b>					
Investment income:					
Interest	\$ 32,597	\$ 1,778	\$ 21,671	\$ 1,445	\$ 2,985
Dividends	2,988	4	169	5	5
Net (amortization) accretion	36,453	2,212	(26)	-	-
Provision for uncollectible loans	-	-	-	-	(89)
Total investment income	<u>72,038</u>	<u>3,994</u>	<u>21,814</u>	<u>1,450</u>	<u>2,901</u>
Investment expenses:					
Investment advisor fees	1,309	90	468	-	-
Custodian bank fees	120	14	26	-	-
Administrative fees	875	65	161	15	24
Total investment expenses	<u>2,304</u>	<u>169</u>	<u>655</u>	<u>15</u>	<u>24</u>
Net investment income	69,734	3,825	21,159	1,435	2,877
Net realized gain from investments	22	7	6,593	-	-
Net increase in fair value of investments	<u>-</u>	<u>-</u>	<u>7,710</u>	<u>-</u>	<u>-</u>
Net increase in net position from operations	69,756	3,832	35,462	1,435	2,877
Participant transaction additions:					
Purchase of pool units by participants	12,967,074	299,466	98,930	1,538	10,011
Reinvestment of pool distributions	69,752	3,832	26,645	1,434	2,877
Contributions to individual investment accounts	-	-	-	-	-
Total participant transaction additions	<u>13,036,826</u>	<u>303,298</u>	<u>125,575</u>	<u>2,972</u>	<u>12,888</u>
Total additions	13,106,582	307,130	161,037	4,407	15,765
<b>Deductions</b>					
Distributions to pool participants:					
Net investment income	69,734	3,825	21,159	1,434	2,877
Net realized gain from investments	22	7	6,593	-	-
Total distributions to pool participants	<u>69,756</u>	<u>3,832</u>	<u>27,752</u>	<u>1,434</u>	<u>2,877</u>
Participant transaction deductions:					
Redemption of pool units by participants	11,907,465	292,779	57,991	1,538	11,721
Withdrawals from individual investment accounts	-	-	-	-	-
Total participant transaction deductions	<u>11,907,465</u>	<u>292,779</u>	<u>57,991</u>	<u>1,538</u>	<u>11,721</u>
Total deductions	<u>11,977,221</u>	<u>296,611</u>	<u>85,743</u>	<u>2,972</u>	<u>14,598</u>
Net increase (decrease) in net position from operations	1,129,361	10,519	75,294	1,435	1,167
Inter-pool transfers in					
Inter-pool transfers out	16,800	-	-	5,500	-
Net inter-pool transfers in (out)	<u>(5,500)</u>	<u>-</u>	<u>-</u>	<u>(16,800)</u>	<u>-</u>
Change in net position	11,300	-	-	(11,300)	-
Change in net position	1,140,661	10,519	75,294	(9,865)	1,167
Net position at beginning of period	3,959,313	252,159	737,825	77,774	119,402
Net position at end of period	<u>\$ 5,099,974</u>	<u>\$ 262,678</u>	<u>\$ 813,119</u>	<u>\$ 67,909</u>	<u>\$ 120,569</u>

(Continued)

<u>Reserve Pool</u>	<u>Municipal Bond Commission Account</u>	<u>School Fund Account</u>	<u>Economic Development Authority - American Woodmark Account</u>	<u>Total</u>
\$ 318	\$ 648	\$ -	\$ 90	\$ 61,532
-	-	16	-	3,187
-	-	-	(15)	38,624
-	-	-	-	(89)
<u>318</u>	<u>648</u>	<u>16</u>	<u>75</u>	<u>103,254</u>
-	-	-	-	1,867
-	-	-	-	160
-	1	-	1	1,142
<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>3,169</u>
318	647	16	74	100,085
-	-	-	-	6,622
-	-	-	32	7,742
<u>318</u>	<u>647</u>	<u>16</u>	<u>106</u>	<u>114,449</u>
355	-	-	-	13,377,374
319	-	-	-	104,859
-	109,203	258	-	109,461
<u>674</u>	<u>109,203</u>	<u>258</u>	<u>-</u>	<u>13,591,694</u>
992	109,850	274	106	13,706,143
319	-	-	-	99,348
-	-	-	-	6,622
<u>319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,970</u>
355	-	-	-	12,271,849
-	29,495	437	89	30,021
<u>355</u>	<u>29,495</u>	<u>437</u>	<u>89</u>	<u>12,301,870</u>
674	29,495	437	89	12,407,840
318	80,355	(163)	17	1,298,303
-	-	-	-	22,300
-	-	-	-	(22,300)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
318	80,355	(163)	17	1,298,303
19,588	-	1,427	1,736	5,169,224
<u>\$ 19,906</u>	<u>\$ 80,355</u>	<u>\$ 1,264</u>	<u>\$ 1,753</u>	<u>\$ 6,467,527</u>

**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities**  
**June 30, 2020**  
*(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>
<i>U.S. Treasury Bills</i>							
United States Treasury		0.000 %	0.107 %	07/07/2020	50,000	\$ 49,999	\$ 49,999
United States Treasury		0.000	0.133	07/14/2020	40,000	39,998	39,998
United States Treasury		0.000	0.180	07/16/2020	112,750	112,742	112,744
United States Treasury		0.000	0.181	07/21/2020	193,000	192,981	192,988
United States Treasury		0.000	0.167	07/23/2020	77,750	77,742	77,745
United States Treasury		0.000	0.137	07/28/2020	170,000	169,983	169,983
United States Treasury		0.000	0.128	08/06/2020	24,000	23,997	23,997
United States Treasury		0.000	0.128	08/13/2020	50,000	49,993	49,992
United States Treasury		0.000	0.137	08/18/2020	150,000	149,973	149,973
United States Treasury		0.000	0.147	09/15/2020	70,000	69,977	69,979
United States Treasury		0.000	0.181	10/15/2020	80,000	79,958	79,963
Total U. S. Treasury Bills	19.8%					1,017,343	1,017,361
<i>Commercial Paper</i>							
JP Morgan Securities		0.000	1.271	07/01/2020	22,000	22,000	22,000
Atlantic Asset Securitization		0.000	0.071	07/01/2020	61,000	61,000	61,000
Citigroup Global Markets		0.000	1.936	07/01/2020	10,000	10,000	10,000
Gotham Funding Corporation		0.000	1.424	07/01/2020	9,000	9,000	8,999
Nordea Bank		0.000	0.056	07/01/2020	40,000	40,000	40,000
Toronto Dominion Bank		0.000	0.101	07/01/2020	69,500	69,500	69,500
ING Funding LLC		0.443	F 0.443	07/01/2020	10,000	10,000	10,000
Credit Suisse First Boston		0.000	2.018	07/02/2020	10,000	9,999	10,000
Natixis		0.000	1.424	07/02/2020	30,000	29,999	30,000
Antalis SA		0.000	1.169	07/02/2020	10,000	10,000	10,000
Jupiter Securitization Company		0.000	1.782	07/02/2020	15,000	14,999	15,000
Nordea Bank		0.000	0.066	07/02/2020	54,000	54,000	54,000
Collateralized Flex Co LLC		0.483	F 0.482	07/02/2020	10,000	10,000	10,000
ING Funding LLC		0.513	F 0.512	07/02/2020	10,000	10,000	10,000
MUFG Bank		0.000	1.904	07/06/2020	5,000	4,999	4,999
CAFco LLC		0.000	1.067	07/06/2020	25,000	24,996	24,999
LMA Americas LLC		0.000	1.483	07/06/2020	28,000	27,994	28,000
Sheffield Receivables		0.000	2.450	07/06/2020	45,000	44,985	44,999
Commonwealth Bank of Australia		0.365	F 0.365	07/06/2020	10,000	10,000	10,000
CAFco LLC		0.000	1.271	07/07/2020	13,500	13,497	13,500
Citigroup Global Markets		0.000	1.271	07/07/2020	20,000	19,996	20,000
Credit Industriel		0.000	0.071	07/07/2020	30,000	30,000	30,000
Liberty Street Funding LLC		0.000	1.374	07/07/2020	10,000	9,998	10,000
Societe Generale		1.437	F 1.437	07/07/2020	10,000	10,000	10,000
Commonwealth Bank of Australia		0.355	F 0.355	07/08/2020	7,000	7,000	7,000
Antalis SA		0.000	1.424	07/09/2020	26,500	26,492	26,499
Charta LLC		0.000	1.302	07/09/2020	25,000	24,993	24,999
Atlantic Asset Securitization		0.390	F 0.390	07/09/2020	8,000	8,000	8,000
Antalis SA		0.000	1.220	07/13/2020	8,000	7,997	8,000
Ciesco LP		0.000	1.842	07/14/2020	25,000	24,984	24,999
Manhattan Asset Funding Company		0.000	1.118	07/14/2020	20,000	19,992	20,000
Versailles		0.000	1.169	07/14/2020	18,500	18,492	18,499
Chariot Funding LLC		0.000	1.118	07/15/2020	25,000	24,989	24,999
ING Funding LLC		0.000	0.915	07/15/2020	20,700	20,693	20,699
Collateralized Flex CO LLC		0.000	1.118	07/16/2020	19,000	18,991	18,999
National Bank of Canada		1.176	F 1.176	07/16/2020	11,000	11,000	11,000
Fed Caisses Desjardins		0.000	1.821	07/17/2020	15,000	14,988	14,999

