

A stylized blue silhouette of the state of West Virginia is the background. A bridge with a large arch is depicted across the lower portion of the map. The text is overlaid on the upper right part of the map.

WEST VIRGINIA

# BOARD OF TREASURY INVESTMENTS

*A Component Unit of the State of West Virginia*

**Annual Comprehensive Financial Report**  
Fiscal Year Ended June 30, 2021

WEST VIRGINIA  
**BOARD OF TREASURY  
INVESTMENTS**

---

**Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2021**

---

*A Component Unit of the State of West Virginia*

**James C. Justice, II**  
*Governor*

**Riley Moore, Chairman**  
*West Virginia State Treasurer*

**John B. McCuskey**  
*West Virginia State Auditor*

**Vacant**  
*Appointed by the Governor*

**Mark Mangano, Esquire**  
*Attorney at Law*  
*Appointed by the Governor*

---

*Prepared by the Board of Treasury Investments Staff  
315 70<sup>th</sup> Street SE  
Charleston, West Virginia 25304  
(304) 340-1564  
[www.wvbt.org](http://www.wvbt.org)*

(This page intentionally left blank.)



August 27, 2021

To: Members of the West Virginia Board of Treasury Investments,  
Honorable Members of the Legislature,  
And the Citizens of West Virginia

I am pleased to present you with the June 30, 2021, Annual Comprehensive Financial Report (“ACFR”) for the West Virginia Board of Treasury Investments (the “BTI”). The report is a review of the financial and investment conditions of the State of West Virginia’s Consolidated Fund. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, rests with the management of the BTI. An independent certified public accounting firm has audited the basic financial statements contained in this report.

The BTI was created to oversee and manage the state’s operating funds, also known as the Consolidated Fund. Significant achievements for the year included reaffirmation of the AAAM rating by Standard & Poor’s for the WV Money Market and WV Government Money Market pools, continued outperformance of select pools versus their peer groups, and operating under budget. The ACFR demonstrates the BTI’s commitment to financial accountability and conformity to the highest standards for preparation of state and local government financial reports.

The report is designed to provide a general overview of the State of West Virginia’s Consolidated Fund investments. It was prepared by the Chief Financial Officer and staff of the BTI. These individuals are committed to providing reliable and credible information in conformity with accounting principles generally accepted in the United States of America.

Sincerely,

Riley Moore  
State Treasurer  
Chairman of the Board

315 70<sup>th</sup> Street SE • Charleston, WV 25304  
304.340.1564 • FAX: 304.341.7095

[www.wvbt.org](http://www.wvbt.org)

## **ACKNOWLEDGEMENTS**

### **Report Prepared By:**

West Virginia Board of Treasury Investments  
315 70 Street SE  
Charleston, West Virginia 25304

### **Staff:**

Kara K. Hughes, Executive Director  
Karl V. Shanholtzer III, Chief Financial Officer  
Denise R. Baker, Director of Operations  
Holly Garner, Investment Accountant  
Randy Covert, Investment Accountant

**We invite you to visit our web site at [www.wvbt.org](http://www.wvbt.org)**

## TABLE OF CONTENTS

### Introductory Section

Letter of Transmittal .....	ix
Certificate of Achievement for Excellence in Financial Reporting .....	xvii
Principal Officials .....	xviii
Administrative Staff.....	xix
Organizational Chart.....	xx
Consulting and Professional Services .....	xxi

### Financial Section

Independent Auditor's Report.....	3
Management's Discussion and Analysis.....	6
Basic Financial Statements:	
Proprietary Fund:	
Statement of Net Position .....	23
Statement of Revenues, Expenses and Changes in Net Position .....	24
Statement of Cash Flows .....	25
Fiduciary Funds:	
Combined Statement of Fiduciary Net Position .....	26
Combined Statement of Changes in Fiduciary Net Position .....	27
Notes to Financial Statements .....	29
Combining and Individual Fund Financial Statements:	
Combining Statement of Fiduciary Net Position – Fiduciary Funds .....	48
Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	50
Schedule of Investments in Securities .....	52

### Investment Section

Consolidated Fund Overview.....	68
Investment Pools and Accounts:	
West Virginia Money Market Pool .....	70
West Virginia Government Money Market Pool .....	74
West Virginia Short Term Bond Pool .....	77
West Virginia Bank Pool.....	81
Loan Pool .....	83
Reserve Pool.....	85

(Continued on Next Page)

*Investment Section (continued)*

Municipal Bond Commission Account .....	87
School Fund Account .....	89
Economic Development Authority – American Woodmark Account .....	91
Schedule of Investment Management Fees.....	93
Investment Policy Summary .....	94

**Statistical Section**

Introduction to Statistical Section .....	102
Table 1: Schedules of Additions, Deductions and Changes in Net Position — Consolidated Fund .....	104
Table 2: Financial Highlights – Consolidated Fund State Operating Pools.....	106
Table 3: Rates of Return – Consolidated Fund State Operating Pools .....	107
Table 4: Participation in Consolidated Fund State Operating Pools.....	108
Table 5: Net Position – Consolidated Fund .....	110
Table 6: Net Position and Changes in Net Position — Operating Fund .....	112
Table 7: Schedule of Net Asset Values – Consolidated Fund Operating and Special Purpose Pools.....	114
Table 8: Portfolio Statistics – Consolidated Fund Operating Pools.....	115
Table 9: Participant Net Asset Values – Consolidated Fund Operating Pools .....	116
Glossary of Financial and Investment Terms .....	117

## **Introductory Section**

(This page intentionally left blank.)



August 27, 2021

Members of the West Virginia Board of Treasury Investments

Honorable Members of the West Virginia Legislature

Participants in the State of West Virginia's Consolidated Fund

Citizens of West Virginia

Ladies and Gentlemen:

I am pleased to present you with the June 30, 2021, Annual Comprehensive Financial Report (“ACFR”) for the West Virginia Board of Treasury Investments (the “BTI”). The report is a complete review of the financial status of the State of West Virginia’s short-term operating funds (the “Consolidated Fund”). Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, rests with the management of the BTI. The BTI’s financial statements have been audited by Brown, Edwards & Company, L.L.P. The independent audit provides reasonable assurance that the financial statements for the fiscal year ended June 30, 2021, are free of material misstatement, whether due to fraud or error. The independent audit involved performing procedures to obtain evidence about amounts and disclosures in the financial statements; comprehensive risk assessment as well as assessing the accounting principles used and the reasonableness of significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor rendered an unmodified opinion that the BTI’s financial statements for the fiscal year ended June 30, 2021, are fairly presented in all material respects in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The independent auditor’s report is presented as the first component of the financial section of this report.

Management is responsible for establishing and maintaining internal control designed to ensure that the investments of the Consolidated Fund are protected from loss, theft or misuse and that the preparation of the financial statements is in conformity with GAAP. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived from it, and (2) the evaluation of costs and benefits requires estimates and judgments by management. Management of the BTI has established a comprehensive internal control framework that is designed to provide a reasonable basis for making representations concerning the finances of the BTI. Because the cost of internal control should not outweigh its benefits, the BTI’s comprehensive framework of internal control has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. BTI's MD&A can be found immediately following the report of the independent auditor in the Financial Section.

### ***Profile of the West Virginia Board of Treasury Investments***

The West Virginia Legislature established the BTI, effective July 8, 2005, as a public corporation of the State of West Virginia, to make short-term operating funds of the state more accessible to state government.

The West Virginia State Treasurer's Office provides a full-time staff for the BTI as well as 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 Board was established by the Legislature to provide prudent fiscal administration, investment, and management for the short-term operating funds of the State of West Virginia.

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. As of June 30, 2021, the Consolidated Fund had \$8.1 billion in total assets. The Consolidated Fund is made up of nine legally separate investment pools and accounts: three external investment pools and six individual investment accounts. A more detailed description of the investment pools and accounts that make up the Consolidated Fund are found in Note 1 of the Notes to the Financial Statements.

In order to properly carry out the investment policy, as described in detail in the Investment Section, the Board has hired various outside service providers. Their roles as fiduciaries are clearly identified in the investment policy to ensure operational efficiency, clear lines of communication, and accountability in all aspects of operations. The Board contracts with Segal Marco Advisors as the investment consultant. The Board requires the consultant to employ a chartered financial analyst or a certified treasury manager to work directly with the BTI. The consultant is responsible for performing investment manager evaluations, suggesting modifications to the investment policy, and performing other services requested by the Board. The Board also hires investment managers who have complete discretion over the timing, selection, and execution of investment trades. The managers are provided explicit written instructions detailing their particular duties and administer the portfolio consistent with the investment policy. The BTI currently contracts with UBS Asset Management (Americas), Federated Hermes and Sterling Capital Management as the investment managers.

In accordance with *WV State Code §12-6C-19*, the Board may charge fees, which are subtracted from the total return on investments, for the reasonable and necessary expenses incurred by the Board in rendering services. All fees collected are deposited in a special account in the State Treasury. The Board annually adopts a budget and fee schedule, which describes how fees are charged to each pool.

### ***Investment Activities***

The investment policies and strategies for the Consolidated Fund can be found in the Investment Section of this report. The policies are designed to provide safeguards on assets while optimizing return based on each fund's risk parameters.

The return information presented in the Investment Section is calculated by the BTI with the assistance of our consultant, Segal Marco Advisors, and the individual investment managers. The investment return calculations were prepared using a monthly time-weighted rate of return methodology.

### ***Economic Review & Other Financial Information***

Economic activity over fiscal year 2021 continued to be heavily influenced by the COVID-19 pandemic and the fiscal and monetary policy responses to the pandemic. At the end of fiscal year 2020, many state and local governments across the United States had begun the process easing restrictions and re-opening the economy. U.S. gross domestic product ("GDP") rebounded sharply in the first quarter of fiscal year 2021, coming in at an annual rate of 33.4%. The economic bounce was felt across the nation with individual states experience growth ranging from 19.2% for Washington D.C. to 52.2% for Nevada. However, many states and localities were forced to re-institute restrictions due to a resurgence in the pandemic in the fall/winter of 2020. Cases steadily rose through the first and second quarters of fiscal year 2021, rising to over 200,000 daily cases by December 2020. While social distancing, lockdowns, and masking were the primary tools used to combat the spread of COVID-19, vaccine development initiatives that had been undertaken around the world at the end of fiscal year 2020 began to produce results in early fiscal year 2021. In record time, several potential vaccination candidates had been developed and put into clinical trials. By December of 2020, two vaccines had been approved for emergency use in several countries around the world. Vaccine distribution began in late December of 2020, with the early rounds targeted at vulnerable populations, including first responders, health care workers and the elderly. U.S. GDP measures for the second quarter of fiscal year 2021 were slightly higher than anticipated, with growth coming in at 4.3%. Overall, GDP for the U.S. over calendar year 2020 shrank by 3.5%, the largest decline in annual GDP since 1946. Although calendar year 2020 represented a bad year for the U.S. economy, many economists believed that economy was set up for a strong year rebound in calendar year 2021 with growth estimates ranging between 5% and 9% for the year. In the third quarter of the fiscal year, the U.S. Congress passed the American Rescue Plan Act of 2021 (the "ARP"), a \$1.9 trillion fiscal stimulus package that provided broad support to the U.S. economy. Over the third quarter of fiscal year 2021 and early into the fourth quarter of the fiscal year, the supply of vaccines ramped up and an additional vaccine was approved for use in the U.S. As vaccine supplies increased, the pool of eligible recipients was expanded. The vaccines were largely successful at preventing COVID-19 infections or ensuring that those that did get infected were less likely to be hospitalized or die. Case counts, which had begun falling in the third quarter of the fiscal year, bottomed out in early June, with fewer than 10,000 reported cases per day. As the economy began fully reopening, the shock to supply chains from the sudden shut down in fiscal year 2020 and relatively rapid reopening in fiscal year 2021, reverberated throughout the economy. Shortages were experienced in various commodities and basic components such as semi-conductors as suppliers struggled to ramp up production to meet the surging demand. By late fiscal year 2021, inflation was being felt throughout the economy. Economic activity picked up over the third quarter of fiscal year 2021, with growth in the U.S. GDP picking up at an annual rate of 6.4%. The final quarter of fiscal year 2021 fell below estimates but came in at a relatively strong 6.5%. West Virginia's economy expanded at levels similar to that of the U.S. economy, with growth ranging within the results of other states. Growth was strong in the first quarter of the fiscal year, coming in at a rate of 30.4%. Economic growth dropped in the second quarter of the fiscal year, falling to only 3.4%, before rising in the third quarter at a rate of 8.2%.

The unemployment rate, which ended fiscal year 2020 at 11.1%, declined over the fiscal year as the economy gradually reopened for business. The resurgence of the pandemic through the fall and winter of fiscal year 2021 slowed, but did not stop, the decline in unemployment as more people began returning to work throughout the year. While the major story for fiscal year 2020 was the sudden and dramatic increase in unemployment, the story for fiscal year 2021 was businesses having problems finding workers for job openings. As COVID-19 cases declined in the third quarter of fiscal year 2021, COVID-19 restrictions were eased and then lifted. Businesses that had reduced staff due to restrictions or a complete lack of demand for their services began to experience a sudden increase in demand. Although worker shortages were experienced throughout the economy, the situation was felt more acutely in the dining, hospitality and leisure industries. Businesses began offering hiring and retention bonuses and increased wages to attract workers, raising some concerns that rising labor costs could further contribute to inflationary pressures. According to the Bureau for Labor Statistics, the number of job openings at the end of the fiscal year exceeded the number of workers seeking employment by nearly 1 million. By the end of fiscal year 2021, the national unemployment rate had fallen to 5.9%. The employment picture in West Virginia was largely similar to that of the U.S. as a whole. The state ended fiscal year 2020 with an unemployment rate of 10.5% (revised). As the economy re-opened during the year, weathering the resurgence in the pandemic and rapid decline in cases late in the fiscal year, unemployment gradually fell. Over the course of the fiscal year, the West Virginia economy added approximately 52,000 jobs across all sectors of the economy. Most of the employment increases were in the leisure and hospitality industries. The unemployment rate for the state ended fiscal year 2021 at 5.3%.

Inflation, as measured by Core Personal Consumption and Expenditures Less Food and Energy (“Core PCE”), ended the fiscal year well above the Federal Reserve’s (the “Fed’s”) inflation target, rising from an annual rate of -1.1% as of June 2020 to 3.5% as of June 2021. Core PCE is the preferred measure of the Fed in gauging inflation over the longer run as the Fed views it as a better measure for identifying inflation trends. Inflation was muted through the first half of the fiscal year as the economy continued to slowly re-open. However, inflation accelerated over the second half of the fiscal year as the U.S. economy began to fully re-open. The Fed, which had changed their inflation policy from a 2 percent inflation target commitment to an average inflation rate of 2 percent over time, viewed the uptick in inflation as transitory. The increase in inflation was attributed to surging demand from a re-opening economy running into supply bottlenecks and disruptions resulting from the pandemic. In the Fed’s view, inflation pressures will subside as these issues are resolved. Other market observers and participants were less convinced that inflation pressures were transitory as there were additional concerns building around increasing worker shortages which could add to inflationary pressures through rising wages.

Concerns around the debt ceiling, which had been suspended until July 31, 2021, came into focus towards the end of fiscal year 2021. By the end of fiscal year 2021, the U.S. Treasury was facing growing pressure to cut its Treasury bill supply to meet the debt ceiling that would be reinstated on August 1, 2021. The Treasury would be forced to cut their June 29, 2021 cash balance of more than \$700 billion to around \$450 billion by the end of July 2021. In reducing their cash balance, the U.S. Treasury would also likely cut their Treasury bill issuance. The reduction in bill issuance was expected to further worsen the supply-demand mismatch in short-term Treasuries resulting from large amounts of cash chasing a falling supply of Treasury bills.

Fiscal year 2021 marked a substantial change to the Fed’s monetary policy framework. In August of 2020, the Federal Open Market Committee (the “FOMC”) announced that it was changing its monetary policy framework as a result of a nearly two-year policy review process. First, the Fed would move from a strict targeting of two percent inflation to seeking to achieve inflation that averages two percent over time, allowing for inflation to run over or under the Fed target to make up for prior shortfalls or excesses. Second, the Fed would change from assessing deviations from maximum employment to assessing shortfalls from

maximum employment. This change represented the FOMC’s recognition that the benefits of a robust labor market can be sustained without causing an unwelcome increase in inflation. In September 2020, the FOMC took a step further and applied explicit forward guidance to its new policy framework, stating that it would maintain the fed funds rate at the zero lower bound until inflation reaches two percent and is on track to exceed two percent for some time. The FOMC also noted that the \$120 billion in monthly purchases of Treasury and agency mortgage-backed securities would continue in order to support the flow of credit to the broader economy.

In the first half of the fiscal year, the Fed began winding down several of the market support programs that had been implemented subsequent to the outbreak of COVID-19 pandemic. The Fed returned unused emergency funds of approximately \$454 billion to the U.S. Treasury in the second quarter of fiscal year 2021 as the Fed closed out emergency support facilities, including the facilities used to support short-term municipal debt and a facility for lending to small and medium sized businesses. Many of the emergency facilities setup by the Fed had little to no usage over the course of the pandemic. These facilities were still seen as effective as the forceful commitment of support was sufficient to help stabilize the markets. In the third quarter of fiscal year 2021, longer-term yields began rising as the markets began to project that the Fed would begin hiking interest rates much sooner than previously anticipated in light of rising inflation and an economy that appeared to be rapidly recovering from the COVID-19 pandemic. Yields on longer-dated Treasuries began rising over the second half of the year, ending the fiscal year substantially higher than where they were at the end of fiscal year 2020. Shorter-term yields, however, were facing significant downward pressure due to supply and demand imbalances in the money markets. Short-term yields began falling in February 2021 and by the end of March 2021 the Treasury bill curve was essentially flat. With one-month and two-month Treasury bills trading at zero or below, eligible participants began increasing utilization of the Fed’s Overnight Reverse Repurchase Agreement Facility (the “RRP”). Eligible participants in the RRP, which include state or federally chartered banks, government sponsored enterprises, and SEC-registered 2a-7 funds, enter into an agreement to purchase securities from the Fed, which the Fed will then repurchase the following business day. The rate in effect on such transactions over much of the second half of the fiscal year was zero basis points. With short-term Treasury and credit rates falling to new lows, utilization of the RRP began rising rapidly starting in April 2021. By mid-June, the RRP had reached an all-time high of over \$500 billion in utilization. In addition to the high RRP utilization, the Fed funds effective rate was also facing downward pressure, falling towards the lower bound of the Fed’s target range. At their June 2021 meeting, the Fed adjusted the rate on RRP to 5 basis points and also increased the interest on excess reserves (the “IOER”) to 15 basis points. By tweaking these administered rates, the Fed effectively raised the floor on short-term yields. Although this did not address the underlying supply-demand issues in the market, it did help to ease market concerns that short-term rates would move toward zero.

Treasury yields were mixed over fiscal year 2021, with yields in the bill curve ending the fiscal year lower and yields in longer-dated Treasuries ending the year higher. Over the second half of the fiscal year, money markets were flooded with cash from the Fed’s open market operations and from fiscal stimulus programs enacted by the U.S. Congress. Funding from the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), which had been passed by Congress in March 2020, continued to be distributed across the economy through enhanced and extended unemployment benefits, support for medical care and direct aid to businesses and individuals. The U.S. Congress passed an additional stimulus bill in March 2021 (the ARP Act). Key elements of the \$1.9 trillion ARP included extending unemployment benefits through Labor day of 2021, providing for emergency paid leave, increasing food stamp benefits, expanding the child tax credit and child and dependent care credit, providing grants to small businesses and providing fiscal support to state, local and tribal governments. Also contributing to the amount of cash in the front-end of the market was the removal of relief to the supplementary leverage ratio (the “SLR”) that was introduced at the beginning of the pandemic. The SLR relief had allowed banks to take additional deposits onto their balance sheets without penalty. In re-introducing the SLR, certain large cash deposits would now be more expensive

for banks to accept. In response, banks introduced new fees to offset the cost of taking on these deposits. This pushed some funds out of banks and into the money markets. Adding to the woes in the money markets was a decline in Treasury bill supply over the first half of the fiscal year. The overall supply of Treasury bills fell throughout the first half of the fiscal year, with net issuances falling by \$115 billion. The drop in supply accelerated in the second half of the fiscal year, with net issuance declining an additional \$587 billion through May of 2021. The supply and demand imbalance resulting from these forces pushed short-term Treasury rates to zero and below. The Fed's action at the June 2021 FOMC meeting to raise their administered rates (RRP and IOER), raised the floor on short-term rates, resulting in a marginal increase in yields on Treasury bills with maturities up to six months. Overall, the bill curve ended the year substantially lower with yields ranging from 5 basis points for Treasury bills with maturities six months or less to 7 basis points for bills with maturities of one year. This was substantially lower than fiscal year end 2020, where Treasury bill yields ranged from 13 basis points to 16 basis points. Reflecting concerns regarding inflation and possible Fed rate action as soon as the end of 2022, Treasuries with maturities over one year ended the year higher. At the end of fiscal year 2021, the yield on three-year T-notes yielded 46 basis points versus only 18 basis points at the end of fiscal year 2020.

Performance of the WV Money Market and WV Government Money Market Pools was significantly lower in fiscal year 2021. Respectively, the pools reported net-of-all-fees performance of 0.14% and 0.05% for fiscal year 2021. For the WV Money Market Pool, the fiscal year 2021 return was 125 basis points lower than the fiscal year 2020 return of 1.69%. The West Virginia Government Money Market Pool performance dropped substantially as well, falling by 139 basis points from fiscal year 2020's return of 1.44%. Contributing to the decline in yields was a supply and demand imbalance in the short end of the yield curve. Increased cash and reserves bid up the prices of short-term high-quality securities resulting in significantly lower yields in the money markets. The West Virginia Short Term Bond Pool's performance, net of all fees, for fiscal year 2021 was also lower than fiscal year 2020's performance, falling from 4.50% for fiscal year 2020 to 1.45% for fiscal year 2021. As the portfolio turned over during the fiscal year, the yield on new securities purchased by the pool were significantly lower than the securities that were sold or matured off. Although credit spreads continued to tighten to record lows over the fiscal year, an increase in yields in the two- to five-year maturity range was a drag in total return as the fair value of portfolio holdings declined over the last quarter of the fiscal year.

### ***Major Initiatives***

- *Standard and Poor's AAAM Rating*

For the thirteenth consecutive year, Standard and Poor's re-affirmed the BTI's AAAM rating on the WV Money Market and WV Government Money Market Pools. Funds with Principal Stability Fund ratings ("PSFRs"), such as the BTI, seek to maintain a stable net asset value. The PSFR rating is the highest money market rating assigned by Standard and Poor's. For a fund to be eligible for an investment-grade rating, all investments must carry a Standard & Poor's short-term rating of A-1+ or A-1.

The AAAM rating is based on Standard and Poor's analysis of the fund's credit quality, investment policies, market price exposure, and conservative management. The rating signifies that the safety of the invested principal is excellent, and that there is superior capacity to maintain a stable net asset value at all times. This is achieved through conservative investment practices and strict internal controls.

- *Certificate of Achievement for Excellence in Financial Reporting*

The BTI received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for the June 30, 2020 Annual Comprehensive Financial Report ("ACFR"). The Certificate of Achievement is the highest form of recognition in governmental accounting and financial

reporting, and its attainment represents a significant accomplishment. This is the fifteenth consecutive year that the BTI has received this prestigious award.

- *Budget Surplus*

For fiscal year 2021, the BTI ended the year with a budget surplus of \$440,000. The surplus was the result of conservative management of expenditures. With this surplus, the BTI operated in surplus territory for the sixteenth consecutive year.

- *Peer Group Benchmark*

Segal Marco Advisors, the BTI's investment consultant, maintains a peer group benchmark for the WV Money Market and WV Government Money Market Pools. The benchmark for the WV Money Market Pool is composed of a universe of prime money market funds, while the benchmark for the WV Government Money Market Pool comprises government money market funds.

The WV Money Market Pool peer group includes 200 discrete prime money market funds. The Pool ranked first out of the 208 funds for the quarter, 3-year and 5-year periods ending June 30, 2021. Over the 1-year period, the fund was ranked fourth. This high ranking was attributed to the low effective investment management fee paid to the Pool's investment managers. For the year ended June 30, 2021, the effective investment management fee was 2.61 basis points.

The WV Government Money Market Pool peer group comprises 624 discrete government money market funds. The performance of the Pool ranked first in the 3-year time period ending June 30, 2021. Over the 1-year period the fund was ranked fifth, while over the 5-year period the Pool was ranked eleventh. As with the WV Money Market Pool, this high ranking versus the peer group was attributed to the favorable investment management fee schedule. For the year ended June 30, 2021, the effective investment management fee was 3.20 basis points.

- *Certificate of Achievement for Excellence in Financial Reporting*

The Government Finance Officers Association of the United States and Canada (the "GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the BTI for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

### *Acknowledgments*

We wish to express our appreciation to many individuals whose dedicated efforts have made this report possible. BTI's success would not be possible without the support and leadership of the Board members, the Legislature, the participants, and the citizens of West Virginia. The BTI's staff, Segal Marco Advisors, UBS Asset Management (Americas), Sterling Capital Management, and Federated Hermes provided diligent and dedicated service in building the BTI as a professional investment organization for the investment of short-term state funds.

Respectfully, I hereby submit the Annual Comprehensive Financial Report of the West Virginia Board of Treasury Investments for the Year Ended June 30, 2021.

Sincerely,

A handwritten signature in black ink, appearing to read "Karl V. Shanholtzer III". The signature is written in a cursive style with a large, stylized initial "K".

Karl V. Shanholtzer III, CFA, CPA  
Chief Financial Officer  
West Virginia Board of Treasury Investments



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**West Virginia Board of Treasury Investments**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

## PRINCIPAL OFFICIALS



**Riley Moore**  
WV State Treasurer  
*Chairman*



**James C. Justice, II**  
Governor, State of WV  
*Vice Chairman*



**John B. McCuskey**  
WV State Auditor  
*Director*

**Vacant**  
*Director*



**Mark Mangano**  
*Director*

---

## INVESTMENT PHILOSOPHY

The Board was established by the legislature to provide prudent fiscal administration, investment, and management for the Consolidated Fund. It is the investment philosophy of the Board 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.

---

## OBJECTIVES

All assets shall be invested with the following objectives and priorities:

- Safety of principal. Investments shall be undertaken in a manner that seeks preservation of capital with reasonable investment risk, in the overall portfolio.
- Liquidity requirements of anticipated and unanticipated expenditures.
- Maximization of the yield allocated to participant investments consistent with all investment objectives.
- Recognition of differing objectives and needs of various participants.
- Conformance with State law and other pertinent legal restrictions.
- Diversification of assets by investment in various securities classifications and the use of various investment managers in order to smooth the volatility of returns.
- Realized gains and losses are recognized by the Funds as they occur.

WEST VIRGINIA  
**BOARD OF TREASURY  
INVESTMENTS**

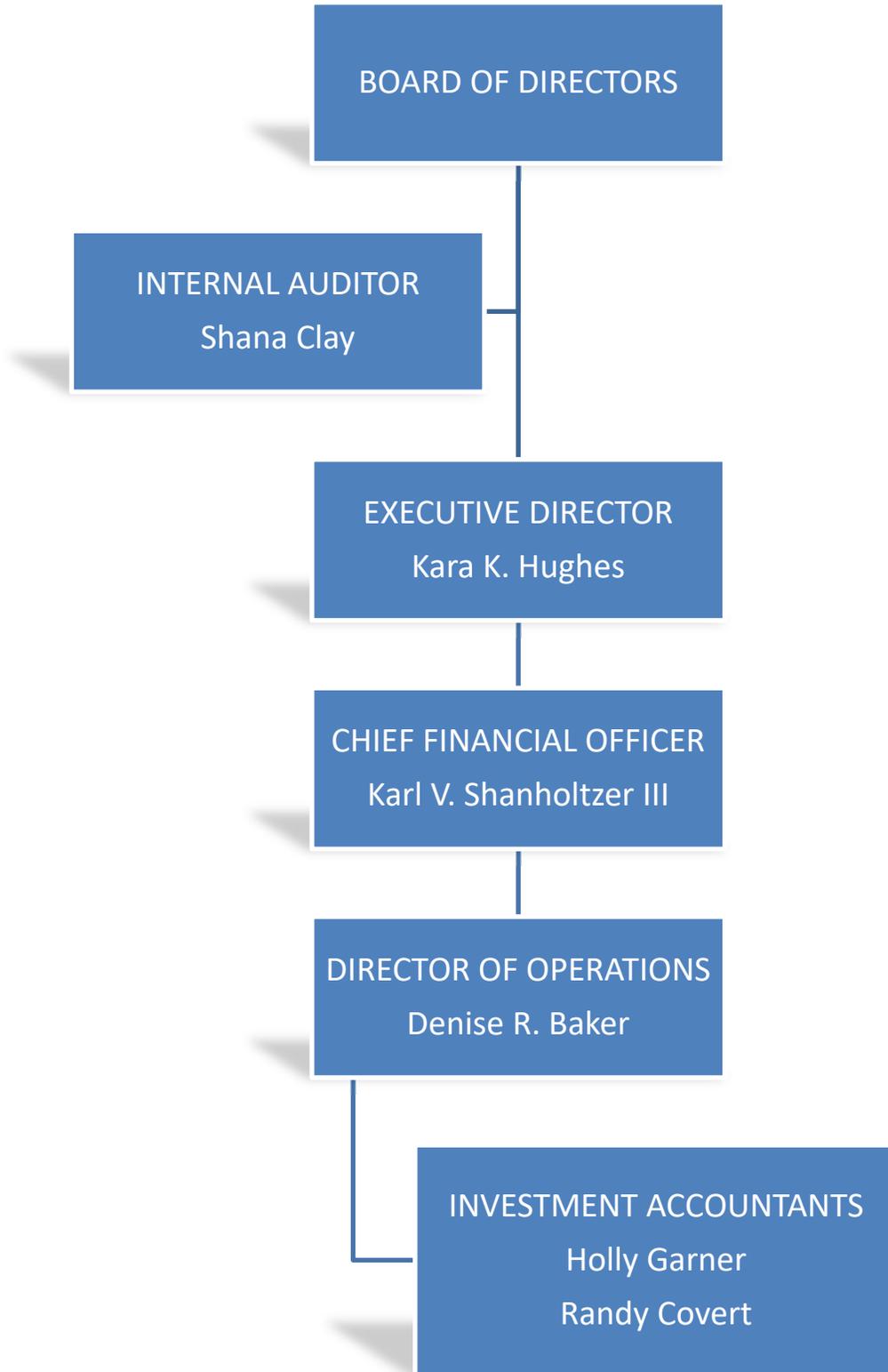
**MISSION STATEMENT**

The Board of Treasury Investments' mission is to prudently invest the funds under its charge, for the benefit of its Shareholders, their constituents and citizens, and to achieve the best return possible for them, by providing focused investment management services, and utilizing financial professionals for the sound administration and oversight of its investment processes.

---



*The BTI staff (from left to right) is Kara Hughes, Steve Smith (employed through January 2021), Karl Shanholtzer, Holly Garner, Randy Covert and Denise Baker. Not pictured: Shana Clay (started March 2021).*



**CONSULTING AND PROFESSIONAL SERVICES  
AS OF JUNE 30, 2021**

**INDEPENDENT AUDITOR**

Brown, Edwards & Company, L.L.P.  
Charleston, West Virginia

**LEGAL COUNSEL**

West Virginia State Treasurer's Office  
Charleston, West Virginia

**INVESTMENT SYSTEM**

State Street Global Exchange  
Princeton, New Jersey

**MASTER CUSTODIAN**

BNY Mellon  
Pittsburgh, Pennsylvania

**INVESTMENT CONSULTANT AND PERFORMANCE MEASUREMENT**

Segal Marco Advisors  
Atlanta, Georgia

**INVESTMENT MANAGERS**

Federated Hermes  
Pittsburgh, Pennsylvania

Sterling Capital Management  
Charlotte, North Carolina

UBS Asset Management (Americas)  
Chicago, Illinois

*The Schedule of Investment and Management Fees is on Page 93 in the Investment Section of this report.*

(This page intentionally left blank.)

## **Financial Section**

(This page intentionally left blank.)



## 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, 2021, 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. 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, 2021, 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 introductory section, combining and individual fund financial statements, the schedule of investments in securities, and the investment and statistical sections, 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 introductory, investment, and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

  
CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia  
August 27, 2021

(This page intentionally left blank.)

## West Virginia Board of Treasury Investments

### Management's Discussion and Analysis

June 30, 2021

#### **Financial Highlights**

Over the course of fiscal year 2021, the State of West Virginia gradually recovered from the pandemic induced recession of fiscal year 2020. At the end of fiscal year 2020, there were concerns that fiscal year 2021 would be a challenging fiscal year as revenues were expected to continue to be affected by the economic fallout from the COVID-19 pandemic. Instead of a widespread decline in revenue collections, the opposite happened. Through the first half of the fiscal year, revenue collections were exceeding estimates by more than \$127 million. Consumer sales tax, personal income tax and corporate net income tax made up the majority of the excess collections. Personal income and corporate net income tax were ahead of estimates due, in part, to the Governor's executive order during fiscal year 2020 that deferred calendar year 2019 income tax payments to July 2020. Over the second half of the fiscal year, collections continued to come in ahead of estimates. By the end of fiscal year 2021, actual revenue collections of \$4.99 billion, were more than \$413 million ahead of initial estimates of \$4.57 billion. The majority of the surplus collections were due to higher-than-estimated collections in consumer sales tax (\$115 million), personal income tax (\$98 million), corporate net income tax (\$175 million) and severance taxes (\$23 million). Overall collections for fiscal year 2021 were \$452 million higher than the amount collected in fiscal year 2020. The increase in revenue collections helped to boost the BTI's assets under management from approximately \$6.5 billion at the end of fiscal year 2020 to over \$8.1 billion by the end of fiscal year 2021. Also contributing to the increase in assets under management were over \$677 million in stimulus funds received by the state from the federal government under the American Rescue Plan Act of 2021. Additionally, another \$685 million was invested in the BTI from proceeds of the final sale of debt under the Roads to Prosperity bond program. Local government investments in the BTI increased by approximately \$167 million during fiscal year 2021. A majority of the increase in local government investments was from deposits by county boards of education. BTI management expects that assets under management will decline in fiscal year 2022 as the state spends down the remaining \$600+ million in funds remaining from the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") stimulus payments received by the state in fiscal year 2020. Additionally, several highways construction projects were commenced during fiscal year 2021 that will draw against the Roads to Prosperity bond proceeds that are invested with the BTI. However, the state will receive an addition \$677 million in American Rescue Plan Act of 2021 ("ARP") funds in the second half of the fiscal year.