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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, 2020**  
*(In thousands)*

**WEST VIRGINIA MONEY MARKET POOL (Continued)**

<u>SECURITY NAME</u>	<u>% of</u> <u>POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED</u> <u>COST</u>	<u>FAIR</u> <u>VALUE*</u>
Mitsubishi UFJ Trust & Banking		0.000	1.016	07/17/2020	25,000	24,989	24,998
Albion Capital Corporation		0.000	1.016	07/20/2020	25,000	24,987	24,999
Manhattan Asset Funding Company		0.000	0.223	07/20/2020	37,075	37,071	37,072
Toyota Motor Credit Corporation		0.000	1.737	07/21/2020	10,000	9,990	9,999
Chariot Funding LLC		0.000	1.425	07/21/2020	2,900	2,898	2,900
Albion Capital Corporation		0.000	0.762	07/22/2020	40,788	40,770	40,785
Barton Capital Corporation		0.000	0.537	07/23/2020	38,200	38,188	38,197
Sumitomo Mitsui Banking Corporation		0.000	0.701	07/23/2020	25,000	24,989	24,998
Credit Industriel		0.000	1.728	07/24/2020	6,000	5,993	6,000
Nationwide Building Society		0.000	0.203	07/24/2020	10,000	9,999	9,999
Versailles		0.000	1.170	07/24/2020	10,000	9,993	9,999
Albion Capital Corporation		0.000	0.494	07/27/2020	19,000	18,993	18,998
Chariot Funding LLC		0.000	0.457	07/27/2020	30,000	29,990	29,997
Mitsubishi UFJ Trust & Banking		0.000	0.508	07/27/2020	21,000	20,992	20,997
Thunder Bay Funding		0.000	1.631	07/27/2020	1,000	999	1,000
Dexia Credit		0.000	1.623	07/28/2020	11,700	11,686	11,699
Barton Capital Corporation		0.000	0.213	07/29/2020	5,000	4,999	4,999
Nationwide Building Society		0.000	0.203	07/30/2020	15,000	14,998	14,998
ABN AMRO Funding		0.000	0.966	07/31/2020	10,000	9,992	9,999
Great Bridge Capital		0.000	0.254	07/31/2020	25,000	24,995	24,997
Manhattan Asset Funding Company		0.000	0.193	07/31/2020	10,000	9,998	9,998
Versailles		0.000	0.254	07/31/2020	20,000	19,996	19,997
Cancara Asset Securitization		0.000	0.376	08/03/2020	20,000	19,993	19,997
Collateralized Flex Co LLC		0.000	1.738	08/03/2020	10,000	9,984	9,999
Antalis SA		0.000	0.355	08/03/2020	15,000	14,995	14,997
ING Funding LLC		0.000	1.027	08/03/2020	25,000	24,977	24,997
Versailles		0.326	F 0.338	08/03/2020	10,000	10,000	9,999
Dexia Credit		0.000	0.508	08/04/2020	30,000	29,986	29,996
Royal Bank of Canada		0.404	F 0.414	08/05/2020	10,000	10,000	10,002
Antalis SA		0.000	0.335	08/06/2020	15,000	14,995	14,997
Oversea-Chinese Bank		0.621	F 0.621	08/06/2020	7,000	7,000	7,000
Fairway Finance Corporation		0.000	0.936	08/07/2020	25,000	24,976	24,994
Ciesco LP		0.000	0.233	08/13/2020	15,000	14,996	14,996
Sheffield Receivables		0.000	1.242	08/13/2020	10,000	9,985	9,997
Old Line Funding Corporation		0.000	1.686	08/17/2020	15,000	14,967	14,997
Sheffield Receivables		0.000	0.264	08/18/2020	13,000	12,995	12,996
KFW Bank		0.000	0.967	08/19/2020	2,000	1,997	2,000
Atlantic Asset Securitization		0.000	0.467	08/20/2020	15,000	14,990	14,996
LMA Americas LLC		0.000	0.264	08/20/2020	15,500	15,494	15,494
HSBC Bank PLLC		0.260	F 0.260	08/20/2020	10,000	10,000	10,001
Thunder Bay Funding		0.000	1.635	08/24/2020	25,000	24,940	24,994
MUFG Bank		0.000	1.615	08/24/2020	23,000	22,945	22,992
Societe Generale		0.000	0.605	08/24/2020	35,000	34,969	34,992
MUFG Bank		0.000	0.691	08/25/2020	25,000	24,974	24,991
Chevron Corporation		0.000	0.865	08/26/2020	7,500	7,490	7,498
Sumitomo Mitsui Banking Corporation		0.000	0.315	08/26/2020	25,000	24,988	24,993
MUFG Bank		0.000	1.502	08/28/2020	5,000	4,988	4,998
Toronto Dominion Bank		0.000	0.233	08/31/2020	15,000	14,994	14,995
Gotham Funding Corporation		0.000	0.243	09/01/2020	15,000	14,994	14,993
Societe Generale		0.000	0.416	09/02/2020	22,000	21,984	21,993
Atlantic Asset Securitization		0.000	1.179	09/03/2020	28,400	28,341	28,393
Old Line Funding Corporation		0.000	0.978	09/08/2020	12,000	11,978	11,994
BNG Bank NV		0.000	0.896	09/08/2020	25,000	24,958	24,995
LMA Americas LLC		0.000	0.355	09/08/2020	15,000	14,990	14,993
Old Line Funding Corporation		0.000	0.345	09/10/2020	10,000	9,993	9,995

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**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities (Continued)**  
**June 30, 2020**  
*(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>
Dexia Credit		0.000	0.508	09/14/2020	11,000	10,989	10,996
Dexia Credit		0.000	0.538	09/21/2020	8,000	7,990	7,997
Sumitomo Mitsui Banking Corporation		0.000	0.289	09/21/2020	12,000	11,992	11,993
Coca-Cola Company		0.000	1.275	09/22/2020	1,750	1,745	1,749
Versailles		0.000	0.274	09/25/2020	20,000	19,987	19,988
Sheffield Receivables		0.000	0.284	09/25/2020	20,000	19,987	19,987
Fairway Finance Corporation		0.000	1.378	09/29/2020	25,000	24,915	24,983
DZ Bank		0.000	0.223	09/30/2020	20,000	19,989	19,990
Versailles		0.000	0.304	10/02/2020	40,000	39,969	39,972
Collateralized Flex Co LLC		0.404	F 0.237	10/05/2020	10,000	10,000	10,002
Svenska Handelbanken		0.354	F 0.187	10/05/2020	11,000	11,000	11,001
Toronto Dominion Bank		0.494	F 0.327	10/05/2020	10,000	10,000	10,006
Thunder Bay Funding		0.000	1.409	10/07/2020	25,000	24,906	24,986
Ciesco LP		0.000	1.275	10/08/2020	10,000	9,966	9,993
Sheffield Receivables		0.000	0.294	10/08/2020	20,000	19,984	19,985
Commonwealth Bank of Australia		0.326	F 1.402	10/08/2020	7,000	7,000	7,001
Banque et Caisse d'Epargne		0.000	0.569	10/09/2020	20,000	19,969	19,989
Bedford Row Funding		0.000	1.954	10/09/2020	5,000	4,973	4,999
Oversea-Chinese Bank		0.000	0.254	10/09/2020	9,500	9,493	9,493
Collateralized Flex Co LLC		1.400	F 1.400	10/09/2020	10,000	10,000	10,002
ING Funding LLC		1.380	F 1.380	10/09/2020	15,000	15,000	15,000
Fairway Finance Corporation		0.000	1.224	10/14/2020	6,278	6,256	6,273
Banque et Caisse d'Epargne		0.000	0.580	10/15/2020	20,000	19,966	19,988
Citigroup Global Markets		0.000	1.824	10/15/2020	3,000	2,984	2,999
Fairway Finance Corporation		0.000	1.173	10/16/2020	5,000	4,983	4,996
Thunder Bay Funding		0.000	1.245	10/19/2020	10,000	9,963	9,994
Fairway Finance Corporation		0.000	1.070	10/19/2020	5,000	4,984	4,996
ABN AMRO Funding		0.000	0.315	10/21/2020	15,000	14,986	14,983
Bedford Row Funding		1.193	F 1.193	10/23/2020	10,000	10,000	10,005
Fairway Finance Corporation		0.000	0.661	10/26/2020	7,500	7,484	7,493
Old Line Funding Corporation		0.000	1.019	10/26/2020	7,500	7,476	7,495
Toyota Motor Credit Corporation		0.000	1.759	10/27/2020	20,000	19,887	19,984
Old Line Funding Corporation		0.000	0.284	10/28/2020	10,000	9,991	9,994
Toyota Motor Credit Corporation		0.000	1.523	10/29/2020	10,800	10,746	10,791
Kells Funding LLC		0.000	0.284	10/30/2020	18,000	17,983	17,985
Canadian Imperial Bank		0.696	F 0.696	11/04/2020	10,000	10,000	10,005
Banque et Caisse d'Epargne		0.000	0.355	11/05/2020	5,000	4,994	4,996
Toyota Motor Credit Corporation		0.000	1.687	11/05/2020	25,000	24,854	24,977
Toyota Motor Credit Corporation		0.000	1.563	11/06/2020	7,500	7,459	7,493
Bank of Nova Scotia		0.578	F 0.578	11/09/2020	10,000	10,000	10,005
Glencove Funding LLC		0.542	F 0.543	11/10/2020	16,000	16,000	16,000
Citigroup Global Markets		0.000	1.689	11/12/2020	6,000	5,963	5,996
Jupiter Securitization Company		0.000	0.355	11/12/2020	15,000	14,980	14,983
Sumitomo Mitsui Banking Corporation		0.000	0.427	11/12/2020	10,000	9,984	9,988
Bedford Row Funding		0.563	F 0.564	11/13/2020	10,000	10,000	10,005
Toronto Dominion Bank		0.573	F 0.574	11/13/2020	15,000	15,000	15,008
Collateralized Flex CO LLC		0.000	0.335	11/16/2020	20,000	19,975	19,977
Chariot Funding LLC		0.000	0.335	11/17/2020	5,000	4,994	4,995
European Investment Bank		0.000	1.462	11/20/2020	5,000	4,972	4,997
Apple Inc		0.000	1.472	11/20/2020	5,000	4,972	4,995
Chariot Funding LLC		0.000	0.335	11/20/2020	15,000	14,980	14,986
European Investment Bank		0.000	1.411	11/23/2020	25,000	24,861	24,983
Fairway Finance Corporation		0.000	0.315	11/23/2020	15,000	14,981	14,982
LMA Americas LLC		0.000	0.355	11/23/2020	15,000	14,979	14,979
Collateralized Flex Co LLC		0.000	0.345	11/25/2020	25,000	24,965	24,969