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 0.14%, 0.05%, and 1.45%, respectively, for the year ended June 30, 2021. The decline in pool returns was primarily driven by economic disruptions caused by the global COVID-19 pandemic and the continued fiscal and monetary responses of the U.S. government and the Federal Reserve (the "Fed"). With over \$4 trillion of cash moving into the markets over the fiscal year, front-end rates were driven to extraordinarily low levels, dropping performance in the WV Money Market and WV Government Money Market Pools significantly over the year. Yields on longer-dated securities rose in the second half of the year and were a drag on the total return of the WV Short Term Bond Pool as the fair value of holdings in the pool declined.

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 1.71% for fiscal year 2020 to 0.14% for fiscal year 2021. The largest factor in the decrease in performance in fiscal year 2021 was the wave of liquidity that flooded the front-end markets over the course of the fiscal year. Yields in the portfolio steadily declined as maturities and new deposits were invested and reinvested in a steadily declining yield environment. The pool was managed over the year with a longer weighted average maturity (“WAM”) bias, given the prevailing rate environment and the expectation that the Fed would maintain a consistent policy throughout the year. The WAM was maintained in the upper 40- to mid 50-day range. Generally, there was a preference for fixed-rate securities over floating-rate securities, as managers looked to lock in yield opportunities further out the front end of the curve. The pools also maintained a slightly higher level of liquidity, given uncertainties around the timing and magnitude of withdrawals of stimulus funds from the CARES and ARP Acts that were invested in the pool. Looking forward, the pool will managed with a similar WAM and liquidity profile over the next fiscal year as the rates are not expected to change significantly and there are no expectations of the Fed making any interest rate policy changes during the fiscal year.

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 significantly lower than the previous fiscal year, with the pool return, net of advisor fees, decreasing from 1.47% in fiscal year 2020 to 0.05% for fiscal year 2021. The WV Government Money Market Pool was more severely affected by the extraordinarily low rate environment as the pool is unable to invest in any spread products. Similar to the WV Money Market Pool, the pool’s investment manager favored fixed-rate securities over floating-rate securities, looking to lock in yield further out the curve when available. With the supply of Agency discount notes declining, and spreads over Treasuries tightening, the investment manager’s asset allocation favored Treasuries over agencies. With the sharply higher demand for Treasuries and Agencies and the constrained supply of these securities, the yield on the pool was pushed sharply lower early in the second half of fiscal year 2021. As a result of the low gross yield on the pool, management began waiving administrative fees and indirect expense fees on the pool beginning in February 2021. The yield on the pool fell to zero by May of 2021 and resulted in BTI management revising fee allocations to ensure that the pool did not have negative net income distributions. For fiscal year 2022, the BTI will only assess direct fees, such as advisor fees, custodian fees and pool rating fees, due to the low expected yield levels over the next fiscal year. The investment advisor will manage the pool with a strategy similar to that of the WV Money Market Pool given the rate outlook over the next year.

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. The fiscal year 2021 net-of-advisor-fee return of 1.45% was less than a third of fiscal year 2020’s return of 4.52%, but still well ahead of the pool’s benchmark return of 0.64%. Short term interest rates were steady over the first half of the fiscal year and early into the second half of the fiscal year. Two-year Treasury rates oscillated in a relatively tight range of 11 to 16 basis points, while three-year rates were slightly higher, staying between 15 to 20 basis points. However, increasing economic growth and rising inflation prompted market participants to pull their rate hike projections forward from 2023 to late 2022. Treasury yields for maturities over one year began rising, steepening the 1 year-3 year yield curve by 37 basis points. Corporate bonds performed well over the year, supported by strong economic growth and the Fed’s accommodative monetary policy. Earnings growth of nearly 40% year-over-year helped to improve balance sheet health and reverse the negative overall trend in credit ratings for investment grade bonds experienced in fiscal year 2020. For the year, the option-adjusted spread on the ICE BofA 1-3 Year US Corporate Index tightened by 53 basis points, providing an excess return of 1.89% versus duration matched Treasuries. Short duration securitized assets, such as asset-backed securities and commercial mortgage-backed securities, and taxable municipal bonds benefitted from the same tailwinds that supported corporate bonds over the fiscal year. Performance on these assets slightly

lagged the performance of corporate bonds. In this environment, the pool was maintained with a slightly long to neutral duration versus the benchmark duration for most of the fiscal year. With the economy booming and an increase in the likelihood of the Fed beginning to taper their asset purchases, the portfolio's duration was allowed to naturally shorten over the last quarter of the fiscal year to protect against the risk of further increases in yields. In addition to shortening the portfolio's duration, the allocation to floating-rate securities was increased, with total floating-rate exposure being increased to 6% of the pool's assets under management. The weighting to asset-backed securities was decreased, through the natural decline via paydowns as valuations tightened versus other asset classes.

## **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 Annual Comprehensive Financial Report. 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, 2021 and 2020 (in thousands).

	<u>2021</u>	<u>2020</u>
Current assets	\$ 2,371	\$ 1,958
Noncurrent assets	<u>3</u>	<u>6</u>
Total assets	<u>2,374</u>	<u>1,964</u>
Current liabilities	<u>777</u>	<u>665</u>
Total liabilities	<u>777</u>	<u>665</u>
Net position:		
Net investment in capital assets	3	6
Unrestricted	<u>1,594</u>	<u>1,293</u>
Total net position	<u>\$ 1,597</u>	<u>\$ 1,299</u>

The net position of the Operating Fund increased by \$298,000 during fiscal year 2021. The increase in net position was the result of an increase in current assets of \$413,000 which was partially offset by an increase of \$112,000 in current liabilities. Noncurrent assets decreased by \$3,000 during fiscal year 2021.

The majority of the proprietary fund's net position consists of current assets. Current assets are composed of cash and accounts receivable that will be used to pay investment advisor, custodian, and administrative costs. The current asset balance of \$2,371,000 comprises \$1,358,000 in cash and \$1,013,000 in accounts receivable. The cash balance increased from fiscal year 2020 by \$265,000 while the accounts receivable balance increased by \$148,000 at the end of fiscal year 2021.

The increase in the cash balance was the result of net operating income of \$298,000.

The accounts receivable balance of \$1,013,000 represents fees that have been accrued but not withdrawn from the investment pools at June 30, 2021 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 \$148,000 over the fiscal year-end 2020 balance. This increase was composed of an increase in administrative fees receivable of \$89,000, an

increase in advisor fees receivable of \$33,000, an increase in custodian fees receivable of \$33,000, and a decrease in consultant fees receivable of \$7,000. The increases in administrative fees receivable was primarily the result of the higher level of assets under management over the final quarter of fiscal year 2021 as compared to the final quarter 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 2021 as compared to fiscal year-end 2020. With respect to custodian fees receivable, the increase in the receivable was the result two factors: the increase in assets under management at the end of fiscal year 2021 as compared to fiscal year-end 2020, and three months of fees accrued at the end of fiscal year 2021 as compared to only one month accrued at the end of fiscal year 2020. Consultant fees receivable decreased year-over-year because of a reduction in the consultant fee resulting from a re-bidding of the consultant contract in the third quarter of fiscal year 2021.

Capital assets, net of accumulated depreciation, decreased by \$3,000 during the year. The decrease was due entirely to annual depreciation of \$3,000.

The balance of \$777,000 in current liabilities represents \$716,000 in accounts payable and \$61,000 of reimbursements due to the West Virginia State Treasurer's Office (the "STO") at June 30, 2021. Current liabilities increased by \$112,000 as compared to the fiscal year-end 2020 balance. The net increase in current liabilities was composed of an increase of \$115,000 in accounts payable and a decrease of \$3,000 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, 2021, custodian fees for the quarter ending June 30, 2021, investment consultant fees for the quarter ending June 30, 2021, and maintenance costs for the investment management system for June 2021. The net increase of \$115,000 in accounts payable was primarily composed of increases in amounts payable to the BTI's investment advisors and custodian. Investment advisor fees payable increased by \$34,000 due to a higher level of assets under management during the final quarter of the fiscal year 2021 as compared to the final quarter of fiscal year 2020. Custodian fees payable increased by \$75,000 as a result of issues with BNY Mellon's vendor registration with the state. BNY Mellon's vendor registration expired in February 2021 and was not renewed until July 2021, resulting in invoices for January 2021 through May 2021 remaining unpaid until after fiscal year end. Consultant fees payable decreased by \$7,000 because of the re-bidding of the investment consultant relationship. Segal Marco Advisors, the winning bidder for the request for proposals for investment consulting services, bid a lower fee than the incumbent investment consultant NEPC, LLC. The remaining \$13,000 increase in payables was due to an invoice for the BTI's investment accounting system not being received until after fiscal year end. The \$61,000 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 \$3,000 lower than at the end of fiscal year 2021, primarily due to a decrease in pass-through costs related to travel, computer equipment and advertising and promotional expenses.

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, 2021 and 2020 (in thousands).

	<u>2021</u>	<u>2020</u>
<b>Revenues</b>		
Operating revenues:		
Management services	\$ 1,517	\$ 1,144
Advisor and custodian services	<u>2,274</u>	<u>2,028</u>
Total revenues	<u>3,791</u>	<u>3,172</u>
<b>Expenses</b>		
Operating expenses:		
General and administrative	1,215	1,296
Advisor and custodian fees	2,275	2,029
Depreciation	<u>3</u>	<u>4</u>
Total expenses	<u>3,493</u>	<u>3,329</u>
Increase (decrease) in net position	298	(157)
Net position at beginning of year	<u>1,299</u>	<u>1,456</u>
Net position at end of year	<u><u>\$ 1,597</u></u>	<u><u>\$ 1,299</u></u>

Operating revenues at June 30, 2021 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 2021 increased by \$619,000. The increase in revenue consisted of a increase of \$373,000 in management (administrative) fees charged to the pools, an increase of \$232,000 in advisor fee revenues, and an increase of \$14,000 in custodial fees.

Advisor fees are computed based upon the fair values of the pools. The average fair value of assets under management were approximately \$889 million higher over the course of fiscal year 2021 for the WV Money Pool, resulting in an increase in advisor fees of \$238,000. Advisor fees for the WV Government Money Market Pool decreased year-over-year by \$4,000 primarily as a result of a change in the calculation methodology for the advisor fee assessed to the pool. Prior to the quarter ending June 30, 2021, the advisor fee was calculated by aggregating the assets of the WV Money Market Pool managed by UBS and the assets of the WV Government Money Market Pools and assessing the fee on the total assets. The total fee was then allocated to each pool based on the ratio of UBS managed pool assets to total UBS managed assets. Due to the extraordinarily low interest rate environment, the net investment income earned by the WV Government Money Market Pool decreased to a level that was insufficient to cover direct investment expenses of the pool. BTI management and UBS agreed to revise the fee calculation and apply the lowest fee tier to assets of the WV Government Money Market Pool when calculating the advisor fee. This resulted in a decrease in the advisor fee charged to the WV Government Money Market Pool and an equivalent increase in the advisor fee charged to the WV Money Market Pool. Also contributing to the decrease in advisor fees in the WV Government Money Market pool was a decrease in the average assets under management over the year of approximately \$2 million. Advisor fees charged to the WV Short Term Bond Pool also decreased during fiscal year 2021, falling by \$2,000 from fiscal year 2020. Average assets under management for the pool were approximately \$3.3 million lower than fiscal year 2020 levels, resulting in

the decrease in the advisor fee year-over-year. Custodian fees increased by a total of \$14 thousand as a result of increased assets under management in the WV Money Market Pool, and an increase in trading during fiscal year 2021. The increased trading activity during fiscal year 2021 was driven by the increase in assets under management and depressed yields in the front end of the market. Administrative fee revenue increased by \$373,000 from fiscal year 2020 levels. For fiscal year 2021, the BTI raised the administrative fee from 1.6 basis points to 2.0 basis points in anticipation of a reduction in assets under management. However, contrary to this expectation, assets under management increased over the fiscal year as the economic effects of the COVID-19 pandemic were less severe than anticipated and the federal government provided additional stimulus funds to states during the fiscal year.

Total operating expenses for the year increased by \$164,000. This includes a decrease of \$81,000 in general and administrative expense and an increase in advisor and custodian fees of \$246,000. Depreciation expense decreased 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 decreased by \$50,000 from the prior year. This decrease was the result of a staff member that changed from full-time to half-time and a decrease in service personnel staff expenses allocated to the BTI by the STO. Professional services increased from fiscal year 2020 levels, rising by \$2,000 year-over-year. The primary components of this increase were \$1,000 increase in costs for the annual audit, a \$6,000 increase in consulting fees allocated to the BTI by the STO relating to a records management project and a \$5,000 decrease in investment consulting fees resulting from the re-bidding of the investment consultant relationship. Computer equipment expenditures decreased in fiscal year 2020, falling by \$6,000. The decrease was related to a decrease in reimbursements to the STO for network and computer equipment. Travel and training costs decreased by \$24,000 from fiscal year 2020 levels because of travel and gathering restrictions in effect during the year related to the COVID-19 pandemic. Office expenses, included miscellaneous office equipment purchase, rose by \$9,000 from fiscal year 2020 for an increase in online subscription services for investment related information. Other general and administrative expenses decreased by approximately \$12,000 from fiscal year 2020. This decrease was primarily due to a decrease in association dues and memberships and promotional expenses. With nearly all professional association conferences cancelled during fiscal year 2021, the BTI did not incur any expenses related to conference attendance, which is classified as a promotional expense.

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 \$2,100,000 and custodian fees of \$175,000. Investment advisor fees increased by \$232,000 and custodian fees increased by \$14,000 over fiscal year 2020 levels. Approximately \$238,000 of the net increase in investment advisor fees was the result of an increased level of assets under management in the WV Money Market Pool over fiscal year 2021. Offsetting this increase was a decrease in advisor fees of \$4,000 for the WV Government Money Market Pool and a decrease in advisor fees of \$2,000 in the WV Short Term Bond Pool. The decrease in the WV Government Money Market Pool was primarily related to the previously discussed change in the advisor fee calculation methodology. The decrease in the WV Short Term Bond Pool advisor fee was related to the decreased assets under management over fiscal year 2021. Custodian fees increased by \$14,000 during fiscal year 2021, primarily due to the increased assets under management and an increase in trading activity over fiscal year 2021.

**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, 2021 and 2020 (in thousands).

	2021	2020
<b>Assets</b>		
Investments	\$ 8,117,289	\$ 6,515,053
Receivables	4,693	34,002
Total assets	<u>8,121,982</u>	<u>6,549,055</u>
<b>Liabilities</b>		
Accrued expenses	1,013	864
Dividends and purchases payable	1,385	80,664
Total liabilities	<u>2,398</u>	<u>81,528</u>
<b>Net Position</b>		
Held in trust for investment pool participants	8,087,926	6,384,155
Held in trust for individual investment account holders	31,658	83,372
Net position	<u>\$ 8,119,584</u>	<u>\$ 6,467,527</u>

As of June 30, 2021, the Consolidated Fund's assets totaled approximately \$8.1 billion and were composed almost entirely of investments in securities. Net position as of the end of fiscal year 2021 was over \$1.6 billion higher than the fiscal year end 2020 net position. The increase in net position was composed of a net increase of \$1.7 billion in investments by state agencies and local governments in the investment pools. Subtracting from this increase was a decrease of \$56 million in investments in individual accounts over fiscal year 2021.

As more fully discussed below, the BTI experienced a net increase in invested funds during fiscal year 2021. The overwhelming majority of the increase was in the WV Money Market Pool, which saw an increase of over \$1.7 billion in net position. The WV Government Money Market Pool decreased year-over-year, declining by approximately \$39 million from fiscal year-end 2021. Net position of the WV Short Term Bond Pool increased by \$5 million while the State Loan Pool added approximately \$3 million in net position. The Municipal Bond Commission Account ("MBC Account") decreased by \$51 million as the Municipal Bond Commission withdrew proceeds of maturities from the account. The WV Bank Pool experienced a decline in net position over fiscal year 2021, falling by \$8 million from fiscal year-end 2021. 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 decreased by \$29.3 million from the fiscal year-end 2020 balance. The decrease in receivables was primarily the result of a decrease of \$26.9 million in receivables for investments sold. This receivable represents amounts due to the BTI for securities sales with trade dates before June 30 that settle after fiscal year-end. As discussed below, interest and dividends receivable across all pool and accounts decreased by \$2.4 million as the Fed continued with their monetary stimulus program that was implemented in fiscal year 2020.