(Continued on Next Page)

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**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities (Continued)**  
**June 30, 2020**  
*(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>
Anglesea Funding LLC		0.421	F	0.423	11/25/2020	12,500	12,500
Old Line Funding Corporation		0.000		0.345	12/01/2020	10,000	9,991
Gotham Funding Corporation		0.000		0.355	12/02/2020	8,500	8,489
Dexia Credit		0.000		0.305	12/07/2020	10,000	9,991
Old Line Funding Corporation		0.000		0.355	12/09/2020	10,000	9,991
Westpac Banking Corporation		0.463	F	0.463	12/14/2020	25,000	25,015
Collateralized Flex CO LLC		0.000		0.356	12/16/2020	25,000	24,959
Westpac Banking Corporation		0.458	F	0.458	12/18/2020	15,000	15,009
Old Line Funding Corporation		0.000		0.345	12/22/2020	6,000	5,994
Collateralized Flex Co LLC		0.000		0.356	12/23/2020	10,000	9,985
DBS Bank LTD		0.000		0.305	12/23/2020	14,000	13,980
CAFCO LLC		0.000		0.305	01/06/2021	5,000	4,992
Bedford Row Funding		0.363	F	0.375	01/07/2021	10,000	10,003
DBS Bank LTD		0.000		0.345	01/11/2021	14,000	13,974
Collateralized Flex Co LLC		0.000		0.356	01/13/2021	10,000	9,987
ANZ National LTD		1.299	F	1.299	01/15/2021	10,000	10,002
Westpac Banking Corporation		1.289	F	1.289	01/15/2021	9,000	9,001
Thunder Bay Funding		0.000		0.345	01/19/2021	15,000	14,971
Commonwealth Bank of Australia		1.148	F	1.148	01/22/2021	9,700	9,702
Old Line Funding Corporation		0.000		0.356	02/01/2021	5,000	4,988
Westpac Banking Corporation		0.727	F	0.727	02/01/2021	8,000	8,000
Canadian Imperial Bank		0.300	F	0.290	02/05/2021	5,000	4,997
<b>Total Commercial Paper</b>	<b>52.4%</b>					<b>2,695,856</b>	<b>2,697,506</b>
<i>Negotiable Certificates of Deposit</i>							
Bank of Nova Scotia		0.453	F	0.453	07/01/2020	10,000	10,000
Canadian Imperial Bank		0.453	F	0.453	07/01/2020	10,000	10,000
KBC Bank		0.110		0.110	07/06/2020	30,000	30,000
Norinchukin Bank		0.080		0.080	07/06/2020	30,000	30,000
Nordea Bank		0.445	F	0.445	07/07/2020	10,000	10,001
Sumitomo Mitsui Banking Corporation		0.375	F	0.375	07/07/2020	11,000	11,002
Oversea-Chinese Bank		1.800		1.800	07/07/2020	5,000	5,002
Nordea Bank		1.601	F	1.397	07/10/2020	10,000	10,001
Australia & New Zealand Bank		0.455	F	0.455	07/15/2020	7,000	7,001
Sumitomo Mitsui Banking Corporation		1.000		1.000	07/16/2020	25,000	25,010
Oversea-Chinese Bank		0.840		0.840	07/17/2020	10,000	10,003
Norinchukin Bank		0.500		0.350	07/24/2020	8,600	8,602
Skandinav Enskilda Bank		0.458	F	0.458	07/31/2020	10,000	10,003
Oversea-Chinese Bank		0.444	F	0.444	08/05/2020	10,000	10,003
DZ Bank NY		0.240		0.240	08/12/2020	20,000	20,001
Cooperative Rabobank		0.504	F	0.504	08/14/2020	4,000	4,001
Mitsubishi UFJ Trust & Banking		0.470		0.470	08/17/2020	10,000	10,004
Oversea-Chinese Bank		1.630		1.630	08/19/2020	10,000	10,020
Toronto Dominion Bank		0.440	F	0.430	08/20/2020	15,000	15,002
Canadian Imperial Bank		0.440	F	0.430	08/28/2020	5,000	5,001
Bank of Nova Scotia		0.450	F	0.440	09/03/2020	15,000	15,002
BNZ International Funding		0.441	F	0.441	09/04/2020	6,000	6,002
Bank of Montreal		0.435	F	0.435	09/08/2020	20,000	20,008
Sumitomo Mitsui Banking Corporation		0.300		0.300	09/08/2020	10,000	10,002
Bank of Nova Scotia		0.490	F	0.480	09/14/2020	10,000	10,003
Mizuho Bank		0.270		0.270	09/17/2020	10,000	10,000
Toronto Dominion Bank		0.408	F	0.408	09/18/2020	10,000	10,003
Royal Bank of Canada		0.420	F	0.400	09/21/2020	25,000	25,012
Bank of Nova Scotia		0.425	F	0.425	09/23/2020	25,000	25,010

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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, 2020**  
*(In thousands)*