In the WV Money Market Pool, interest and dividends receivable decreased by \$0.9 million from fiscal year 2020. The pool's holdings of interest-bearing securities increased from 35% of investments at the end of fiscal year 2020 to just over 40% at the end of fiscal year 2021. However, the further decline in interest rates over the fiscal year dropped the weighted-average coupon from 0.44% at the end of fiscal year 2020 to only 0.09% at the end of fiscal year 2021. This drop in rates more than offset the increase in assets at fiscal year and the increase in interest bearing investments as of the end of fiscal year 2021.

The interest receivable balance of the WV Government Money Market Pool decreased by \$0.1 million from fiscal year 2020. The mix of interest-bearing and discount securities changed from 33% interest-bearing securities and 67% discount securities as of the end of fiscal year 2020 to 31% interest-bearing securities and 69% discount securities at the end of fiscal year 2021. Additionally, the weighted-average coupon decreased significantly from fiscal year end 2020 from 0.23% to 0.08% at the end of fiscal year 2021. The decrease in interest bearing securities, decline in the average coupon, and a decrease in assets under management all contributed to the decline in interest receivable from fiscal year end 2020.

Interest and dividends receivable in the WV Short Term Bond Pool decreased by approximately \$1.0 million from fiscal year-end 2020. Similar to the other pools, the primary driver for the decrease was a decrease in interest rates over fiscal year 2021. The weighted average coupon rate fell from 2.56% at the end of fiscal year 2020 to 2.02% at the end of fiscal year 2021. The decline in the weighted average coupon was slightly offset by a decrease in investments year-over-year of approximately \$6 million. The WV Short Term Bond Pool was also responsible for the entire \$26.9 million year-over-year decrease in receivables for securities sold. There were no unsettled sales transactions at the end of fiscal year 2021.

Interest and dividends receivable also declined in other pools and accounts, with the interest receivable in the WV Bank Pool, WV State Loan Pool and Municipal Bond Commission Account falling from fiscal year-end 2020 levels. The WV Bank Pool interest receivable fell by \$0.2 million, primarily due to the decline in interest rates over the fiscal year. Also contributing to the decline was a drop in certificates of deposit sold at auction during fiscal year 2021. Interest receivable in the WV State Loan Pool fell as the interest rates on loans to the WV Economic Development Authority reset at lower levels during the fiscal year. The decrease in interest receivable in the Municipal Bond Commission Account resulted from a decrease in investments as the Municipal Bond Commission withdrew the proceeds of maturities during the fiscal year. The remaining pools and accounts were little changed from the prior fiscal year.

Total liabilities decreased by approximately \$79.1 million from June 30, 2020 levels. Total liabilities consist of accrued expenses, representing accrued manager fees, custodian bank fees and administrative fees, and dividends payable to participants in the WV Short Term Bond Pool. The majority of the decrease in liabilities was the result of a decrease in amounts payable for securities purchased in the WV Short Term Bond Pool. The liability for investments purchased in this pool decreased by \$77.7 million from the end of fiscal year 2020. There were no unsettled security purchase transactions in any of the pools at fiscal year-end 2021. Dividends payable in the WV Short Term Bond Pool decreased by over \$1.5 million, primarily due to lower yields on securities and a decrease in capital gains distribution payable at fiscal year-end 2021 as compared to fiscal year-end 2020. Pool net income was approximately \$0.9 million lower in June 2020 as compared to June 2021. The realized gain distribution for June 2021 was \$0.6 million lower than the realized gain distribution for June 2020. Accrued expenses were up approximately \$0.1 million as compared to the end of fiscal year 2020.

Net position is the excess of total assets over total liabilities. As of June 30, 2021, the Consolidated Fund had total net position of approximately \$8.1 billion. The net position consists of funds held in trust for investment pool participants and individual account holders. Investment pool participants are those participants investing in the WV Money Market, WV Government Money Market, and WV Short Term Bond Pools. Net position for investment pool participants increased approximately 27.7% from the prior year due to increases in investments in the WV Money Market and WV Short Term Bond Pools. Investment

in the WV Government Money Market Pool declined from the prior fiscal year. Net position of the individual accounts declined from fiscal year-end 2020, falling by \$56.5 million. The net decrease in net position in individual accounts was composed of decreases in investments in the WV Bank Pool, Municipal Bond Commission Account, School Fund Account and EDA-AW Account, and an increase in investments in the State Loan Pool. Net position of the Reserve Pool did not change significantly during the year.

Net position of the WV Money Market Pool increased by approximately \$1.7 billion from the prior year. The primary source of the increase was an increase of \$1.6 billion in State agency investments. Local government investments also increased year-over-year, rising by \$151 million from fiscal year 2020. A large portion of the increase was due to stimulus funds received from the federal government. Increases related to stimulus funds totaled approximately \$752 million. State Participation, which represents cash of the General Fund and cash of other state agencies that is not invested for the benefit of a particular agency, also increased year over year, rising by approximately \$398 million. Most of this increase was also related to stimulus funds. The next largest increase in state agency investments was a \$379 million increase in the accounts of the West Virginia Department of Transportation (the "DOT"). During fiscal year 2021, the state issued additional general obligation state road bonds under the Governor's Roads to Prosperity program. The state received approximately \$685 million from these sales. Offsetting the increase due to the bond sales were decreases totaling \$306 million in the state road fund and 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 decreased by \$39.2 million from fiscal year end 2020. State agency deposits, which made up just over 89% of the funds invested in the Pool at the end of fiscal year 2021, decreased by \$31.6 million over the course of the fiscal year. The decrease in state agency deposits was composed of a \$24.2 million decrease in West Virginia Housing Development Fund deposits, a \$7.8 million decrease in West Virginia Municipal Bond Commission deposits, a \$0.7 million decrease in Division of Environmental Protection (the "DEP") deposits and a net increase of \$0.3 million in other state agency deposits. Direct local government investments in the Pool are predominately made by county school boards. Over fiscal year 2021, local government investments decreased by \$7.5 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 \$5.2 million from fiscal year-end 2020. A majority of the increase was from the reinvestment of \$23.0 million in net income and capital gains distributions by participants over the course of the fiscal year. Offsetting this increase was net withdrawals by participants of \$7.9 million and a decline in fair value of investments of \$9.9 million during the fiscal year.

Net position held in trust for individual account holders represent individual state agency accounts with specific investment needs. In accordance with State Code, legal ownership of the securities rests with the BTI, with the BTI establishing the number of units and the unit value for each account. Each agency owns 100% of the units of the investments in their accounts and is responsible for providing the BTI with investment guidelines that are consistent with the legal restrictions applicable to the assets in the account. The BTI manages these accounts in accordance with the accounts' investment guidelines and directions from the account owners. Net position for individual account holders decreased by \$56.5 million from the prior fiscal year.

The MBC was responsible for the majority of the decrease in net position for individual account holders. The MBC account holds investments escrowed to defease certain municipal bond issues. Levels of investment in this account are affected by municipal refinancing/refunding activity levels and the availability of, and yield on, eligible assets. The net position of the MBC Account decreased by \$51.3 million during fiscal year 2021. The net decrease in the net position was composed of deposits totaling

\$34.9 million plus net income of \$1.0 million, less withdrawals from the account of \$87.2 million during the year.

Investments in the State Loan Pool rose during the fiscal year, increasing by \$2.8 million. The balance of the Revolving Loan program increased by \$4.6 million for the year as the WVEDA made draws on the loan program. Loan draws totaling \$14.8 million were made during the year. Offsetting the draws were regular monthly principal payments and extra principal payments totaling \$10.2 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 final closeout occurred in January 2021, with the WVEDA returning the remaining \$0.3 million of cash on hand and the BTI closing out the outstanding principal balance of \$24.0 million in the loan loss reserve. During the 2021 Regular Legislative Session, Senate Bill 295 was passed which eliminated the code provisions authorizing the non-recourse loan program. See Note 1 to the financial statements for further discussion on the Non-Recourse Loan program and Note 3 to the financial statements for further discussion on the provision for loan loss reserves. In addition to eliminating the Non-recourse Loan program, Senate Bill 295 also increased the loan limits for the WVEDA Broadband Loan from \$50 million to \$80 million and required the BTI to transfer amounts necessary to the WVEDA to cover obligations under their broadband loan insurance program. During fiscal year 2021, the BTI and WVEDA had modified the loan agreement and promissory note to allow for the WVEDA to leave amounts needed for loan insurance commitments to remain invested with the WVSTO in the WV Money Market Pool. Pursuant to the changes, the WVEDA had returned the \$1.48 million previously transferred to them, resulting in no outstanding loan balance as of the fiscal year-ended 2021 for the WVEDA Broadband Loan program. Senate Bill 295's modifications to the code authorizing the WVEDA Broadband Loan program now requires that the BTI transfer amounts to the WVEDA sufficient to cover the WVEDA's obligations for broadband loan insurance. As of the end of fiscal year 2021, the WVEDA had committed to insuring \$41.4 million in loans with \$2.5 million of that amount currently obligated for loan insurance. The BTI will transfer the \$2.5 million to the WVEDA upon completion of modifications to the loan agreement and promissory note. The WVEDA Broadband Loan program is more fully discussed in Note 7 to the financial statements.

The net position of the WV Bank Pool decreased by approximately \$7.7 million during fiscal year 2021. Even with low rates for offered funds, demand for funds through the West Virginia CD program continued to decline during fiscal year 2021. The BTI continued offering \$15 million at each monthly auction during fiscal year 2021, placing approximately 62% of the funds offered at auction.

For the remaining accounts, the net position of the School Fund decreased by \$0.3 million while the West Virginia Economic Development Authority – American Woodmark (“EDA-AW”) account net position fell by nearly \$0.1 million as a result of a decline in the fair value of the investment in the account. The balance of the Reserve Pool did not change significantly over the fiscal 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, 2021 and 2020 (in thousands).

	Year Ended June 30,	
	2021	2020
<b>Additions</b>		
Net investment income	\$ 25,931	\$ 100,085
Net realized gain (loss)	7,087	6,622
Net increase (decrease) in fair value of investments	(9,965)	7,742
Unit purchases and contributions	16,634,851	13,609,364
Total additions	16,657,904	13,723,813
<b>Deductions</b>		
Distributions	29,836	101,340
Unit redemptions and withdrawals	14,976,011	12,324,170
Total deductions	15,005,847	12,425,510
Change in net position	1,652,057	1,298,303
Net position at beginning of year	6,467,527	5,169,224
Net position at end of year	\$ 8,119,584	\$ 6,467,527

Fiscal year 2021 net investment income dropped significantly from fiscal year 2020, falling by \$74.1 million year-over-year. The decline in income was due to monetary actions by the Fed to maintain an ultra-low interest rate environment over the course of fiscal year 2021. Additionally, a surplus of cash versus a shortage of short-term high-quality investments helped to suppress yields in the short end of the yield curve. All of the pools and accounts experienced decreases in net investment income with the exception of the MBC Account. The WV Money Market Pool's net investment income decreased by \$61.5 million, accounting for most of the overall net decrease. The WV Government Money Market Pool net investment income was \$3.7 million less than the net investment income for the pool for fiscal year 2020. Net investment income in the WV Short Term Bond Pool decreased by \$6.8 million from fiscal year 2020. The WV Bank Pool's net investment income decreased by \$1.2 million and the State Loan Pool's net investment income decreased by \$0.9 million. Net investment income of the Reserve Pool fell by \$0.3 million. The MBC Account's net investment income increased by \$0.3 million. Net investment income in the School Fund and EDA-AW Account were little changed from fiscal year 2020.

The Fed maintained their benchmark rate at a range of 0 to 25 basis points over the entire fiscal year and continued to pump reserves into the market through their continued quantitative easing. These actions by the Fed helped to maintain a low interest rate environment during fiscal year 2021. In addition to the Fed's actions, the flood of fiscal stimulus monies into the market put further downward pressure on short-term rates. These factors were primarily responsible for the decline in net income in the BTI's two principal stability pools. WV Money Market Pool performance, net of advisor fees, dropped by 157 basis points from 1.71% in fiscal year 2020 to 0.14% for fiscal year 2021. Although the pool's net position increased by over \$1.7 billion, the actions of the Fed and the flood of cash seeking out short-term high-quality investments more than offset the increase in net position, resulting in a decline of \$61.5 million in net investment income from fiscal year 2020.

The WV Government Money Market Pool also experienced a similarly severe decrease in net-of-advisor-fee performance year-over-year, with returns falling by 142 basis points from 1.47% in fiscal year 2020 to

only 0.05% in fiscal year 2021. While the Fed's actions played a large part in the decline in yields, the flood of cash into the front end of the markets was felt more severely by the WV Government Money Market Pool as short-dated Treasury yields were pushed down to 1 basis point or less. Net investment income dropped by almost 96% year-over-year, falling from \$3.8 million in 2020 to only \$0.2 million in 2021. Also contributing to this decline was a decrease in net position of \$39.0 million.

The WV Short Term Bond Pool's performance, net of advisor fees, also dropped significantly from fiscal year 2020 levels. The return for fiscal year 2021 fell 302 basis points from fiscal year 2020 levels, dropping from 4.52% to 1.45%. Net investment income, which is one component of the total return for the pool, fell by \$6.8 million from fiscal year 2020 levels. With the Fed maintaining a low interest rate environment, the yield on securities purchased for the pool during fiscal year 2021 were below levels available in the market during fiscal year 2020. The average purchase yield on securities fell from approximately 2.20% at the end of fiscal year 2020 to approximately 1.36% as of the end of fiscal year 2021. This decline in purchase yield was the primary cause of the decrease in net investment income.

The WV Bank Pool's net investment income decreased by \$1.2 million from fiscal year 2020 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 1.54% in fiscal year 2020 to only 0.24% in fiscal year 2021. Contributing to the decline in net investment income was a decline in the placement of funds, with an average placement of \$10.0 million per auction in fiscal year 2021 versus an average placement of \$11.6 million in fiscal year 2020.

Net investment income in the Loan Pool decreased by \$0.9 million from fiscal year 2020 levels. Interest income in the pool decreased year-over-year by approximately \$1.0 million as rates on the Revolving Loan reset lower. 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 decreasing from 2.46% for fiscal year 2020 to 1.69% for fiscal year 2021. The rate on the Broadband Loan, which is reset quarterly based on the rolling twelve-month return for the WV Money Market Pool, also fell throughout the year, falling from an average rate of 2.32% for fiscal year 2020 to only 1.16% through the third quarter of fiscal year 2021. In January 2021, the WVEDA returned the full amount of the sole outstanding loan in the program to the WVBTI to be held in the WV Money Market Pool, reducing the outstanding principal from \$1.48 million to zero. During fiscal year 2021, there were no write-downs on the Non-Recourse Loan as the program was closed out and terminated in the second half of the fiscal year. See Note 1 to the audited financial statements for more information on the Non-Recourse Loan program and Note 7 to the audited financial statements for more information on the remaining loan programs of the Loan Pool.

The Reserve Pool's net investment income decreased \$0.3 million from fiscal year 2020 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 low interest rate levels throughout the fiscal year.

Net investment income for the MBC Account rose by \$0.3 million from fiscal year 2020. The primary cause of the increase in net investment income was due to the account being opened for a full year versus only a partial year for fiscal year 2020. The average asset balance over the course of fiscal year 2021 was almost double that of fiscal year 2020, coming in at \$85.1 million versus 2020's average of \$46.7 million. The higher level of 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 \$7.1 million. The net realized gain for fiscal year 2021 was approximately \$0.5 million higher than fiscal year 2020's net realized gain of \$6.6 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 2021 of \$7.1 million. The net realized gains were the result of 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. Both the WV Money Market and WV Government Money Market Pools had net realized gains during fiscal year 2021 that were substantially lower than their realized gains in fiscal year 2020. 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 negative for fiscal year 2021, falling by \$9.9 million for the year versus a positive \$7.7 million for fiscal year 2020. The WV Short Term Bond Pool accounted for all but a small amount of the decline in fair value, declining a total of \$7.7 million over fiscal year 2021. With an increase in inflation over the last half of the fiscal year, the market began pricing in earlier policy tightening by the Fed, sending yields on longer dated securities up. While yields on Treasuries with maturities one-year and under were below fiscal year-end 2020 levels, yields in Treasuries in the two- and three-year maturity range were up 9 basis points to 29 basis points. The fair value declines resulting from the increasing yields in the Treasury market were moderated in the credit markets as credit spreads tightened over the fiscal year.

The change in fair value in the EDA-AW Account was similar to the prior year, falling 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.