<b>WEST VIRGINIA MONEY MARKET POOL (Continued)</b>								
<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>	
Toronto Dominion Bank		0.474	F	0.474	09/28/2020	7,500	7,500	7,504
Sumitomo Mitsui Banking Corporation		0.310		0.310	10/01/2020	15,000	15,000	15,002
Skandinav Enskilda Bank		1.453	F	0.217	10/05/2020	10,000	10,000	10,003
Bank of Nova Scotia		1.820		1.650	10/06/2020	25,000	25,010	25,111
Cooperative Rabobank		1.437	F	1.437	10/07/2020	7,000	7,000	7,001
Oversea-Chinese Bank		0.250		0.250	10/09/2020	5,000	5,000	5,000
Toronto Dominion Bank		0.500	F	0.500	10/20/2020	10,000	10,000	10,007
Bank of Nova Scotia		1.259	F	1.259	10/21/2020	10,000	10,000	10,005
Oversea-Chinese Bank		0.330	F	0.330	10/22/2020	9,750	9,750	9,752
National Australia Bank		0.621	F	0.621	11/06/2020	10,000	10,000	10,004
Sumitomo Mitsui Banking Corporation		0.450		0.450	11/09/2020	15,000	15,000	15,007
Skandinav Enskilda Bank		0.271	F	0.271	11/12/2020	3,000	3,000	2,998
Bank of Montreal		0.574	F	0.574	11/13/2020	10,000	10,000	10,005
Bank of Montreal		0.526	F	0.526	11/18/2020	10,000	10,000	10,005
Bank of Montreal		0.451	F	0.451	12/04/2020	10,000	10,000	10,004
Westpac Banking Corporation		0.468	F	0.468	12/07/2020	6,000	6,000	6,003
Anglesea Funding LLC		0.441	F	0.441	12/09/2020	30,000	30,000	30,000
Westpac Banking Corporation		0.465	F	0.465	12/11/2020	20,000	20,000	20,012
Canadian Imperial Bank		0.429	F	0.429	01/04/2021	5,000	5,000	5,005
Westpac Banking Corporation		0.571	F	0.664	02/05/2021	23,000	22,987	22,997
Bank of Montreal		0.535	F	0.535	02/12/2021	15,000	15,000	15,003
Royal Bank of Canada		0.350	F	0.330	02/26/2021	10,000	10,000	10,000
Toronto Dominion Bank		1.430		1.430	02/26/2021	7,000	7,000	7,051
Royal Bank of Canada		0.650	F	0.630	03/09/2021	15,000	15,000	15,031
Bank of Montreal		0.918	F	1.970	04/09/2021	5,000	5,000	5,021
Toronto Dominion Bank		1.291	F	1.291	04/27/2021	10,000	10,000	10,017
Canadian Imperial Bank		0.500		0.500	05/13/2021	31,000	31,000	31,034
Toronto Dominion Bank		0.500		0.500	05/13/2021	15,000	15,000	15,014
Royal Bank of Canada		0.970		0.970	05/24/2021	16,500	16,500	16,589
Canadian Imperial Bank		0.430		0.430	05/28/2021	10,000	10,000	10,004
Canadian Imperial Bank		0.428	F	0.420	06/10/2021	25,000	14,500	14,511
Total Negotiable Certificates of Deposit	14.9%						771,849	772,399
<b>Repurchase Agreements</b>								
Bank of America Securities		0.070		0.070	07/01/2020	145,300	145,300	145,300
BNP Paribas SA		0.070		0.070	07/01/2020	300,400	300,400	300,400
Total Repurchase Agreements	8.7%						445,700	445,700
<b>Money Market Funds</b>								
Federated		0.100	**			200	200	200
Federated		0.300	**			216,993	217,022	217,144
BlackRock Liquidity		0.100	**			1,381	1,381	1,381
Total Money Market Funds	4.2%						218,603	218,725
<b>Total Money Market Pool</b>	<b>100.0%</b>						<b>\$ 5,149,351</b>	<b>\$ 5,151,691</b>

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**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities (Continued)**  
**June 30, 2020**  
*(In thousands)*

**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>
<i>U.S. Treasury Notes</i>							
United States Treasury		1.500 %	1.616 %	07/15/2020	2,500	\$ 2,500	\$ 2,501
United States Treasury		2.000	1.630	07/31/2020	2,500	2,501	2,504
United States Treasury		2.625	1.627	08/15/2020	3,500	3,504	3,511
United States Treasury		2.125	1.639	08/31/2020	2,500	2,502	2,508
United States Treasury		1.375	1.621	09/15/2020	1,500	1,499	1,504
United States Treasury		1.375	1.661	09/30/2020	1,500	1,499	1,504
United States Treasury		2.750	1.356	09/30/2020	1,500	1,505	1,509
United States Treasury		2.000	1.235	09/30/2020	4,000	4,007	4,018
United States Treasury		1.625	1.231	10/15/2020	3,500	3,504	3,515
United States Treasury		1.375	0.768	10/31/2020	2,000	2,004	2,008
United States Treasury		2.000	0.421	11/30/2020	1,000	1,007	1,007
United States Treasury		2.000	0.390	01/15/2021	1,000	1,009	1,010
Total U. S. Treasury Notes	10.2%					27,041	27,099
<i>U.S. Treasury Bills</i>							
United States Treasury		0.000	0.124	07/14/2020	2,000	2,000	2,000
United States Treasury		0.000	1.461	08/06/2020	2,000	1,997	2,000
United States Treasury		0.000	0.102	08/11/2020	5,000	4,999	4,999
United States Treasury		0.000	0.138	08/25/2020	2,000	2,000	2,000
United States Treasury		0.000	0.150	09/03/2020	2,000	1,999	2,000
United States Treasury		0.000	0.173	09/10/2020	2,000	1,999	1,999
United States Treasury		0.000	0.175	09/17/2020	2,000	1,999	1,999
United States Treasury		0.000	0.137	10/06/2020	2,000	1,999	1,999
United States Treasury		0.000	0.188	10/08/2020	2,000	1,999	1,999
United States Treasury		0.000	0.179	10/15/2020	2,000	1,999	1,999
United States Treasury		0.000	0.185	10/20/2020	2,000	1,999	1,999
United States Treasury		0.000	0.178	10/27/2020	2,000	1,999	1,999
United States Treasury		0.000	0.178	11/03/2020	2,000	1,999	1,999
United States Treasury		0.000	0.176	11/17/2020	2,000	1,999	1,999
Total U. S. Treasury Bills	11.7%					30,986	30,990
<i>U. S. Government Agency Bonds and Notes</i>							
Federal Home Loan Bank		0.248	F 0.247	07/02/2020	1,500	1,500	1,500
Federal Home Loan Bank		0.200	F 0.180	07/17/2020	2,000	2,000	2,000
Federal Home Loan Bank		0.120	F 0.100	08/19/2020	1,000	1,000	1,000
Federal Home Loan Bank		0.130	F 0.110	08/21/2020	1,000	1,000	1,000
Federal Home Loan Mortgage Corporation		0.110	F 0.090	08/25/2020	1,000	1,000	1,000
Federal Farm Credit Bank		0.203	F 0.252	09/09/2020	1,500	1,500	1,501
Federal National Mortgage Association		0.140	F 0.120	09/11/2020	1,500	1,500	1,500
Federal Home Loan Bank		0.220	F 0.200	10/07/2020	1,000	1,000	1,000
Federal Farm Credit Bank		0.180	F 0.180	11/27/2020	1,000	1,000	1,000
Federal Home Loan Bank		0.154	F 0.154	12/17/2020	1,750	1,750	1,750
Federal Home Loan Bank		0.143	F 0.140	01/08/2021	2,500	2,500	2,499
Federal Home Loan Bank		0.200	0.199	01/19/2021	1,000	1,000	1,000
Federal Home Loan Bank		0.134	F 0.134	01/27/2021	1,000	1,000	1,000
Federal Home Loan Bank		0.161	F 0.161	02/12/2021	1,500	1,500	1,500
Federal Home Loan Mortgage Corporation		0.125	F 0.105	02/26/2021	2,600	2,600	2,598
Federal Home Loan Mortgage Corporation		0.150	F 0.130	03/05/2021	3,000	3,000	2,998
Federal Farm Credit Bank		0.210	F 0.190	05/18/2021	1,000	1,000	1,000
Federal National Mortgage Association		0.230	F 0.205	06/11/2021	2,000	2,000	2,000

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**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities (Continued)**  
**June 30, 2020**  
*(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>	
Federal Home Loan Mortgage Corporation		0.290	F	0.270	05/11/2022	2,000	2,000	1,999
Federal National Mortgage Association		0.280	F	0.260	05/13/2022	2,000	2,000	2,000
Federal National Mortgage Association		0.300	F	0.280	06/15/2022	2,000	2,000	1,999
Total U. S. Government Agency Bonds and Notes	12.8%						33,850	33,844
<i>U.S. Agency Discount Notes</i>								
Federal Home Loan Bank		0.000		1.599	07/06/2020	2,000	2,000	2,000
Federal Home Loan Bank		0.000		0.171	07/08/2020	5,000	5,000	5,000
Federal Farm Credit Bank		0.000		0.101	07/13/2020	5,000	5,000	5,000
Federal Home Loan Bank		0.000		0.122	07/14/2020	5,700	5,700	5,700
Federal Home Loan Bank		0.000		0.582	07/15/2020	6,500	6,499	6,500
Federal National Mortgage Association		0.000		0.284	07/15/2020	2,500	2,500	2,500
Federal Home Loan Bank		0.000		0.284	07/17/2020	3,000	3,000	3,000
Federal Home Loan Mortgage Corporation		0.000		0.691	07/17/2020	4,000	3,999	4,000
Federal Home Loan Bank		0.000		0.203	07/20/2020	5,000	4,999	5,000
Federal Home Loan Mortgage Corporation		0.000		0.112	07/20/2020	3,500	3,500	3,500
Federal Home Loan Bank		0.000		0.187	07/22/2020	7,150	7,149	7,149
Federal Home Loan Bank		0.000		0.101	07/24/2020	5,000	5,000	5,000
Federal Home Loan Bank		0.000		0.116	07/29/2020	3,000	3,000	3,000
Federal Home Loan Bank		0.000		0.250	08/03/2020	7,500	7,498	7,499
Federal Farm Credit Bank		0.000		1.584	08/04/2020	2,500	2,496	2,500
Federal Home Loan Mortgage Corporation		0.000		0.081	08/04/2020	3,000	3,000	3,000
Federal National Mortgage Association		0.000		0.183	08/13/2020	500	500	500
Federal Home Loan Mortgage Corporation		0.000		0.824	08/19/2020	4,000	3,996	3,999
Federal Home Loan Mortgage Corporation		0.000		0.142	08/20/2020	2,000	2,000	2,000
Federal Home Loan Bank		0.000		0.122	08/21/2020	3,000	2,999	2,999
Federal National Mortgage Association		0.000		0.223	09/02/2020	3,000	2,999	2,999
Federal Home Loan Bank		0.000		0.152	09/04/2020	2,000	1,999	1,999
Federal Home Loan Bank		0.000		0.132	09/15/2020	3,500	3,499	3,499
Federal National Mortgage Association		0.000		0.193	09/16/2020	2,000	1,999	1,999
Federal Home Loan Mortgage Corporation		0.000		0.132	09/17/2020	3,000	2,999	2,999
Federal Home Loan Bank		0.000		0.146	09/25/2020	2,000	1,999	1,999
Federal Farm Credit Bank		0.000		0.162	09/28/2020	2,000	1,999	1,999
Federal Farm Credit Bank		0.000		0.081	10/02/2020	3,000	2,999	2,999
Federal Farm Credit Bank		0.000		0.203	11/06/2020	2,000	1,999	1,999
Federal Home Loan Bank		0.000		0.157	11/18/2020	3,000	2,998	2,998
Federal Home Loan Bank		0.000		0.173	12/02/2020	3,000	2,998	2,997
Federal Home Loan Bank		0.000		0.177	12/18/2020	4,000	3,997	3,996
Federal Farm Credit Bank		0.000		0.152	12/23/2020	3,000	2,997	2,997
Federal Home Loan Bank		0.000		0.177	12/23/2020	5,000	4,996	4,996
Federal Home Loan Bank		0.000		0.166	12/30/2020	2,000	1,998	1,998
Federal Home Loan Bank		0.000		0.188	05/26/2021	1,500	1,497	1,498
Federal Home Loan Bank		0.000		0.188	06/24/2021	1,500	1,497	1,498
Total U.S. Agency Discount Notes	47.4%						125,304	125,315
<i>Repurchase Agreements</i>								
Bank of America Securities		0.070		0.040	05/01/2020	47,200	47,200	47,200
Total Repurchase Agreements	17.8%						47,200	47,200