Over the course of fiscal year 2021, the Fed continued to maintain their benchmark rate at a range of 0 to 25 basis points. Several market support programs that had been initiated by the Fed during fiscal year 2020 in response to the pandemic were wound down during fiscal year 2021. Although the programs had seen little to no usage by eligible market participants, the programs were judged to have been effective at stabilizing the financial markets. The Fed continued the expansion of their balance sheet, purchasing \$120 billion of agency mortgage-backed securities and Treasuries through their quantitative easing program. Over the course of the fiscal year, the Fed's balance sheet rose from approximately \$7 trillion as of the end of fiscal year 2020 to over \$8 trillion by the end of fiscal year 2021. In addition to the \$1 trillion in liquidity injected into the markets via quantitative easing, fiscal stimulus from the U.S. government continued to be spread throughout the economy. Funds from the \$2.2 trillion CARES Act, which was passed in March 2020, continued to be distributed throughout the economy. The U.S. Congress passed another fiscal stimulus measure during fiscal year 2021 in March 2021. The ARP was a \$1.9 trillion economic stimulus package that provided support to various sectors of the economy through direct payments to individuals, grants to businesses, direct aid to state, local and tribal governments for budget shortfalls, education funding, funding for housing, and a continuation of enhanced unemployment benefits through Labor Day 2021. With the abundance of liquidity in the market from both fiscal and monetary stimulus, short-term yields were pushed down towards zero. By May of 2021, Treasury bill yields had fallen to zero or negative for bills with maturities up to 90 days and overnight Treasury repurchase agreement rates had fallen to 0.005%. Short-term credit spreads were also compressed as buyers in search of yield bid up the prices of short-term credit products. At the June 2021 Federal Open Market Committee ("FOMC"), the Fed left their benchmark rate unchanged, but did tweak the rates on some of the tools used to help control their benchmark rate. The Fed raised the rate on their overnight reverse repurchase facility from 0 to 5 basis points and raised the interest paid on excess reserves from 10 to 15 basis points. In addition to these changes, the Fed

signaled that the pace of the U.S. economic recovery had moved forward their expectations as to how soon the Fed would begin to reduce policy support. Front-end markets responded positively to these adjustments with overnight repo rates and short-dated Treasury yields moving to 5 basis points. Yields on Treasuries in the 1 to 5 year maturity range had moved higher throughout the fiscal year, with the yield on the 3-year Treasury ending the fiscal year up 28 basis points and the yield on the 5-year Treasury ending the fiscal year up 58 basis points. Credit spreads tightened throughout the fiscal year, with the ICE BofA US Corporate Index Option-Adjusted Spread falling 74 basis points over the fiscal year. Although the increases in risk free rates in the middle of the yield curve hurt performance in the WV Short Term Bond Pool over the second half of the fiscal year, steadily tightening credit spreads helped to moderate the decline in fair value.

During the fiscal year, economic growth in the U.S., as measured by Gross Domestic Product (“GDP”), rebounded sharply from fiscal year 2020’s pandemic induced slump. As with fiscal year 2020, the dominant theme affecting the economy was the path of COVID-19 over the year. Case counts and deaths increased in the cold winter months, leading to further lockdowns and curtailments of activity. However, as the weather began warming in the spring of 2021, restrictions began to be rolled back and further signs of a “return to normal” were evident. As vaccine rollouts expanded more broadly, case counts and deaths continued to decline. The second half of the fiscal year saw a U.S. economy growing at a rapid pace, averaging a growth rate in U.S. GDP of approximately 6.5%. As the pent-up demand of consumers that were weary of lockdowns and restrictions was unleashed on the economy, supply chains that had been suddenly shut down late fiscal year 2020, strained to keep up with the increased demand. Inflation surged to a reading 5.4% year-over-year by June 30, 2021, due to a combination of base effects from the prior fiscal year’s depressed levels and increasing prices in airline fares, construction materials, and used car prices. Businesses in the travel, leisure and hospitality sectors of the economy struggled to meet the rapid increase in demand, leading to increased prices. With the disruptions to worldwide supply chains, auto manufacturers and home builders faced rising input prices and shortages of components and materials. While the economy is expected to continue growing over the next several quarters, market participants were concerned that continued problems in supply chains and in hiring could become a constrain on economic growth. There was also further debate as to whether inflation was more pervasive and durable over time or whether the Fed’s position that inflationary pressures were isolated to certain segments of the economy and transient would be proven to be correct.

General revenue fund collections were \$5.6 million above the official fiscal year 2021 estimate and 10.9 percent above prior year receipts. The increase in revenues was due to the subsiding effects of the COVID-19 Pandemic that negatively impacted the latter portion of the previous fiscal year. In West Virginia, all capacity restrictions were removed for small businesses, retail stores, grocery stores, fitness centers, and museums in March of 2021. Nonfarm payroll employment increased from 664,200 in July 2020 to 686,700 in June 2021 – according to preliminary data released by the Bureau of Labor Statistics – as West Virginia’s economy showed signs of recovery.

West Virginia General Revenue Fund collections totaled nearly \$4.99 billion in fiscal year 2021. Even after discounting \$200 million in one-time revenues due to income tax deferral at the beginning of the year, overall collections still exceeded prior peak collections of nearly \$4.77 billion set in fiscal year 2019 by 1.3 percent. Despite the COVID-19 Pandemic, revenues still grew at an average annual rate of 0.7 percent over the past two years. Full revenue recovery was made possible by a sharp economic rebound in West Virginia aided partially by both fiscal stimulus and monetary stimulus from the Federal government. Among the major taxes, corporation net income tax receipts rose by an average annual rate of 15.6 percent over the past two years. Sales tax receipts rose by an average annual rate of 5.9 percent and personal income tax receipts rose by an average annual rate of 1.1 percent. Severance tax collections declined over the past two years at an average annual rate of 23.0 percent due to lower energy prices, lower coal sales and a reduction in the steam coal tax rate. However, higher natural gas prices and related increased use of coal in electric power generation stimulated a severance tax collection revenue rebound in the second half of fiscal year 2021. This revenue rebound should continue at a relatively strong pace in fiscal year 2022.

In addition to the \$5.6 million year-end revenue surplus over revised estimates, total appropriations in fiscal year 2021 were \$3.7 million less than the corresponding revenue estimate. Expirations from various sources totaled an additional \$21.5 million. The combined fiscal year 2021 budgetary surplus added up to \$30.8 million with unappropriated General Revenue surplus of \$15.4 million available for appropriation and \$15.4 million to be transferred to the Rainy Day A Fund. The future State budget picture remains highly uncertain pending resolution of the Pandemic and the expected scale back of federal fiscal stimulus and federal monetary stimulus programs. An extended pattern of conservative budgeting continues to be a necessary ingredient for continued budget balance during these uncertain times.

### **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, 315 70<sup>th</sup> Street SE, Charleston WV 25304.

(This page intentionally left blank.)

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

June 30, 2021

*(In Thousands)*

<b>Assets</b>	
Current assets:	
Cash	\$ 1,358
Receivables	<u>1,013</u>
Total current assets	2,371
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>3</u>
Total assets	<u><u>2,374</u></u>
 <b>Liabilities</b>	
Current liabilities:	
Accounts payable	<u>777</u>
Total liabilities	<u><u>777</u></u>
 <b>Net position</b>	
Net investment in capital assets	3
Unrestricted	<u>1,594</u>
Total net position	<u><u>\$ 1,597</u></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, 2021

*(In Thousands)*

<b>Operating revenues</b>	
Management services	\$ 1,517
Advisor services	2,100
Custodian services	<u>174</u>
Total operating revenues	<u>3,791</u>
 <b>Operating expenses</b>	
Advisor fees	2,101
Management fees	693
Professional service fees	277
Fiduciary bond	20
Custodian fees	174
General and administrative	225
Depreciation	<u>3</u>
Total operating expenses	<u>3,493</u>
 <b>Operating income</b>	 <u>298</u>
 Change in net position	 298
Net position at beginning of period	<u>1,299</u>
Net position at end of period	<u><u>\$ 1,597</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, 2021

*(In Thousands)*

<b>Cash flows from operating activities</b>	
Cash received for services	\$ 3,643
Payments to vendors	<u>(3,378)</u>
Net cash provided by operating activities	<u>265</u>
Net increase in cash	265
Cash at beginning of period	<u>1,093</u>
Cash at end of period	<u><u>\$ 1,358</u></u>
<b>Reconciliation of operating income to net cash used in operating activities</b>	
Operating income	\$ 298
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation	3
Changes in assets and liabilities:	
Receivables	(148)
Accounts payable	<u>112</u>
Net cash provided by operating activities	<u><u>\$ 265</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, 2021

*(In Thousands)*

**Assets**

Investments:

At amortized cost	\$7,269,867
At fair value	847,422
Total investments	8,117,289

Receivables:

Accrued interest	4,674
Dividends	5
Other	14
Total receivables	4,693
Total assets	8,121,982

**Liabilities**

Accrued expenses	1,013
Dividends payable	1,385
Total liabilities	2,398

**Net Position**

Held in trust for investment pool participants	7,884,334
Held in trust for individual investment account holders	235,250
Total net position	\$8,119,584

*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, 2021

(In Thousands)

<b>Additions</b>	
Investment income:	
Interest	\$ 25,320
Dividends	225
Net amortization	4,175
Provision for uncollectible loans	-
Total investment income	29,720
Investment expenses:	
Investment advisor fees	2,100
Custodian bank fees	174
Administrative fees	1,515
Total investment expenses	3,789
Net investment income	25,931
Net realized gain from investments	7,087
Net decrease in fair value of investments	(9,965)
Net increase in net position from operations	23,053
Participant transaction additions:	
Purchase of pool units by participants	16,545,122
Reinvestment of pool distributions	31,373
Contributions to individual investment accounts	58,356
Total participant transaction additions	16,634,851
Total additions	16,657,904
<b>Deductions</b>	
Distributions to pool participants:	
Net investment income	22,749
Net realized gain from investments	7,087
Total distributions to pool participants	29,836
Participant transaction deductions:	
Redemption of pool units by participants	14,858,041
Withdrawals from individual investment accounts	117,970
Total participant transaction deductions	14,976,011
Total deductions	15,005,847
Change in net position	1,652,057
Net position at beginning of period	6,467,527
Net position at end of period	\$ 8,119,584

See accompanying notes to financial statements

(This page intentionally left blank.)

# West Virginia Board of Treasury Investments

## Notes to Financial Statements

June 30, 2021

### 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 is required to be a certified public accountant and one is required to be an attorney, with both having 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 Pool** – 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 Hermes and UBS Global Asset Management.

**WV Government Money Market Pool** – 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 backed by U.S. Government and Agency Obligations. The pool is managed by UBS Global Asset Management.

**WV Short Term Bond Pool** – 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 Pool** – This account 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. The State is the sole participant in this account.

**Loan Pool** – This account is composed of loans made by the State. The State is the sole participant in the account. During the 2017 regular 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 West Virginia Economic Development Authority (the “WVEDA”), from the Consolidated Fund, in the form of a non-recourse 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 non-recourse revolving loan is payable by the WVEDA solely from moneys received in respect to the insured debt instruments. Effective September 3, 2020, the Governor of the State of West Virginia entered Executive Order 66-20 to suspend individual and aggregate loan amount caps for the WVEDA Broadband Loan program. This action was intended to allow for utilization of the program to provide insurance for letters of credit to be issued on behalf of internet service providers who intend to participate in the Rural Digital Opportunity Fund Auction (the “RDOF”) offered by the Federal Communications Commission (the “FCC”).

During the 2021 Regular Legislative Session, Senate Bill 295 was passed, which increased the aggregate cap of the WVEDA Broadband Loan program to \$80 million and increased the annual limit on loans to a single company to \$20 million. Within the Loan account was a non-recourse loan made by the WVEDA to the West Virginia Enterprise Advancement Corporation (the “WVEAC”), which in turn invested the funds in the West Virginia Enterprise Capital Fund, LLC (the “WVECF”), which then invested 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 §12-6C-9, which required the BTI to transfer up to \$25,000,000 in State funds to the WVEDA. The funds transferred by the BTI were to be repaid with proceeds received by the WVEDA from the WVEAC, which was to make repayment to the WVEDA from the proceeds it received from the WVECF. The Loan account was restricted by statute to receiving 3% earnings on the funds transferred to the WVEDA. Although the non-recourse loan made by the WVEDA could earn more than 3%, only 3% was to be paid to the Loan account, with the WVEDA retaining the excess. The BTI was not responsible for exercising any discretion over or making any decisions regarding the lending, investing and repayment activities of the non-recourse loan program, or for any other loans in the Loan Pool. The WVEDA provided all bookkeeping and accounting records of the non-recourse loan program. The BTI’s role was to transfer the funds to the WVEDA when requested and to maintain an accounting for the loans within the Loan account based on information provided by the WVEDA. The WVEDA closed out the non-recourse loan program in January 2021. Senate Bill 295, passed during the 2021 Regular Legislative Session, terminated the non-recourse loan by eliminating the provisions of WV Code §12-6C-9 authorizing the program.

**Reserve Pool** – This account 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 account 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 account. Other funds are transferred to this pool as management deems necessary.

**Participant Directed Accounts** – The BTI also maintains accounts for individual State agencies with specific investment needs. These accounts 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 its account and is responsible for providing the BTI with investment guidelines that are consistent with the legal restrictions applicable to the assets in the account. The BTI manages these accounts in accordance with the accounts’ investment guidelines and directions from the account owners.

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. Senate Bill 297, passed during the 2021 Regular Legislative Session, has modified these restrictions, eliminating the seventy-five percent investment restriction and the minimum fifteen percent investment in direct obligations and obligations guaranteed by the United States government. The provisions of Senate Bill 297 became effective on July 8, 2021.

## 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) and six individual investment accounts (WV Bank, Loan, Reserve, Municipal Bond Commission, School Fund, and Economic Development Authority – American Woodmark).

### **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 fair 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 was previously used for the interest on the WVEDA Non-Recourse Loan held by the Loan Pool. Under this method, interest income is recognized once the principal balance of the loan had been recovered. The WVEDA Non-Recourse Loan was closed out in January 2021 with no further expectation of income.

**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. On January 21, 2021, the BTI received a final principal payment on the Non-Recourse Loan in the amount of \$268,577. The remaining \$24,057,201 was charged-off against the existing loan loss reserve. The Non-Recourse Loan program was terminated by the Legislature during the 2021 Regular Legislative Session through the passage of Senate Bill 295. At June 30, 2021, the Loan Pool had no allowance for uncollectible loans.

**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 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 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 \$1,358,000 at June 30, 2021. 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, 2021.

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

### **4. Investments and Deposits**

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

#### **Credit Risk**

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

WV Government Money Market Pool, WV Short Term Bond Pool, WV Bank Pool, Loan Pool, Reserve Pool, and School Fund Account.

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all long-term corporate debt be rated A+ or higher by Standard & Poor's (or its equivalent) and short-term corporate debt be rated at A-1 or higher by Standard & Poor's (or its equivalent). The pool must have at least 15% of its assets in U.S. Treasury obligations or obligations guaranteed as to repayment of interest and principal by the United States of America. The following table provides information on the credit ratings of the WV Money Market Pool's investments (in thousands):

Security Type	Credit Rating		Carrying Value (in Thousands)	Percent of Pool Assets
	Moody's	S&P		
U.S. Treasury notes *	Aaa	AA+	\$ 37,505	0.55%
U.S. Treasury bills *	P-1	A-1+	354,997	5.19
Commercial Paper	P-1	A-1+	1,302,573	19.04
	P-1	A-1	2,634,701	38.50
Negotiable certificates of deposit	P-1	A-1+	138,500	2.02
	P-1	A-1	812,504	11.88
Money market funds	Aaa	AAAm	1,600	0.02
	NR	AAAm	217,022	3.17
Repurchase agreements (underlying securities):				
U.S. Treasury bonds and notes*	Aaa	AA+	1,325,680	19.37
U.S. Agency bonds and notes	Aaa	AA+	17,920	0.26
			<u>\$ 6,843,002</u>	<u>100.00%</u>

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

The BTI limits the exposure to credit risk in the WV Government Money Market Pool by limiting the pool to U.S. Treasury issues, U.S. government agency issues, money market funds investing in U.S. Treasury issues and U.S. government agency issues, and repurchase agreements collateralized by U.S. Treasury issues and U.S. government agency issues. The pool must have at least 15% of its assets in U.S. Treasury obligations or obligations guaranteed as to repayment of interest and principal by the United States of America. The following table provides information on the credit ratings of the WV Government Money Market Pool's investments (in thousands):

Security Type	Credit Rating		Carrying Value (in Thousands)	Percent of Pool Assets
	Moody's	S&P		
U.S. Treasury bills *	P-1	A-1+	\$ 102,496	45.87%
U.S. agency bonds and notes	Aaa	AA+	47,124	21.08
U.S. agency discount notes	P-1	A-1+	52,697	23.58
Money market funds	Aaa	AAAm	149	0.07
Repurchase agreements (underlying securities):				
U.S. Treasury bonds and notes*	Aaa	AA+	21,000	9.40
			<u>\$ 223,466</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+	\$ 123,066	15.08%
U.S. agency collateralized mortgage obligations				
U.S. government guaranteed*	Aaa	AA+	16,295	2.00
Non-U.S. government guaranteed	Aaa	AA+	6,779	0.83
Corporate fixed- and floating-rate bonds and notes				
	Aaa	AAA	3,627	0.44
	Aaa	AA+	6,684	0.82
	Aa1	AA	2,549	0.31
	Aa2	AA+	1,354	0.17
	Aa2	AA	5,665	0.69
	Aa2	AA-	4,019	0.49
	Aa2	A+	4,400	0.54
	Aa2	NR	5,858	0.72
	Aa3	AA+	5,258	0.64
	Aa3	AA-	21,288	2.61
	Aa3	A+	7,793	0.96
	Aa3	A	4,168	0.51
	A1	AA	1,623	0.20
	A1	AA-	8,860	1.09
	A1	A+	28,261	3.46
	A1	A	14,323	1.76
	A1	A-	10,621	1.30
	A1	BBB+	8,103	0.99
	A2	A+	15,952	1.96
	A2	A	48,388	5.93
	A2	A-	28,214	3.46
	A2	BBB+	27,127	3.32
	A3	AA-	2,329	0.29
	A3	A+	9,145	1.12
	A3	A	9,351	1.15
	A3	A-	21,011	2.58
	A3	BBB+	24,656	3.02
	Baa1	A-	5,451	0.67
	Baa1	BBB+	19,851	2.43
	Baa1	BBB	3,115	0.38
	Baa1	NR	1,976	0.24

(Continued on next page)

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

Security Type	Credit Rating		Carrying Value (in Thousands)	Percent of Pool Assets
	Moody's	S&P		
	Baa2	A-	6,101	0.75
	Baa2	BBB+	11,436	1.40
	Baa2	BBB	27,925	3.42
	Baa2	BBB-	10,177	1.25
	Baa3	BBB	17,015	2.09
	Baa3	BBB-	22,599	2.77
	Baa3	NR	5,846	0.72
	Ba1	BBB-	6,703	0.82
	NR	A+	6,290	0.77
	NR	A-	5,935	0.73
	NR	BBB+	4,507	0.55
	NR	BBB	7,927	0.97
	NR	BBB-	1,588	0.19
Collateralized mortgage obligations	NR	AAA	79	0.01
Municipal Securities	Aa1	AAA	2,484	0.30
	Aa1	AA+	11,211	1.37
	Aa1	AA	2,789	0.34
	Aa2	AA+	6,630	0.81
	Aa2	AA	15,973	1.96
	Aa2	AA-	8,230	1.01
	Aa2	NR	8,556	1.05
	Aa3	AA-	2,233	0.27
	NR	AAA	2,876	0.35
	NR	AA+	3,172	0.39
Asset-backed securities	Aaa	AAA	19,696	2.41
	Aaa	NR	27,153	3.33
	Aa1	NR	8,183	1.00
	NR	AAA	49,648	6.09
Money market funds	Aaa	AAAm	5,756	0.72
			\$ 815,878	100.00%

NR = Not Rated

The WV Bank Pool holds an interest in a money market mutual fund valued at approximately \$114,000. 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 \$25,000. 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 \$1,000,000. The mutual fund is rated AAAM by Standard & Poor's and Aaa by Moody's. The BTI does not have a policy specifically addressing credit risk in the School Fund Account.