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**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities (Continued)**  
**June 30, 2020**  
*(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>
<i>Money Market Funds</i>							
BlackRock Liquidity		0.100 **			177	177	177
Total Money Market Funds	0.1%					177	177
<b>Total Government Money Market Pool</b>	<b>100.0%</b>					<b>\$ 264,558</b>	<b>\$ 264,625</b>

**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		1.875 %	1.745 %	01/31/2022	38,700	\$ 38,776	\$ 39,736
United States Treasury		1.875	1.731	08/31/2022	32,307	32,405	33,497
United States Treasury		1.500	0.887	01/15/2023	34,000	34,522	35,140
United States Treasury		1.375	0.248	06/30/2023	13,000	13,437	13,465
Total U. S. Treasury Notes and Bonds	15.0%					119,140	121,838
<i>U.S. Agency Collateralized Mortgage Obligations</i>							
Federal Home Loan Mortgage Corporation		0.435	F 0.528	03/15/2021	1	1	1
FRESB Multifamily Mortgage Corporation		1.810	2.092	06/25/2021	2,438	2,431	2,466
Federal Home Loan Mortgage Corporation		1.749	1.914	02/25/2022	746	744	753
Federal Home Loan Mortgage Corporation		2.864	2.801	08/25/2022	3,174	3,171	3,287
Federal Home Loan Mortgage Corporation		2.838	1.679	09/25/2022	3,137	3,173	3,280
Government National Mortgage Association		4.000	2.366	09/16/2026	1,607	1,684	1,731
Federal Home Loan Mortgage Corporation		0.785	F 0.772	08/15/2030	72	72	71
Federal Home Loan Mortgage Corporation		0.685	F 0.734	09/15/2030	41	40	41
Federal Home Loan Mortgage Corporation		0.585	F 0.585	07/15/2031	33	33	33
Federal Home Loan Mortgage Corporation		0.635	F 0.632	12/15/2031	89	89	89
Federal Home Loan Mortgage Corporation		0.585	F 0.583	01/15/2033	131	131	131
Federal National Mortgage Association		0.435	F 0.757	03/25/2036	554	554	543
Federal National Mortgage Association		1.750	1.835	05/25/2040	2,165	2,147	2,194
Federal National Mortgage Association		1.750	1.777	08/25/2042	2,869	2,859	2,874
Government National Mortgage Association		0.703	F 1.167	12/20/2060	1,746	1,731	1,740
Government National Mortgage Association		0.803	F 1.214	12/20/2060	1,717	1,719	1,715
Government National Mortgage Association		0.903	F 1.292	02/20/2061	2,225	2,237	2,228
Government National Mortgage Association		0.803	F 1.214	06/20/2062	2,280	2,283	2,278
Government National Mortgage Association		0.823	F 1.229	08/20/2062	1,009	1,011	1,009
Government National Mortgage Association		0.643	F 1.086	12/20/2062	1,403	1,396	1,397
Government National Mortgage Association		0.703	F 1.132	03/20/2063	1,818	1,814	1,812
Government National Mortgage Association		0.753	F 1.172	04/20/2063	1,656	1,655	1,653
Government National Mortgage Association		1.003	F 1.381	08/20/2063	2,454	2,474	2,463
Government National Mortgage Association		0.703	F 1.138	04/20/2065	2,520	2,511	2,512
Total U.S. Agency Collateralized Mortgage Obligations	4.5%					35,960	36,301
<i>Corporate Fixed-Rate Bonds and Notes</i>							
Georgia Pacific LLC		5.400	3.528	11/01/2020	4,000	4,025	4,064
Huntington National Bank		3.250	3.291	05/14/2021	4,000	3,999	4,089

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**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities (Continued)**  
**June 30, 2020**  
*(In thousands)*

<b>WEST VIRGINIA SHORT TERM BOND POOL (Continued)</b>							
<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>
Coventry Health Care Inc	5.450		3.761	06/15/2021	1,000	1,016	1,026
Tyson Foods Inc	2.250		2.299	08/23/2021	1,310	1,309	1,330
Ryder System Inc	2.250		2.296	09/01/2021	1,250	1,249	1,267
Carolina Power & Light	3.000		1.985	09/15/2021	3,000	3,036	3,065
Smithfield Foods Inc	2.650		2.732	10/03/2021	1,290	1,289	1,276
National Australia	3.700		3.741	11/04/2021	4,300	4,298	4,484
Credit Suisse	2.100		2.106	11/12/2021	2,250	2,250	2,297
Public Service Enterprise Group	2.000		2.372	11/15/2021	5,428	5,401	5,516
AerCap Ireland Capital	4.450		4.497	12/16/2021	2,550	2,548	2,575
John Deere Capital Corporation	3.200		3.234	01/10/2022	5,500	5,497	5,735
Westpac Banking Corporation	2.800		3.194	01/11/2022	4,050	4,026	4,199
Sumitomo Mitsui Financial	2.846		3.469	01/11/2022	2,300	2,279	2,376
Royal Bank of Canada	2.750		2.086	02/01/2022	6,200	6,264	6,432
Pacificorp	2.950		2.950	02/01/2022	5,500	5,500	5,691
Jackson National Life Global	3.300		2.844	02/01/2022	4,200	4,229	4,365
Key Bank NA	3.300		3.221	02/01/2022	5,500	5,507	5,731
FMC Corporation	3.950		3.505	02/01/2022	3,320	3,343	3,443
Caterpillar Financial Services	2.950		2.967	02/26/2022	5,365	5,364	5,588
AT&T Inc	3.200		3.384	03/01/2022	6,000	5,982	6,261
Regency Energy Partner	5.875		4.208	03/01/2022	5,000	5,133	5,276
Toyota Industries Corporation	3.110		3.104	03/12/2022	5,500	5,500	5,665
Burlington North Santa Fe	3.050		2.966	03/15/2022	2,300	2,303	2,392
Cadillac Fairview Property	3.125		3.084	03/20/2022	5,395	5,398	5,521
ING Group	3.150		2.525	03/29/2022	6,300	6,367	6,550
Huntington National Bank	3.125		3.155	04/01/2022	1,825	1,824	1,903
Midwest Connector Capital Corporation	3.625		3.054	04/01/2022	6,000	6,058	6,147
WEA Finance LLC	3.150		2.308	04/05/2022	2,820	2,861	2,861
Credit Suisse	2.800		2.802	04/08/2022	3,250	3,250	3,372
MassMutual Global Funding	2.500		3.264	04/13/2022	2,000	1,974	2,076
Saudi Arabian Oil Company	2.750		2.843	04/16/2022	5,175	5,166	5,283
DBS Group Holdings	2.850		2.635	04/16/2022	5,750	5,771	5,954
Goldman Sachs Group Inc	3.000		3.408	04/26/2022	11,679	11,595	11,905
Avolon Holdings	3.625		3.647	05/01/2022	3,885	3,883	3,662
Guardian Life GLOB Fund	2.500		3.617	05/08/2022	5,000	4,901	5,181
International Business Machines	2.850		2.869	05/13/2022	5,302	5,300	5,547
Consumers Energy Company	2.850		2.745	05/15/2022	2,715	2,720	2,827
Costco Wholesale Corporation	2.300		1.031	05/18/2022	1,500	1,535	1,546
Compass Bank	2.875		2.908	06/29/2022	2,000	1,999	2,046
Athene Global Funding	3.000		3.215	07/01/2022	6,325	6,299	6,478
Penske Truck Leasing	4.875		3.799	07/11/2022	5,000	5,104	5,326
Mitsubishi UFJ Financial Group	2.623		2.350	07/18/2022	4,000	4,022	4,155
Reliance Stand Life II	2.625		2.639	07/22/2022	6,000	5,998	6,163
Charter Communications	4.464		3.277	07/23/2022	2,800	2,865	2,986
Federal Realty Investment Trust	3.000		3.686	08/01/2022	3,885	3,832	3,962
Baltimore Gas & Electric Company	2.800		2.388	08/15/2022	3,631	3,662	3,778
Philip Morris International Inc	2.375		2.425	08/17/2022	3,897	3,893	4,047
Centerpoint Energy Inc	2.500		3.004	09/01/2022	5,828	5,767	6,032
Ryder System Inc	2.500		2.405	09/01/2022	4,000	4,008	4,118
VISA Inc	2.150		2.214	09/15/2022	4,000	3,995	4,157
National Rural Utilities	2.300		2.301	09/15/2022	3,600	3,600	3,736
Korea Hydro & Nuclear Power	3.000		3.821	09/19/2022	5,500	5,405	5,753
PRICOA Global Funding	2.450		2.424	09/21/2022	5,330	5,333	5,545
PAYPAL Holdings Inc	2.200		2.240	09/26/2022	4,700	4,696	4,865
UnitedHealth Group Inc	2.375		2.285	10/15/2022	3,000	3,006	3,139
ERAC USA Finance LLC	3.300		2.125	10/15/2022	5,000	5,130	5,176

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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, 2020**  
*(In thousands)*

<b>WEST VIRGINIA SHORT TERM BOND POOL (Continued)</b>								
<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>	
Macquarie Bank LTD		2.100	2.114	10/17/2022	6,000	5,998	6,165	
Bank of America Corporation		2.503	3.831	10/21/2022	4,000	3,884	4,095	
Constellation Brands Inc		2.650	2.787	11/07/2022	5,500	5,483	5,737	
DH Europe Finance II		2.050	2.052	11/15/2022	4,650	4,650	4,802	
Jones Lang LaSalle Inc		4.400	3.211	11/15/2022	7,294	7,490	7,646	
NiSource Finance Corporation		2.650	2.677	11/17/2022	860	859	898	
Toronto Dominion Bank		1.900	1.937	12/01/2022	4,075	4,071	4,207	
MPLX LP		3.500	3.567	12/01/2022	2,000	1,997	2,084	
US Bank NA		1.950	1.978	01/09/2023	6,000	5,996	6,219	
Cooperative Rabobank		2.750	2.029	01/10/2023	4,000	4,071	4,213	
Santander UK PLC		2.100	2.121	01/13/2023	2,300	2,299	2,378	
NBC Universal Media LLC		2.875	2.701	01/15/2023	2,860	2,872	3,051	
AerCap Ireland Capital		3.300	3.357	01/23/2023	2,000	1,997	1,964	
Nationwide Building Society		2.000	1.994	01/27/2023	5,000	5,001	5,150	
Fifth Third Bancorp		1.800	1.826	01/30/2023	2,200	2,198	2,259	
PNC Bank		2.950	2.430	01/30/2023	4,174	4,228	4,392	
Carlyle Holdings Finance		3.875	2.737	02/01/2023	4,298	4,419	4,575	
Barclays PLC		4.610	3.187	02/15/2023	4,200	4,349	4,422	
Morgan Stanley		3.750	2.992	02/25/2023	6,000	6,115	6,475	
CVS Corporation		3.700	1.200	03/09/2023	3,000	3,198	3,222	
Toyota Motor Credit Corporation		2.900	2.894	03/30/2023	3,515	3,516	3,721	
JP Morgan Chase & Company		3.207	3.203	04/01/2023	7,000	7,000	7,288	
National Secuirites Clearing		1.200	1.232	04/23/2023	3,000	2,997	3,043	
JP Morgan Chase & Company		2.776	2.727	04/25/2023	4,000	4,005	4,141	
USAA Capital Corporation		1.500	1.542	05/01/2023	2,500	2,497	2,565	
New York Life Global Funding		1.100	1.107	05/05/2023	1,500	1,500	1,531	
Capital One Financial Corporation		2.600	1.080	05/11/2023	3,000	3,128	3,140	
Dollar Tree Inc		3.700	1.597	05/15/2023	5,750	6,088	6,162	
Merck & Co Inc		2.800	1.404	05/18/2023	1,183	1,229	1,261	
Royal Bank of Scotland		2.375	2.486	05/21/2023	4,000	3,988	4,095	
Nordea Bank		1.000	1.035	06/09/2023	1,800	1,798	1,817	
AIG Global Funding		0.800	0.826	07/07/2023	3,100	3,098	3,100	
Crown Castle International		3.150	0.903	07/15/2023	1,900	2,028	2,028	
Sumitomo Mitsui Financial		3.748	0.893	07/19/2023	3,700	4,017	4,022	
Cargill Inc		1.375	1.229	07/23/2023	6,800	6,830	6,917	
Entergy Louisiana LLC		4.050	3.165	09/01/2023	2,550	2,617	2,789	
Lloyds Banking Group PLC		2.907	2.581	11/07/2023	5,001	5,053	5,204	
AbbVie Inc		3.750	1.214	11/14/2023	5,600	6,068	6,087	
Broadcom Corporation		3.625	2.185	01/15/2024	3,750	3,933	4,031	
New York Life Global Funding		2.900	1.252	01/17/2024	2,000	2,114	2,145	
Centerpoint Energy Inc		3.850	1.143	02/01/2024	4,750	5,200	5,193	
Microsoft Corporation		2.875	0.627	02/06/2024	3,430	3,704	3,695	
American Express		3.400	1.007	02/22/2024	5,200	5,644	5,656	
Kimco Realty Corporation		2.700	3.118	03/01/2024	5,000	4,928	5,136	
BPCE SA		4.000	1.031	04/15/2024	4,600	5,106	5,098	
ConAgra Foods Inc		4.300	1.397	05/01/2024	4,000	4,432	4,424	
Wells Fargo & Company		1.654	1.629	06/02/2024	9,500	9,509	9,650	
Aker BP ASA		4.750	3.698	06/15/2024	4,000	4,152	4,027	
Sprint Spectrum		4.738	3.418	03/20/2025	1,965	2,079	2,132	
Citigroup Inc		3.352	1.548	04/24/2025	4,000	4,333	4,314	
Total Corporate Fixed-Rate Bonds and Notes	56.1%					442,330	454,306	
<b>Corporate Floating-Rate Bonds and Notes</b>								
TD Ameritrade Holding Company		1.117	F	0.898	11/01/2021	4,250	4,262	4,240
Becton Dickinson & Company		1.348	F	1.348	06/06/2022	2,000	2,000	2,005

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**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities (Continued)**  
**June 30, 2020**  
*(In thousands)*