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All Consolidated Fund pools and accounts are subject to interest rate risk.

The overall weighted average maturity of the investments of the WV Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides information on the weighted average maturities for the various asset types in the WV Money Market Pool:

Security Type	Carrying Value (In Thousands)	WAM (Days)
U.S. Treasury notes	\$ 37,505	1
U.S. Treasury bills	354,997	13
Commercial paper	3,937,274	73
Negotiable certificates of deposit	951,004	65
Repurchase agreements	1,343,600	6
Money market funds	218,622	1
	\$ 6,843,002	52

The overall weighted average maturity of the investments of the WV Government Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides information on the weighted average maturities for the various asset types in the WV Government Money Market Pool:

Security Type	Carrying Value (In Thousands)	WAM (Days)
U.S. Treasury bills	\$ 102,496	54
U.S. agency bonds and notes	47,124	50
U.S. agency discount notes	52,697	41
Repurchase agreements	21,000	1
Money market funds	149	1
	\$ 223,466	45

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, 2021, the effective duration of the benchmark was 664 days. Maximum effective duration of individual securities cannot exceed 1,827 days (five years) from date of purchase. The following table provides information on the effective duration for the various asset types in the WV Short Term Bond Pool:

Security Type	Carrying Value (In Thousands)	Effective Duration (Days)
U.S. Treasury notes	\$ 123,066	638
U.S. agency collateralized mortgage obligations	23,074	213
Corporate fixed-rate bonds and notes	461,933	720
Corporate floating-rate bonds and notes	33,136	(6)
Collateralized mortgage obligations	79	752
Municipal Securities	64,154	608
Asset-backed securities	104,680	626
Money market funds	5,756	-
	\$ 815,878	638

The WV Bank Pool holds nonnegotiable certificates of deposit totaling \$60,100,000 with maturity dates ranging from July 2021 through December 2021, and an interest in a money market mutual fund valued at approximately \$114,000. 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 \$25,000 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 \$19,938,000 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 \$28,916,000 with a weighted average maturity of 302 days. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to fair value losses in the 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 \$1,000,000 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 \$1,627,000 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 \$60,100,000. The Reserve Pool contains funds totaling approximately \$19,938,000 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 Municipal Bond Commission Account, the School Fund Account and the EDA-AW Account at fair value for financial reporting purposes. Fair value is 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.

The fair value hierarchy 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 the fair value hierarchy levels as of June 30, 2021 (in thousands):

Investment Type	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	\$ 123,066	\$ -	\$ -	\$ 123,066
U.S. agency collateralized mortgage obligations	-	23,074	-	23,074
Corporate fixed-rate bonds and notes	-	461,933	-	461,933
Corporate floating-rate bonds and notes	-	33,136	-	33,136
Collateralized mortgage obligations	-	79	-	79
Municipal Securities	-	64,154	-	64,154
Asset-backed securities	-	104,680	-	104,680
Money market funds	5,756	-	-	5,756
	<u>\$ 128,822</u>	<u>\$ 687,056</u>	<u>\$ -</u>	<u>\$ 815,878</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 expected 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.

**Municipal Securities**

Level 2 municipal securities are evaluated based on factors such as trading activity reported through the Municipal Securities Rulemaking Board's Real-time Transaction Reporting System, levels on bellwether issues, established trading spreads between similar issuers or credits, historical trading spreads over widely accepted market benchmarks, new issue scales and other relevant market data.

**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 \$1,000,000 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 \$28,916,000. SLGS are special purpose securities the U.S. Department of the Treasury issues to state and local government entities, upon request by 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 \$1,627,000 using Level 1 inputs.

**6. Capital Assets**

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

	June 30, 2020	Increases	Decreases	June 30, 2021
Equipment, at cost	\$ 23	\$ -	\$ -	\$ 23
Accumulated depreciation	(17)	(3)	-	(20)
Equipment, net of accumulated depreciation	\$ 6	\$ (3)	\$ -	\$ 3

**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, 2021, 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, 2021, was 1.69%. 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, 2021, the outstanding balance was \$123,220,000.
- b. 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, 2021, the annualized rate is 0.31%. The WVEDA is required to make quarterly payments to pay all accrued interest on the 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, 2021, there was no outstanding loan to the WVEDA.

Effective September 3, 2020, the Governor of the State of West Virginia entered Executive Order 66-20 to suspend individual and aggregate loan amount caps for the WVEDA Broadband Loan program. This action was intended to allow for utilization of the program to provide insurance for letters of credit to be issued on behalf of internet service providers who intend to participate in the Rural Digital Opportunity Fund Auction (the “RDOF”) offered by the Federal Communications Commission (the “FCC”). The Governor has also directed the WVEDA to limit any further applications that may be approved to only those projects that will use the debt guarantee to obtain a letter of credit for RDOF funded projects. During the 2021 regular legislative session, the Legislature passed Senate Bill 295 which increased the aggregate loan amount to \$80 million and increased the annual per-entity loan amount to \$20 million.

As of June 30, 2021, the WVEDA has provided the BTI with Notices of Intent to Request Advance (the “Notices”) indicating that the WVEDA has committed to provide insurance for broadband expansion related debt instruments totaling \$41,417,000. The loan insurance commitments cover seven broadband expansion related debt instruments for five separate broadband service providers. As of June 30, 2021, the insured debt instruments are in good standing and the likelihood of a default appears remote. Under the original promissory note and loan agreement, WVEDA did not intend to make any draws on the broadband loan until there was a default on an insured debt instrument. Senate Bill 295 made changes to code that require the BTI to transfer funds to the WVEDA for obligations related to debt instruments insured by the WVEDA. Upon execution of a revised Promissory Note and Loan Agreement, the BTI will transfer an amount equal to the WVEDA’s estimated exposure for outstanding balances of the debt obligations insured by the WVEDA. As of June 30, 2021, the WVEDA’s exposure for the insured debt obligations was \$2,532,000. The remaining committed amounts will be transferred to EDA as their obligations increase on the insured debt instruments.

## 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, 2021, the BTI reimbursed the Treasurer's Office \$747,000 for services, which includes \$694,000 for management services provided by Treasurer's Office employees. As of June 30, 2021, the BTI had an amount payable to the Treasurer's Office totaling \$61,000, of which \$55,000 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 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 evaluated the pools and accounts it manages and determined that each qualifies as a fiduciary activity. Since these pools and accounts were already accounted for as fiduciary activities, there are no changes necessary in the BTI's accounting and financial reports.

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 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 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, 2021. Because the BTI does not engage in hedging derivative transactions or leases, it is not affected by this statement.

The GASB has issued a statement related to financial reporting for public-private and public-public partnership arrangements: Statement No. 94, *Public-Private and Public-Public Partnership and Availability Payment Arrangements*. The objective of Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (“PPPs”). As used in Statement 94, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a non-financial asset, such as infrastructure, or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for reporting periods beginning after June 15, 2022. Because the BTI does not engage in PPP arrangements, it is not affected by this statement.

The GASB has issued a statement related to accounting and financial reporting for subscription-based information technology arrangements (“SBITAs”) for government end users: Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of Statement 96 is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. The provisions of this statement are effective for reporting periods beginning after June 15, 2022. Because the BTI does not engage in SBITAs that would be subject to this statement, it is not affected by this statement.

(This page intentionally left blank.)

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

June 30, 2021

(In Thousands)

	<b>WV Money Market Pool</b>	<b>WV Government Money Market Pool</b>	<b>WV Short Term Bond Pool</b>	<b>WV Bank Pool</b>	<b>Loan Pool</b>
<b>Assets</b>					
Investments:					
At amortized cost	\$ 6,843,002	\$ 223,466	\$ -	\$ 60,214	\$ 123,245
At fair value	-	-	815,878	-	-
Receivables:					
Accrued interest	391	6	3,959	33	169
Dividends	5	-	-	-	-
Other	14	-	-	-	-
Total receivables	<u>410</u>	<u>6</u>	<u>3,959</u>	<u>33</u>	<u>169</u>
Total assets	<u>6,843,412</u>	<u>223,472</u>	<u>819,837</u>	<u>60,247</u>	<u>123,414</u>
<b>Liabilities</b>					
Accrued expenses	792	40	170	4	7
Dividends payable	-	-	1,385	-	-
Total liabilities	<u>792</u>	<u>40</u>	<u>1,555</u>	<u>4</u>	<u>7</u>
<b>Net Position</b>					
Held in trust for investment pool participants	6,842,620	223,432	818,282	-	-
Held in trust for individual investment account holders	-	-	-	60,243	123,407
Total net position	<u>\$ 6,842,620</u>	<u>\$ 223,432</u>	<u>\$ 818,282</u>	<u>\$ 60,243</u>	<u>\$ 123,407</u>

(Continued)

<b>Reserve Pool</b>	<b>Municipal Bond Commission Account</b>	<b>School Fund Account</b>	<b>Economic Development Authority - American Woodmark Account</b>	<b>Total</b>
\$ 19,940	\$ -	\$ -	\$ -	\$7,269,867
-	28,916	1,000	1,628	847,422
2	80	-	34	4,674
-	-	-	-	5
-	-	-	-	14
<u>2</u>	<u>80</u>	<u>-</u>	<u>34</u>	<u>4,693</u>
19,942	28,996	1,000	1,662	8,121,982
-	-	-	-	1,013
-	-	-	-	1,385
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,398</u>
-	-	-	-	7,884,334
19,942	28,996	1,000	1,662	235,250
<u>\$ 19,942</u>	<u>\$ 28,996</u>	<u>\$ 1,000</u>	<u>\$ 1,662</u>	<u>\$8,119,584</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, 2021

(In Thousands)

	<b>WV Money Market Pool</b>	<b>WV Government Money Market Pool</b>	<b>WV Short Term Bond Pool</b>	<b>WV Bank Pool</b>	<b>Loan Pool</b>
<b>Additions</b>					
Investment income:					
Interest	\$ 3,571	\$ 195	\$ 18,312	\$ 198	\$ 1,990
Dividends	222	-	3	-	-
Net (amortization) accretion	7,332	131	(3,271)	-	-
Provision for uncollectible loans	-	-	-	-	-
Total investment income	<u>11,125</u>	<u>326</u>	<u>15,044</u>	<u>198</u>	<u>1,990</u>
Investment expenses:					
Investment advisor fees	1,547	87	466	-	-
Custodian bank fees	136	14	24	-	-
Administrative fees	1,223	56	193	14	27
Total investment expenses	<u>2,906</u>	<u>157</u>	<u>683</u>	<u>14</u>	<u>27</u>
Net investment income	8,219	169	14,361	184	1,963
Net realized gain from investments	3	3	7,081	-	-
Net decrease in fair value of investments	-	-	(9,891)	-	-
Net increase in net position from operations	8,222	172	11,551	184	1,963
Participant transaction additions:					
Purchase of pool units by participants	16,100,293	411,199	33,630	-	-
Reinvestment of pool distributions	8,220	172	22,981	-	-
Contributions to individual investment accounts	-	-	-	10,985	12,390
Total participant transaction additions	<u>16,108,513</u>	<u>411,371</u>	<u>56,611</u>	<u>10,985</u>	<u>12,390</u>
Total additions	16,116,735	411,543	68,162	11,169	14,353
<b>Deductions</b>					
Distributions to pool participants:					
Net investment income	8,219	169	14,361	-	-
Net realized gain from investments	3	3	7,081	-	-
Total distributions to pool participants	<u>8,222</u>	<u>172</u>	<u>21,442</u>	<u>-</u>	<u>-</u>
Participant transaction deductions:					
Redemption of pool units by participants	14,365,867	450,617	41,557	-	-
Withdrawals from individual investment accounts	-	-	-	18,835	11,515
Total participant transaction deductions	<u>14,365,867</u>	<u>450,617</u>	<u>41,557</u>	<u>18,835</u>	<u>11,515</u>
Total deductions	<u>14,374,089</u>	<u>450,789</u>	<u>62,999</u>	<u>18,835</u>	<u>11,515</u>
Change in net position	1,742,646	(39,246)	5,163	(7,666)	2,838
Net position at beginning of period	5,099,974	262,678	813,119	67,909	120,569
Net position at end of period	<u>\$ 6,842,620</u>	<u>\$ 223,432</u>	<u>\$ 818,282</u>	<u>\$ 60,243</u>	<u>\$ 123,407</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>
\$ 36	\$ 928	\$ -	\$ 90	\$ 25,320
-	-	-	-	225
-	-	-	(17)	4,175
-	-	-	-	-
<u>36</u>	<u>928</u>	<u>-</u>	<u>73</u>	<u>29,720</u>
-	-	-	-	2,100
-	-	-	-	174
-	<u>1</u>	-	<u>1</u>	<u>1,515</u>
-	<u>1</u>	-	<u>1</u>	<u>3,789</u>
36	927	-	72	25,931
-	-	-	-	7,087
-	-	-	(74)	(9,965)
<u>36</u>	<u>927</u>	<u>-</u>	<u>(2)</u>	<u>23,053</u>
-	-	-	-	16,545,122
-	-	-	-	31,373
<u>38</u>	<u>34,943</u>	<u>-</u>	<u>-</u>	<u>58,356</u>
<u>38</u>	<u>34,943</u>	<u>-</u>	<u>-</u>	<u>16,634,851</u>
74	35,870	-	(2)	16,657,904
-	-	-	-	22,749
-	-	-	-	7,087
-	-	-	-	29,836
-	-	-	-	14,858,041
<u>38</u>	<u>87,229</u>	<u>264</u>	<u>89</u>	<u>117,970</u>
<u>38</u>	<u>87,229</u>	<u>264</u>	<u>89</u>	<u>14,976,011</u>
<u>38</u>	<u>87,229</u>	<u>264</u>	<u>89</u>	<u>15,005,847</u>
36	(51,359)	(264)	(91)	1,652,057
<u>19,906</u>	<u>80,355</u>	<u>1,264</u>	<u>1,753</u>	<u>6,467,527</u>
<u>\$ 19,942</u>	<u>\$ 28,996</u>	<u>\$ 1,000</u>	<u>\$ 1,662</u>	<u>\$ 8,119,584</u>