<b>WEST VIRGINIA SHORT TERM BOND POOL (Continued)</b>							
<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>Corporate Floating-Rate Bonds and Notes (continued)</i>							
Albemarle Corporation		1.442	F	1.442	11/15/2022	1,000	961
Bank of America Corporation		3.004	F	1.409	12/20/2023	3,000	3,151
Citigroup Inc		2.312	F	2.312	11/04/2022	6,000	6,118
Total Corporate Floating-Rate Bonds and Notes	2.0%					16,346	16,475
<i>Collateralized Mortgage Obligations</i>							
Galton Funding Mortgage Trust		4.500		4.352	02/25/2059	2,613	2,668
Total Collateralized Mortgage Obligations	0.3%					2,663	2,668
<i>Municipals</i>							
Hampton Roads Sanitation		1.699		1.699	02/01/2022	3,145	3,187
State of New York		1.900		1.900	02/15/2022	2,905	2,957
State of New York		1.850		1.850	03/15/2022	4,100	4,158
Mecklenburg County		5.000		1.650	04/01/2022	3,750	4,060
State Of Wisconsin		1.720		1.720	05/01/2022	2,000	2,039
City of New York		2.030		2.057	08/01/2022	6,000	5,997
State of California		2.500		1.777	10/01/2022	8,000	8,337
Mississippi State		1.809		1.809	10/01/2022	5,000	5,079
Houston TX Utility System Revenue		1.716		1.716	11/15/2022	2,000	2,058
Nassau County Interim Finance		2.722		1.838	11/15/2022	2,510	2,618
State of New York		1.910		1.910	03/15/2023	2,860	2,896
State Of Wisconsin		1.749		1.749	05/01/2023	1,450	1,489
Massachusetts Water Resources		1.772		1.772	08/01/2023	3,445	3,518
Penn State University		1.353		1.353	09/01/2023	2,740	2,777
Houston TX Utility System Revenue		1.746		1.746	11/15/2023	2,635	2,735
Total Municipal Securities	6.7%					52,930	54,059
<i>Asset-Backed Securities</i>							
Great American Leasing Receivables		2.600		2.620	06/15/2021	753	756
MMAF Equipment Finance		2.920		2.944	07/12/2021	100	101
AmeriCredit Automobile Receivables		1.900		1.914	03/18/2022	195	195
Securitized Term Auto Receivables		2.289		2.369	03/25/2022	2,405	2,417
Santander Retail Auto Receivables		3.060		3.079	04/20/2022	3,000	3,018
Honda Auto Receivables		3.010		3.028	05/18/2022	974	988
Gracechurch Card PLC		0.585	F	0.585	07/15/2022	4,000	3,996
PFS Financing Corporation		0.785	F	0.786	07/15/2022	1,650	1,649
GM Financial Auto Loan		2.320		0.000	07/18/2022	1,974	1,991
MMAF Equipment Finance LLC		2.210		2.220	10/17/2022	1,015	1,023
PFS Financing Corporation		2.400		2.421	10/17/2022	3,400	3,414
Nextgear Floorplan		2.560		2.573	10/17/2022	4,000	4,015
Volvo Financial		0.685	F	0.686	11/15/2022	3,350	3,348
Golden Credit Card Trust		2.620		2.634	01/15/2023	1,900	1,922
Enterprise Fleet Financing		2.220		2.230	01/20/2023	1,726	1,736
Great American Leasing Receivables		2.360		2.372	01/20/2023	2,362	2,367
AmeriCredit Automobile Receivables		3.150		3.078	03/20/2023	1,826	1,851
World Omni Automobile Lease		2.940		2.961	05/15/2023	3,000	3,015
Ally Master Owner Trust		3.290		3.311	05/15/2023	1,000	1,021
GM Financial Auto Loan		2.060		2.075	05/16/2023	3,500	3,525
Ally Master Owner Trust		3.300		3.327	07/17/2023	1,250	1,279
Great American Leasing Receivables		1.760		1.778	08/15/2023	2,105	2,117
AESOP		3.070		2.387	09/20/2023	4,935	4,952
Mercedes-Benz Auto Lease Trust		2.510		2.476	10/16/2023	913	914

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**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities (Continued)**  
**June 30, 2020**  
*(In thousands)*

<b>WEST VIRGINIA SHORT TERM BOND POOL (Continued)</b>							
<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>
First National Master Trust		0.625	F	0.626	10/16/2023	3,200	3,200
Dell Equipment Finance Trust		3.370		3.398	10/22/2023	1,220	1,237
AESOP		2.970		2.271	03/20/2024	3,000	3,009
Enterprise Fleet Financing		3.550		2.211	05/20/2024	5,000	5,132
ARI Fleet Lease Trust		2.110		2.124	07/15/2024	252	252
Discover Card Master Trust		3.040		3.059	07/15/2024	5,000	5,000
Daimler Trucks Retail Trust		3.030		3.050	11/15/2024	2,500	2,517
CarMax Auto Owner Trust		2.770		0.507	12/16/2024	1,220	1,282
Capital One Prime Auto Receivables		1.960		1.978	02/18/2025	5,150	5,148
Enterprise Fleet Financing		1.780		1.792	12/22/2025	1,950	1,949
ARI Fleet Lease Trust		2.280		2.296	04/15/2026	5,000	4,999
ARI Fleet Lease Trust		2.530		2.508	11/15/2027	8,350	8,361
Ford Credit Auto Owner Trust		2.620		2.602	08/15/2028	2,000	2,002
Ford Credit Auto Owner Trust		2.360		2.854	03/15/2029	11,000	10,788
Chesapeake Funding II LLC		1.990		1.999	05/15/2029	744	744
Chesapeake Funding II LLC		1.910		1.920	08/15/2029	446	446
Chesapeake Funding II LLC		1.950		1.961	09/15/2031	3,036	3,036
Hertz Fleet Lease Funding LP		2.700		2.722	01/10/2033	4,150	4,149
Social Professional Loan Program		1.035	F	1.037	07/25/2039	270	270
Social Professional Loan Program		2.390		2.402	02/25/2042	1,761	407
<b>Total Asset Backed Securities</b>	<b>14.5%</b>					<b>115,313</b>	<b>116,845</b>
<i>Money Market Funds</i>							
BlackRock Liquidity		0.100	**			7,585	7,585
<b>Total Money Market Funds</b>	<b>0.9%</b>					<b>7,585</b>	<b>7,585</b>
<b>Total Short Term Bond Pool</b>	<b>100.00%</b>					<b>\$ 792,267</b>	<b>\$ 810,077</b>

<b>WEST VIRGINIA BANK POOL</b>							
<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>							
BcBank Inc		1.800 %		1.800 %	07/09/2020	1,000	\$ 1,000
Citizens Bank of WV		1.800		1.800	07/09/2020	5,000	\$ 5,000
WesBanco Bank		1.800		1.800	07/09/2020	9,000	9,000
WesBanco Bank		1.800		1.800	08/13/2020	10,000	10,000
WesBanco Bank		0.850		0.850	09/10/2020	10,000	10,000
Mountain Valley Bank		0.400		0.400	10/15/2020	2,500	2,500
WesBanco Bank		0.400		0.400	10/15/2020	10,000	10,000
WesBanco Bank		0.400		0.400	11/12/2020	10,000	10,000
WesBanco Bank		0.400		0.400	12/10/2020	10,000	10,000
<b>Total Certificates of Deposit</b>	<b>99.7%</b>					<b>67,500</b>	<b>67,500</b>
<i>Money Market Funds</i>							
BlackRock Liquidity		0.100	**			171	171
<b>Total Money Market Funds</b>	<b>0.3%</b>					<b>171</b>	<b>171</b>
<b>Total West Virginia Bank Pool</b>	<b>100.0%</b>					<b>\$ 67,671</b>	<b>\$ 67,671</b>

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**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities (Continued)**  
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*(In thousands)*

**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		2.460 %			118,523	\$ 118,523	\$ 118,523
WVEDA Non-Recourse Loan		3.000			24,326	24,326	24,326
WVEDA Broadband Loan		2.110			1,480	1,480	1,480
Total Intergovernmental Loans						144,329	144,329
Reserve for uncollectable loans					24,057	24,057	24,057
Loans and Mortgages, net of reserve for uncollectable loans	100.0%					120,272	120,272
<i>Money Market Funds</i>							
BlackRock Liquidity		0.100 **			56	56	56
Total Money Market Funds	0.0%					56	56
<b>Total State Loan Pool</b>	<b>100.0%</b>					<b>\$ 120,328</b>	<b>\$ 120,328</b>

**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>
<i>Depository Accounts</i>							
United National Bank		0.23% ** F	0.230%	08/31/2022	19,900	\$ 19,900	\$ 19,900
Total Depository Accounts	100.0%					19,900	19,900
<i>Money Market Funds</i>							
BlackRock Liquidity		0.100 **			2	2	2
Total Money Market Funds	0.0%					2	2
<b>Total Reserve Pool</b>	<b>100.0%</b>					<b>\$ 19,902</b>	<b>\$ 19,902</b>

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**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities (Continued)**  
**June 30, 2020**  
*(In thousands)*

**MUNICIPAL BOND COMMISSION**

<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>State and Local Government Series Securities</i>							
State & Local Government		1.570 %	1.570	11/01/2020	407	\$ 407	\$ 407
State & Local Government		1.570	1.570	11/01/2020	397	397	397
State & Local Government		0.120	0.120	11/01/2020	354	354	354
State & Local Government		1.600	1.600	05/01/2021	2,238	2,238	2,238
State & Local Government		1.570	1.570	05/01/2021	28,693	28,693	28,693
State & Local Government		0.140	0.140	05/01/2021	19,178	19,178	19,178
State & Local Government		1.660	1.660	11/01/2021	404	404	404
State & Local Government		1.680	1.680	05/01/2022	28,512	28,512	28,512
Total State and Local Government Series Securities	<u>100.0%</u>					<u>80,183</u>	<u>80,183</u>
<b>Total Municipal Bond Commission Pool</b>	<u>100.0%</u>					<u>\$ 80,183</u>	<u>\$ 80,183</u>

**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>
<i>Money Market Funds</i>							
BlackRock Liquidity		0.100 **			1,264	\$ 1,264	\$ 1,264
Total Money Market Funds	<u>100.0%</u>					<u>1,264</u>	<u>1,264</u>
<b>Total School Fund</b>	<u>100.0%</u>					<u>\$ 1,264</u>	<u>\$ 1,264</u>

**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>
<i>U. S. Treasury Issues</i>							
United States Treasury Bond		6.250 %	4.929 %	08/15/2023	1,445	\$ 1,500	\$ 1,718
Total U. S. Treasury Issues	<u>99.9%</u>					<u>1,500</u>	<u>1,718</u>
<i>Money Market Funds</i>							
BlackRock Liquidity		0.100 **			1	1	1
Total Money Market Funds	<u>0.1%</u>					<u>1</u>	<u>1</u>
<b>Total EDA-AW</b>	<u>100.0%</u>					<u>\$ 1,501</u>	<u>\$ 1,719</u>

F – Floating rate note security.