**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities**  
**June 30, 2021**  
*(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 Notes</i>							
United States Treasury		0.084 % F	0.076	04/30/2023	37,500	37,505	37,501
Total U. S. Treasury Notes	0.5%					37,505	37,501
<i>U.S. Treasury Bills</i>							
United States Treasury		0.000 %	0.031 %	07/01/2021	80,000	80,000	80,000
United States Treasury		0.000	0.039	07/06/2021	60,000	60,000	60,000
United States Treasury		0.000	0.023	07/08/2021	90,000	90,000	89,999
United States Treasury		0.000	0.042	07/20/2021	50,000	49,999	49,999
United States Treasury		0.000	0.024	08/03/2021	75,000	\$ 74,998	\$ 74,997
Total U. S. Treasury Bills	5.3%					354,997	354,995
<i>Commercial Paper</i>							
Atlantic Asset Securities Corporation		0.000	0.051	07/01/2021	73,500	73,500	73,500
Barton Capital Corporation		0.000	0.071	07/01/2021	35,000	35,000	35,000
DZ Bank		0.000	0.046	07/01/2021	150,000	150,000	150,000
Nationwide Building Society		0.000	0.061	07/01/2021	5,000	5,000	4,999
Societe Generale		0.000	0.051	07/01/2021	35,000	35,000	35,000
Sumitomo Mitsui Trust		0.000	0.061	07/01/2021	24,750	24,750	24,750
Versailles		0.000	0.162	07/02/2021	50,000	50,000	50,000
National Bank of Canada		0.000	0.213	07/02/2021	15,000	15,000	15,000
Versailles		0.000	0.157	07/06/2021	20,000	20,000	20,000
Ciesco LP		0.000	0.233	07/06/2021	5,000	5,000	5,000
LMA Americas LLC		0.000	0.162	07/06/2021	50,000	49,999	49,999
Mizuho Bank		0.000	0.178	07/06/2021	12,000	12,000	12,000
NRW Bank		0.000	0.041	07/06/2021	50,000	50,000	49,999
National Bank of Canada		0.000	0.223	07/06/2021	16,000	16,000	16,000
Skandinaviska Enskilda Bank		0.000	0.213	07/06/2021	13,000	13,000	12,999
Toronto Dominion Bank		0.000	0.081	07/06/2021	65,000	64,999	64,998
Canadian Imperial Bank		0.000	0.203	07/07/2021	10,000	10,000	10,000
Nationwide Building Society		0.000	0.061	07/07/2021	55,000	54,999	54,999
Thunder Bay Funding Inc		0.000	0.274	07/07/2021	15,000	14,999	15,000
Manhattan Asset Funding Company		0.000	0.152	07/08/2021	15,050	15,050	15,050
Westpac Securities		0.000	0.203	07/08/2021	10,000	10,000	10,000
Chariot Funding LLC		0.000	0.223	07/09/2021	13,000	12,999	13,000
Collateralized Flex Co LLC		0.000	0.254	07/09/2021	10,000	9,999	10,000
Victory Receivables Corporation		0.000	0.142	07/09/2021	30,000	29,999	29,999
DNB Nor Bank ASA		0.000	0.193	07/12/2021	25,000	24,999	24,999
Sumitomo Mitsui Trust		0.000	0.203	07/12/2021	13,000	12,999	13,000
Ciesco LP		0.000	0.203	07/13/2021	10,000	9,999	10,000
Fed Caisses Desjardins		0.000	0.061	07/13/2021	50,000	49,999	49,999
Nationwide Building Society		0.000	0.058	07/13/2021	45,000	44,999	44,999
Collateralized Flex Co LLC		0.000	0.294	07/14/2021	20,000	19,998	20,000
CRC Funding LLC		0.000	0.203	07/14/2021	15,000	14,999	15,000
Nordea Bank ADP		0.000	0.193	07/14/2021	17,500	17,499	17,500
Nordea Bank ADP		0.000	0.198	07/15/2021	12,000	11,999	12,000
Bedford Row Funding Corporation		0.284 F	0.284	07/15/2021	26,500	26,500	26,502
ASB Finance LTD		0.000	0.244	07/16/2021	17,000	16,998	16,999
Fairway Finance Corporation		0.000	0.233	07/16/2021	9,000	8,999	9,000
NRW Bank		0.000	0.081	07/16/2021	40,000	39,999	39,999
Ciesco LP		0.000	0.203	07/19/2021	15,000	14,998	14,999

(Continued on Next Page)

F – Floating rate note security.

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

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

**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities (Continued)**  
**June 30, 2021**  
*(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>
FMS Wertmanagement		0.000	0.142	07/19/2021	48,000	47,997	47,998
Gotham Funding Corporation		0.000	0.213	07/19/2021	15,000	14,998	14,999
Societe Generale		0.000	0.101	07/19/2021	75,000	74,996	74,997
Atlantic Asset Securities Corporation		0.000	0.081	07/20/2021	16,000	15,999	15,999
Charta LLC		0.000	0.203	07/20/2021	10,000	9,999	10,000
Jupiter Securitization Company LLC		0.000	0.101	07/20/2021	50,000	49,997	49,998
Glencove Funding LLC		0.234	F 0.234	07/21/2021	10,000	10,000	10,000
Nationwide Building Society		0.000	0.091	07/23/2021	95,000	94,995	94,995
Mitsubishi UFJ Trust & Banking		0.000	0.162	07/26/2021	13,000	12,999	12,999
Collateralized Flex Co LLC		0.000	0.203	07/27/2021	10,000	9,999	10,000
Manhattan Asset Funding Company		0.000	0.061	07/27/2021	71,282	71,279	71,279
LMA Americas LLC		0.000	0.061	07/29/2021	20,000	19,999	19,999
Mitsubishi UFJ Trust & Banking		0.000	0.193	08/02/2021	13,000	12,998	12,999
Societe Generale		0.000	0.081	08/02/2021	50,000	49,996	49,997
Collateralized Flex Co LLC		0.000	0.183	08/03/2021	10,000	9,998	9,999
Groupe BPCE		0.000	0.142	08/03/2021	25,000	24,997	24,998
Old Line Funding Corporation		0.000	0.183	08/04/2021	7,500	7,499	7,499
Mitsubishi UFJ Trust & Banking		0.000	0.203	08/05/2021	13,000	12,997	12,999
BNZ International Funding		0.000	0.223	08/06/2021	10,000	9,998	9,999
Canadian Imperial Bank		0.225	F 0.225	08/06/2021	13,000	13,000	13,001
Versailles		0.213	F 0.190	08/06/2021	11,000	11,000	11,001
Fed Caisses Desjardins		0.000	0.081	08/09/2021	50,000	49,996	49,995
National Bank of Canada		0.000	0.173	08/09/2021	13,000	12,998	12,999
Sumitomo Mitsui Banking Corporation		0.000	0.162	08/09/2021	25,000	24,996	24,998
Collateralized Flex Co LLC		0.000	0.183	08/10/2021	7,500	7,498	7,499
Sumitomo Mitsui Trust		0.000	0.142	08/10/2021	10,000	9,998	9,999
Collateralized Flex Co LLC		0.000	0.223	08/11/2021	10,000	9,997	9,999
Svenska Handelsbanken AB		0.000	0.254	08/12/2021	12,000	11,996	11,999
Mitsubishi UFJ Trust & Banking		0.000	0.162	08/13/2021	13,000	12,998	12,999
Albion Capital Corporation		0.000	0.162	08/16/2021	24,068	24,063	24,064
Matchpoint Finance PLC		0.000	0.132	08/16/2021	10,000	9,998	9,999
BNP Paribas SA		0.000	0.122	08/18/2021	50,000	49,992	49,995
Chariot Funding LLC		0.000	0.157	08/18/2021	14,000	13,997	13,998
Skandinaviska Enskilda Bank		0.000	0.193	08/19/2021	10,930	10,927	10,929
Sumitomo Mitsui Trust		0.000	0.137	08/19/2021	50,000	49,991	49,995
Sumitomo Mitsui Trust		0.000	0.137	08/20/2021	15,000	14,997	14,999
Canadian Imperial Bank		0.246	F 0.246	08/20/2021	13,000	13,000	13,001
DBS Bank LTD		0.000	0.173	08/23/2021	13,000	12,997	12,998
LMA Americas LLC		0.000	0.193	08/23/2021	13,000	12,996	12,998
Sumitomo Mitsu Banking		0.000	0.193	08/23/2021	13,000	12,996	12,999
Collateralized Flex Co LLC		0.000	0.213	08/27/2021	25,000	24,992	24,997
DNB Nor Bank ASA		0.000	0.081	09/01/2021	30,000	29,996	29,996
Mitsubishi UFJ Trust & Banking		0.000	0.112	09/01/2021	13,000	12,998	12,998
Old Line Funding Corporation		0.000	0.183	09/01/2021	9,000	8,997	8,998
DNB Nor Bank ASA		0.000	0.081	09/02/2021	25,000	24,996	24,997
Cancara Asset Securitization		0.000	0.091	09/03/2021	30,000	29,995	29,994
Skandinaviska Enskilda Bank		0.000	0.172	09/03/2021	13,000	12,996	12,998
Svenska Handelsbanken AB		0.000	0.183	09/03/2021	13,000	12,996	12,998
Matchpoint Finance PLC		0.000	0.081	09/07/2021	20,000	19,997	19,996
National Australia Bank LTD		0.000	0.091	09/07/2021	50,000	49,991	49,993
Ridgefield Funding Company LLC		0.000	0.101	09/08/2021	60,000	59,988	59,990
Chariot Funding LLC		0.000	0.081	09/10/2021	25,000	24,996	24,996
Old Line Funding Corporation		0.000	0.193	09/10/2021	15,000	14,994	14,997
Bedford Row Funding Corporation		0.320	F 0.320	09/10/2021	10,000	10,000	10,000
Chariot Funding LLC		0.000	0.081	09/13/2021	35,000	34,994	34,993
Matchpoint Finance PLC		0.000	0.081	09/13/2021	25,000	24,996	24,994
NRW Bank		0.000	0.076	09/13/2021	28,000	27,996	27,995
Sheffield Receivables		0.000	0.081	09/13/2021	20,600	20,597	20,595

(Continued on Next Page)

F – Floating rate note security.

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

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

**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities (Continued)**  
**June 30, 2021**  
*(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>
Sumitomo Mitsui Banking Corporation		0.000	0.142	09/14/2021	20,000	19,994	19,997
Sumitomo Mitsu Banking		0.000	0.162	09/14/2021	19,821	19,814	19,818
Crown Point Capital Company		0.210	0.210	09/15/2021	25,000	25,000	25,000
Matchpoint Finance PLC		0.000	0.112	09/15/2021	30,000	29,993	29,993
Nordea Bank ADP		0.000	0.112	09/15/2021	30,000	29,993	29,995
Old Line Funding Corporation		0.000	0.193	09/15/2021	10,000	9,996	9,998
NRW Bank		0.000	0.076	09/16/2021	20,000	19,997	19,996
Oversea - Chinese Banking		0.000	0.183	09/16/2021	10,000	9,996	9,998
Collateralized Flex Co LLC		0.000	0.193	09/20/2021	10,000	9,996	9,998
Matchpoint Finance PLC		0.000	0.112	09/20/2021	13,000	12,997	12,997
Bedford Row Funding Corporation		0.184	F 0.184	09/20/2021	14,000	14,000	14,001
Mitsubishi UFJ Trust & Banking		0.000	0.127	09/22/2021	35,000	34,990	34,993
Albion Capital Corporation		0.000	0.142	09/23/2021	35,000	34,989	34,988
Sumitomo Mitsu Banking		0.000	0.101	09/24/2021	24,000	23,994	23,995
Royal Bank of Canada		0.310	F 0.290	09/24/2021	14,000	14,000	14,005
Old Line Funding Corporation		0.000	0.203	09/27/2021	10,000	9,995	9,997
United Overseas Bank		0.000	0.284	09/27/2021	13,000	12,991	12,997
DBS Bank LTD		0.000	0.183	10/01/2021	13,000	12,994	12,996
Old Line Funding Corporation		0.000	0.193	10/04/2021	10,000	9,995	9,997
Jupiter Securitization Company LLC		0.000	0.117	10/04/2021	32,500	32,490	32,489
Thunder Bay Funding Inc		0.000	0.193	10/04/2021	15,000	14,992	14,996
Skandinaviska Enskilda Bank		0.000	0.183	10/05/2021	13,000	12,994	12,996
Sumitomo Mitsu Banking		0.000	0.127	10/05/2021	13,000	12,996	12,997
Collateralized Flex Co LLC		0.000	0.254	10/08/2021	19,000	18,987	18,994
Thunder Bay Funding Inc		0.000	0.101	10/08/2021	27,000	26,993	26,992
Old Line Funding Corporation		0.000	0.112	10/12/2021	28,000	27,991	27,991
Canadian Imperial Bank		0.000	0.203	10/12/2021	10,000	9,994	9,997
Natixis		0.000	0.203	10/14/2021	15,000	14,991	14,996
Anglesea Funding LLC		0.200	0.200	10/15/2021	10,000	10,000	10,000
LMA Americas LLC		0.000	0.096	10/15/2021	13,000	12,996	12,995
Old Line Funding Corporation		0.000	0.244	10/15/2021	15,000	14,989	14,995
Thunder Bay Funding Inc		0.000	0.203	10/15/2021	15,000	14,991	14,995
National Bank of Canada		0.000	0.193	10/18/2021	13,000	12,993	12,996
Thunder Bay Funding Inc		0.000	0.091	10/18/2021	13,000	12,996	12,995
Fairway Finance Corporation		0.000	0.112	10/19/2021	20,713	20,706	20,705
Canadian Imperial Bank		0.000	0.183	10/20/2021	13,000	12,993	12,996
DBS Bank LTD		0.000	0.142	10/20/2021	16,000	15,993	15,993
ASB Finance LTD		0.000	0.183	10/22/2021	13,000	12,993	12,996
DBS Bank LTD		0.000	0.173	10/22/2021	13,000	12,993	12,994
Bedford Row Funding Corporation		0.186	F 0.186	10/25/2021	13,000	13,000	13,000
Collateralized Flex Co LLC		0.000	0.223	10/29/2021	6,000	5,996	5,998
Skandinaviska Enskilda Bank		0.000	0.193	10/29/2021	12,000	11,992	11,996
Old Line Funding Corporation		0.000	0.203	11/01/2021	12,000	11,992	11,995
ASB Finance LTD		0.000	0.198	11/03/2021	13,000	12,991	12,995
Fairway Finance Corporation		0.000	0.183	11/05/2021	13,000	12,992	12,994
LMA Americas LLC		0.000	0.173	11/08/2021	13,000	12,992	12,994
LMA Americas LLC		0.000	0.173	11/10/2021	34,250	34,229	34,233
ANZ National LTD		0.172	F 0.172	11/10/2021	5,000	5,000	5,000
Anglesea Funding LLC		0.280	F 0.240	11/12/2021	15,000	15,000	15,000
BNZ International Funding		0.000	0.173	11/15/2021	14,000	13,991	13,994
CAFCO LLC		0.000	0.162	11/15/2021	6,500	6,496	6,497
DBS Bank LTD		0.000	0.162	11/15/2021	13,000	12,992	12,992
Westpac Securities		0.000	0.203	11/15/2021	13,000	12,990	12,996
Svenska Handelsbanken AB		0.000	0.152	11/16/2021	13,000	12,993	12,994
Svenska Handelsbanken AB		0.000	0.142	11/17/2021	12,500	12,493	12,494
Westpac Banking Corporation		0.000	0.188	11/18/2021	13,000	12,991	12,995
Westpac Banking Corporation		0.170	F 0.170	11/24/2021	13,000	13,000	13,001
LMA Americas LLC		0.000	0.122	11/30/2021	15,000	14,992	14,991

(Continued on Next Page)

F – Floating rate note security.