\* Fair value is determined by a third party pricing service and reported in accordance with GASB 72. Fair value is not determined for loans. Their reported fair value equals amortized cost.

\*\* Rate represents last business day of the month.

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## **Other Financial Information**

**WEST VIRGINIA BOARD OF TREASURY INVESTMENTS**  
**SCHEDULE OF NET ASSET VALUES (UNAUDITED)**

**JUNE 30, 2020**

*(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	\$ 5,099,974	\$ 262,678	\$ 795,310	\$ 67,909	\$ 120,569	\$ 19,906
Accumulated undistributed net investment income (loss)	-	-	-	-	-	-
Accumulated undistributed net realized gain (loss)	-	-	-	-	-	-
Unrealized net appreciation (depreciation) of investments	-	-	17,809	-	-	-
Net position at value	<u>\$ 5,099,974</u>	<u>\$ 262,678</u>	<u>\$ 813,119</u>	<u>\$ 67,909</u>	<u>\$ 120,569</u>	<u>\$ 19,906</u>
Investment unit data:						
Units outstanding	5,099,973,612	262,678,393	7,815,027	67,909,413	120,569,403	19,905,392
Net position, unit price	\$ 1.00	\$ 1.00	\$ 104.05	\$ 1.00	\$ 1.00	\$ 1.00

# WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

## PORTFOLIO STATISTICS (UNAUDITED)

JUNE 30, 2020

	<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	44 days	50 days	N/A
Maximum Weighted Average Investment Maturity Term Per Board Guidelines	60 days	60 days	N/A
Effective Duration	N/A	N/A	620 days
Effective Duration Permissible Range Per Board Guidelines	N/A	N/A	530 to 795
Money Market Yield - Monthly	0.50%	0.32%	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, 2020

(IN THOUSANDS)

<b>WV Money Market Pool</b>			
State Agencies:		Local Governments:	
WV State Treasurer's Office:		Wood Co Board of Education	14,500
State Participation	\$ 1,704,559	Mercer County Board of Education	29,690
Banking Services	400,164	City of Charleston	24,782
Safekeeping	34,275	Fayette County Board of Education	21,236
Safe Road Bonds	42	Marshall County Board of Education	16,794
Roads to Prosp Debt Service	77	Tyler Co Board of Education	8,415
Broadband Loan Guarantee	10,004	Taylor County Board of Education	8,314
Prepaid Tuition Trust	5,977	Boone County Commission	4,926
Veterans Lottery	1,292	Braxton County Board of Education	5,497
Total WV State Treasurer's Office	<u>2,156,390</u>	Kanawha EOC	4,761
Department of Transportation	1,590,987	Berkeley Co PSSD	5,852
Higher Education Policy Commission	261,377	Berkeley Co PSWD	4,026
Public Employees Insurance Agency	80,073	Lewis County Board of Education	1,827
Department of Environmental Protection	89,674	City of Weirton	1,877
WV Lottery Commission	79,923	Lincoln County Board of Education	5,326
Department of Commerce	139,012	Roane County Board of Education	8,493
Department of Health and Human Resources	60,979	Fayette County Commission	2,229
Division of Natural Resources	85,245	Kanawha County Emergency Ambulance Authority	4,281
Board of Risk and Insurance Management	42,864	Mason County Board of Education	8,805
Water Development Authority	63,192	Ritchie County Board of Education	1,423
WV Municipal Pension Oversight Board	32,364	Wyoming County Board of Education	1,102
WV Economic Development Authority	46,351	Berkeley County Board of Education	12,425
School Building Authority	1,943	Pleasants County Commission	1,045
Regional Jail Authority	13,716	Greenbrier County Board of Education	3,468
WV Housing Development Fund	14,944	City of Ripley	1,093
Insurance Commission	11,763	South Charleston Building Comm	6,438
WV State Auditor's Office	8,212	Putnam County BOE General Current Expense	20,009
Performance and wage bond accounts	15,483	Other	20,173
West Virginia University	36,779	Total Local Governments	<u>248,807</u>
Other	19,896	Total net asset value	<u>\$ 5,099,974</u>
Total State Agencies	<u>4,851,167</u>		

<b>WV Government Money Market Pool</b>	
State Agencies:	
Municipal Bond Commission	\$ 190,005
WV Economic Development Authority	7,787
Other	33,606
Total State Agencies	<u>231,398</u>
Local Governments:	
Ohio County Board of Education	27,686
Hancock County Commission	1,160
Other	2,434
Total Local Governments	<u>31,280</u>
Total net asset value	<u>\$ 262,678</u>

<b>WV Short Term Bond Pool</b>	
State Agencies:	
WV State Treasurer's Office:	
State Participation	\$ 315,059
Banking Services	184,623
Prepaid Tuition Escrow	26,422
Total WV State Treasurer's Office	<u>526,104</u>
Department of Environmental Protection	209,531
WV Lottery Commission	31,923
WV Economic Development Authority	19,120
Higher Education Policy Commission	6,347
DHHR - Children's Health Insurance	3,722
WV Court of Claims	5,299
WV Parkways Authority	3,579
Department of Transportation	2,346
WV State Auditor's Office	2,660
Other	1,690
Total State Agencies	<u>812,321</u>
Local Governments:	
Other	798
Total Local Governments	<u>798</u>
Total net asset value	<u>\$ 813,119</u>

## Glossary of Financial and Investment Terms

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**Agency Security** - A security issued by a U.S. Government agency, such as the Federal Home Loan Bank. These securities have high credit ratings but are typically not backed by the full faith and credit of the U.S. Government.

**Asset-Backed Commercial Paper (ABCP)** - A form of commercial paper that is collateralized by other financial assets such as trade receivables, auto loans and credit cards. Similar to commercial paper, maturities range from one to 270 days.

**Asset-Backed Security (ABS)** - A financial security that is collateralized by a pool of assets such as loans, leases, credit card debt, royalties or 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.

**Certificate of Deposit (CD)** - A debt instrument issued by banks, usually paying interest, with maturities ranging from seven days to several years.

**Commercial Paper (CP)** - 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 smooths 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 CPI 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 Open Market Committee (FOMC)** - A committee within the Federal Reserve System that is responsible by law for overseeing the nation's open market operations (the Fed's buying and selling of securities in the market). The FOMC makes key decisions about interest rates and the growth of the United States money supply.

**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 Federal Reserve System 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.

**Floating Rate Note** - Securities with a variable coupon rate that is adjusted at set intervals, such as daily, weekly, or monthly. The coupon rate is based on a benchmark interest rate, such as LIBOR, Fed Funds, and Treasury Bills plus or minus a spread.

**Gross Domestic Product (GDP)** - Total final value of goods and services produced in the United States over a particular period of 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.

**London Interbank Offered Rate (LIBOR)** - A benchmark interest rate that is calculated daily from estimates submitted by a panel of leading banks in London. Each bank estimates what interest rate it would be charged if it were to borrow from other banks. LIBOR rates are calculated in five currencies and for seven borrowing periods ranging from overnight to one year.

**Maturity Date** - The date on which the principal amount of a bond or other debt instrument becomes payable or due.

**Money Market Fund (MMF)** - 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. MMF's are managed to maintain a net asset value of \$1 per share.

**Mortgage-Backed Security (MBS)** - A mortgage-backed security is a type of ABS that is secured by a mortgage or collection of mortgages. There are multiple sub-types of MBS, such as pass-through securities, collateralized mortgage obligations, and commercial mortgage-backed securities. MBS are classified as agency, or government, MBS and non-agency, or private label, MBS. Agency MBS are issued by government sponsored enterprises such as Fannie Mae, Freddie Mac or Ginnie Mae. Certain agency MBS are fully guaranteed as to repayment of principal and interest by the U.S. government. Non-agency MBS are issued by non-governmental issuers such as trusts and other special purpose entities.

**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.

**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.

**Yield Curve** - A graphical representation of the interest rates on debt for a range of maturities. The shape of the yield curve refers to the relative difference, or spread, between longer-term and shorter-term interest rates. Yield curves are used to assess the expected futures state of the economy and play a crucial role in credit modeling, including bond valuation and risk and rating assessment.

**Yield to Maturity** - The total return anticipated on a bond if it is held until its maturity. Yield to maturity is expressed as an annual rate.



**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 the 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, 2020, 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 24, 2020.

**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.

  
CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia  
August 24, 2020