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

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

**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities (Continued)**  
**June 30, 2021**  
*(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>
Oversea - Chinese Banking		0.000	0.213	12/08/2021	15,000	14,986	14,991
Bank of Nova Scotia		0.000	0.295	12/10/2021	5,000	4,993	4,998
Svenska Handelsbanken AB		0.000	0.213	12/16/2021	13,000	12,987	12,992
Toronto Dominion Bank		0.148	F 0.148	12/16/2021	13,000	13,000	13,001
ANZ National LTD		0.000	0.203	12/21/2021	10,000	9,990	9,995
DBS Bank LTD		0.000	0.142	12/21/2021	17,000	16,989	16,986
Collateralized Flex Co LLC		0.000	0.162	12/22/2021	38,000	37,971	37,968
Collateralized Flex Co LLC		0.000	0.162	01/03/2022	5,000	4,996	4,995
Bedford Row Funding Corporation		0.000	0.218	01/03/2022	11,500	11,487	11,490
Collateralized Flex Co LLC		0.000	0.162	01/05/2022	7,000	6,994	6,993
Fairway Finance Corporation		0.000	0.147	01/05/2022	25,000	24,981	24,981
Skandinaviska Enskilda Bank		0.000	0.213	01/05/2022	13,000	12,986	12,990
Collateralized Flex Co LLC		0.000	0.162	01/20/2022	9,000	8,992	8,991
Canadian Imperial Bank		0.000	0.183	02/11/2022	13,000	12,985	12,988
Skandinaviska Enskilda Bank		0.000	0.193	02/11/2022	10,150	10,138	10,140
United Overseas Bank		0.000	0.193	02/14/2022	15,000	14,982	14,985
Fairway Finance Corporation		0.000	0.142	02/24/2022	10,000	9,991	9,989
ASB Finance LTD		0.000	0.183	03/07/2022	13,000	12,984	12,986
Royal Bank of Canada		0.000	0.244	03/18/2022	10,000	9,983	9,986
Westpac Banking Corporation		0.000	0.244	03/25/2022	20,000	19,964	19,976
Canadian Imperial Bank		0.000	0.234	04/04/2022	13,000	12,977	12,984
Royal Bank of Canada		0.000	0.244	04/14/2022	10,000	9,981	9,984
Toronto Dominion Bank		0.000	0.254	04/20/2022	15,000	14,970	14,977
Toronto Dominion Bank		0.000	0.244	04/26/2022	17,500	17,465	17,473
Toronto Dominion Bank		0.000	0.244	04/29/2022	5,000	4,990	4,992
United Overseas Bank		0.000	0.223	05/03/2022	13,000	12,976	12,979
Toronto Dominion Bank		0.000	0.244	05/04/2022	7,500	7,485	7,488
Bank of Nova Scotia		0.000	0.234	05/05/2022	10,000	9,980	9,985
Toronto Dominion Bank		0.000	0.244	05/06/2022	10,000	9,979	9,984
Bank of Nova Scotia		0.000	0.203	05/12/2022	6,640	6,628	6,629
Toronto Dominion Bank		0.000	0.213	05/17/2022	15,825	15,796	15,798
Toronto Dominion Bank		0.000	0.234	05/18/2022	10,000	9,979	9,983
Toronto Dominion Bank		0.000	0.234	05/20/2022	10,000	9,980	9,983
Bank of Nova Scotia		0.220	F 0.220	06/02/2022	16,000	16,000	16,001
Royal Bank of Canada		0.000	0.213	06/21/2022	35,000	34,928	34,921
Bank of Nova Scotia		0.000	0.203	06/22/2022	13,000	12,974	12,975
Toronto Dominion Bank		0.000	0.213	06/23/2022	35,000	34,927	34,931
<b>Total Commercial Paper</b>	<b>57.5%</b>					<b>3,937,274</b>	<b>3,937,544</b>
<i>Negotiable Certificates of Deposit</i>							
KBC Bank		0.070	0.070	07/02/2021	75,000	75,000	75,000
KBC Bank		0.070	0.070	07/06/2021	40,000	40,000	40,000
Norinchukin Bank		0.050	0.050	07/07/2021	85,000	85,000	85,000
Swedbank AB		0.060	0.060	07/07/2021	50,000	50,000	50,000
Sumitomo Mitsu Banking		0.180	0.180	07/26/2021	13,000	13,000	13,001
DZ Bank		0.130	0.130	07/28/2021	10,000	10,000	10,000
MUFG Bank LTD		0.220	0.091	07/30/2021	35,000	35,004	35,005
Mizuho Bank		0.150	0.150	08/05/2021	35,000	35,000	35,002
Cooperative Rabobank		0.225	F 0.225	08/06/2021	9,000	9,000	9,001
Bank of Montreal		0.200	F 0.195	08/13/2021	13,000	13,000	13,001
Cooperative Rabobank		0.250	0.250	08/16/2021	12,000	12,000	12,003
Toronto Dominion Bank		0.255	F 0.215	08/20/2021	15,000	15,000	15,002
Sumitomo Mitsu Banking		0.170	0.170	08/24/2021	13,000	13,000	13,002
Canadian Imperial Bank		0.260	0.260	09/01/2021	15,000	15,000	15,004
Mizuho Bank		0.100	0.100	09/02/2021	127,500	127,500	127,503
Royal Bank of Canada		0.149	F 0.139	09/13/2021	13,000	13,000	13,000

(Continued on Next Page)

F – Floating rate note security.

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

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

**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities (Continued)**  
**June 30, 2021**  
*(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>
Mizuho Bank		0.090	0.090	09/17/2021	20,000	20,000	20,000
Sumitomo Mitsui Trust		0.210	0.210	09/17/2021	10,000	10,000	10,003
Sumitomo Mitsui Trust		0.080	0.080	09/23/2021	30,000	30,000	29,999
Royal Bank of Canada		0.250	F 0.250	10/01/2021	15,000	15,000	15,005
Sumitomo Mitsui Banking		0.212	F 0.212	10/01/2021	13,000	13,000	13,001
Oversea - Chinese Banking		0.120	0.120	10/06/2021	30,000	30,000	30,000
Bank of Nova Scotia		0.250	0.250	10/07/2021	25,000	25,000	25,011
Toronto Dominion Bank		0.270	0.270	10/08/2021	10,000	10,000	10,004
Svenska Handelsbanken AB		0.166	F 0.166	11/17/2021	13,000	13,000	12,999
Norinchukin Bank		0.150	0.150	11/22/2021	30,000	30,000	30,002
Cooperative Rabobank		0.145	F 0.145	12/21/2021	13,000	13,000	13,001
Canadian Imperial Bank		0.270	0.270	01/04/2022	15,000	15,000	15,011
Toronto Dominion Bank		0.250	F 0.250	02/16/2022	32,500	32,500	32,515
Bank of Montreal		0.210	0.210	03/03/2022	25,000	25,000	25,007
Royal Bank of Canada		0.210	0.210	03/09/2022	10,000	10,000	10,004
Bank of Montreal		0.240	0.240	03/15/2022	10,000	10,000	10,005
Bank of Montreal		0.240	0.240	03/23/2022	9,500	9,500	9,504
Bank of Montreal		0.240	0.240	03/25/2022	10,000	10,000	10,005
Bank of Nova Scotia		0.250	F 0.250	06/13/2022	12,500	12,500	12,506
Canadian Imperial Bank		0.250	F 0.250	06/16/2022	35,000	35,000	35,016
Bank of Montreal		0.200	0.200	06/23/2022	25,000	22,000	21,996
<b>Total Negotiable Certificates of Deposit</b>	<b>13.9%</b>					<b>951,004</b>	<b>951,118</b>
<i><b>Repurchase Agreements</b></i>							
Bank of America Securities		0.050	0.050	07/01/2021	765,600	765,600	765,600
BNP Paribas SA		0.050	0.050	07/01/2021	450,000	450,000	450,000
Natixis Finacial		0.055	0.055	07/01/2021	128,000	128,000	128,000
<b>Total Repurchase Agreements</b>	<b>19.6%</b>					<b>1,343,600</b>	<b>1,343,600</b>
<i><b>Money Market Funds</b></i>							
Federated		0.010	**		200	200	200
Federated		0.020	**		216,993	217,022	217,079
BlackRock Liquidity		0.030	**		1,399	1,400	1,400
<b>Total Money Market Funds</b>	<b>3.2%</b>					<b>218,622</b>	<b>218,679</b>
<b>Total Money Market Pool</b>	<b>100.0%</b>					<b>\$ 6,843,002</b>	<b>\$ 6,843,437</b>

(Continued on Next Page)

F – Floating rate note security.

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

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

**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities (Continued)**  
**June 30, 2021**  
*(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 Bills</i>							
United States Treasury		0.000	0.032	07/06/2021	10,000	10,000	10,000
United States Treasury		0.000	0.061	07/08/2021	3,000	3,000	3,000
United States Treasury		0.000	0.038	07/13/2021	12,000	12,000	12,000
United States Treasury		0.000	0.056	07/15/2021	4,000	4,000	4,000
United States Treasury		0.000	0.051	07/22/2021	7,000	7,000	7,000
United States Treasury		0.000	0.084	07/29/2021	4,500	4,500	4,500
United States Treasury		0.000	0.005	08/03/2021	5,000	5,000	5,000
United States Treasury		0.000	0.015	08/05/2021	2,000	2,000	2,000
United States Treasury		0.000	0.020	08/10/2021	3,000	3,000	3,000
United States Treasury		0.000	0.015	08/12/2021	2,000	2,000	2,000
United States Treasury		0.000	0.039	08/17/2021	4,000	4,000	4,000
United States Treasury		0.000	0.010	08/19/2021	7,000	7,000	6,999
United States Treasury		0.000	0.015	08/26/2021	2,000	2,000	2,000
United States Treasury		0.000	0.025	09/07/2021	2,000	2,000	2,000
United States Treasury		0.000	0.025	09/09/2021	2,000	2,000	2,000
United States Treasury		0.000	0.020	09/14/2021	3,000	3,000	3,000
United States Treasury		0.000	0.025	09/16/2021	2,000	2,000	2,000
United States Treasury		0.000	0.013	09/21/2021	7,000	7,000	6,999
United States Treasury		0.000	0.020	09/28/2021	3,000	3,000	3,000
United States Treasury		0.000	0.030	10/12/2021	2,000	2,000	2,000
United States Treasury		0.000	0.035	10/19/2021	3,000	2,999	2,999
United States Treasury		0.000	0.035	10/28/2021	3,000	2,999	2,999
United States Treasury		0.000	0.035	11/04/2021	2,000	2,000	2,000
United States Treasury		0.000	0.035	11/12/2021	2,000	2,000	2,000
United States Treasury		0.000	0.030	11/18/2021	2,000	2,000	2,000
United States Treasury		0.000	0.041	12/09/2021	2,000	1,999	1,999
United States Treasury		0.000	0.041	12/16/2021	2,000	1,999	1,999
<b>Total U. S. Treasury Bills</b>	<b>45.9%</b>					<b>102,496</b>	<b>102,494</b>
<i>U. S. Government Agency Bonds and Notes</i>							
Federal Home Loan Bank		0.115	0.121	07/16/2021	2,000	2,000	2,000
Federal Home Loan Bank		0.065	F 0.065	07/20/2021	2,000	2,000	2,000
Federal Home Loan Bank		0.125	0.137	08/16/2021	2,500	2,500	2,500
Federal Home Loan Bank		0.070	F 0.070	08/23/2021	2,000	2,000	2,000
Federal Home Loan Bank		0.065	F 0.065	08/27/2021	1,500	1,500	1,500
Federal Home Loan Bank		0.020	0.026	09/07/2021	3,000	3,000	3,000
Federal Home Loan Bank		0.020	0.018	09/21/2021	3,000	3,000	2,999
Federal Farm Credit Bank		0.100	0.127	10/08/2021	500	500	500
Federal Home Loan Bank		0.040	0.041	11/12/2021	3,000	3,000	3,000
Federal Home Loan Bank		0.060	F 0.060	11/17/2021	2,000	2,000	2,000
Federal Home Loan Bank		0.060	F 0.060	01/14/2022	2,000	2,000	2,000
Federal Home Loan Bank		0.045	0.046	02/01/2022	2,500	2,500	2,499
Federal Farm Credit Bank		0.060	0.068	02/10/2022	1,500	1,500	1,500
Federal Home Loan Bank		0.060	F 0.060	03/16/2022	1,500	1,500	1,500
Federal Home Loan Bank		0.050	0.062	03/17/2022	1,500	1,499	1,500
Federal Home Loan Mortgage Corporation		0.240	F 0.240	05/11/2022	2,000	2,000	2,002
Federal National Mortgage Association		0.230	F 0.230	05/13/2022	2,000	2,000	2,003
Federal National Mortgage Association		0.250	F 0.250	06/15/2022	2,000	2,000	2,003
Federal Home Loan Bank		0.060	F 0.060	06/23/2022	1,000	1,000	1,000
Federal Home Loan Bank		0.060	F 0.060	07/25/2022	2,000	2,000	1,999
Federal Home Loan Mortgage Corporation		0.150	F 0.150	07/29/2022	3,000	3,000	3,002
Federal Home Loan Mortgage Corporation		0.145	F 0.145	08/19/2022	1,000	1,000	1,000

(Continued on Next Page)

F – Floating rate note security.

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

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

**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities (Continued)**  
**June 30, 2021**  
*(In thousands)*

<b>WEST VIRGINIA GOVERNMENT 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>	
Federal Farm Credit Bank		0.100	F	0.100	11/21/2022	625	625	625
Federal Home Loan Bank		0.110	F	0.110	12/15/2022	1,000	1,000	1,001
Federal Farm Credit Bank		0.085	F	0.085	05/12/2023	1,000	1,000	999
Federal Farm Credit Bank		0.085	F	0.085	06/16/2023	1,000	1,000	999
Total U. S. Government Agency Bonds and Notes	21.1%						47,124	47,131
<i>U.S. Agency Discount Notes</i>								
Federal Home Loan Bank		0.000		0.018	07/09/2021	2,500	2,500	2,500
Federal Home Loan Bank		0.000		0.020	07/12/2021	2,000	2,000	2,000
Federal Home Loan Bank		0.000		0.018	07/16/2021	3,000	3,000	3,000
Federal Home Loan Bank		0.000		0.035	07/26/2021	4,500	4,500	4,500
Federal Home Loan Bank		0.000		0.020	07/28/2021	2,000	2,000	2,000
Federal Home Loan Bank		0.000		0.031	08/04/2021	8,162	8,161	8,162
Federal Home Loan Bank		0.000		0.035	08/11/2021	11,537	11,536	11,537
Federal Home Loan Bank		0.000		0.015	08/16/2021	3,000	3,000	3,000
Federal Farm Credit Bank		0.000		0.091	08/18/2021	1,000	1,000	1,000
Federal Home Loan Bank		0.000		0.009	08/18/2021	5,000	5,000	5,000
Federal Home Loan Bank		0.000		0.019	08/27/2021	2,000	2,000	2,000
Federal Home Loan Bank		0.000		0.020	09/01/2021	5,000	5,000	4,999
Federal Home Loan Bank		0.000		0.028	09/22/2021	3,000	3,000	3,000
Total U.S. Agency Discount Notes	23.5%						52,697	52,698
<i>Repurchase Agreements</i>								
Bank of America Securities		0.050		0.050	07/01/2021	21,000	21,000	21,000
Total Repurchase Agreements	9.4%						21,000	21,000
<i>Money Market Funds</i>								
BlackRock Liquidity		0.030	**			149	149	149
Total Money Market Funds	0.1%						149	149
<b>Total Government Money Market Pool</b>	<b>100.0%</b>						<b>\$ 223,466</b>	<b>\$ 223,472</b>

(Continued on Next Page)

F – Floating rate note security.

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

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

**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities (Continued)**  
**June 30, 2021**  
*(In thousands)*

**WEST VIRGINIA SHORT TERM BOND POOL**

<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>UNITS</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>U. S. Treasury Notes</i>							
United States Treasury		1.875 %	1.732 %	08/31/2022	20,307	\$ 20,340	\$ 20,721
United States Treasury		1.500	0.887	01/15/2023	34,000	34,318	34,688
United States Treasury		0.125	0.162	03/31/2023	16,000	15,990	15,974
United States Treasury		1.375	0.220	06/30/2023	20,500	20,971	20,960
United States Treasury		1.375	0.236	09/30/2023	30,000	30,766	30,723
Total U. S. Treasury Notes	15.1%					122,385	123,066
<i>U.S. Agency Collateralized Mortgage Obligations</i>							
Federal Home Loan Mortgage Corporation		1.749	1.914	02/25/2022	140	140	140
Federal Home Loan Mortgage Corporation		2.864	2.801	08/25/2022	2,379	2,375	2,423
Federal Home Loan Mortgage Corporation		2.838	1.679	09/25/2022	1,322	1,329	1,349
Government National Mortgage Association		4.000	2.366	09/16/2026	1,452	1,510	1,530
Federal Home Loan Mortgage Corporation		0.673	F 0.660	08/15/2030	63	63	62
Federal Home Loan Mortgage Corporation		0.573	F 0.622	09/15/2030	32	32	32
Federal Home Loan Mortgage Corporation		0.473	F 0.473	07/15/2031	25	25	25
Federal Home Loan Mortgage Corporation		0.523	F 0.520	12/15/2031	60	60	60
Federal Home Loan Mortgage Corporation		0.473	F 0.470	01/15/2033	104	104	105
Federal National Mortgage Association		0.342	F 0.664	03/25/2036	554	554	554
Federal National Mortgage Association		1.750	1.835	05/25/2040	910	903	918
Federal National Mortgage Association		1.750	1.777	08/25/2042	1,090	1,087	1,111
Government National Mortgage Association		0.507	F 0.559	12/20/2060	1,450	1,438	1,454
Government National Mortgage Association		0.607	F 0.610	12/20/2060	1,485	1,487	1,493
Government National Mortgage Association		0.707	F 0.689	02/20/2061	1,685	1,694	1,696
Government National Mortgage Association		0.607	F 0.610	06/20/2062	1,720	1,722	1,727
Government National Mortgage Association		0.627	F 0.626	08/20/2062	774	776	778
Government National Mortgage Association		0.447	F 0.480	12/20/2062	1,073	1,068	1,074
Government National Mortgage Association		0.507	F 0.527	03/20/2063	1,423	1,420	1,427
Government National Mortgage Association		0.557	F 0.568	04/20/2063	1,226	1,226	1,230
Government National Mortgage Association		0.807	F 0.779	08/20/2063	1,852	1,866	1,866
Government National Mortgage Association		0.507	F 0.532	04/20/2065	2,014	2,008	2,020
Total U.S. Agency Collateralized Mortgage Obligations	2.8%					22,887	23,074
<i>Corporate Fixed-Rate Bonds and Notes</i>							
Pacificorp		2.950	2.950	02/01/2022	5,500	5,500	5,550
Toyota Industries Corporation		3.110	3.110	03/12/2022	5,500	5,500	5,597
Burlington North Santa Fe		3.050	2.966	03/15/2022	2,300	2,301	2,329
Cadillac Fairview Property		3.125	3.089	03/20/2022	5,395	5,396	5,495
Midwest Connector Capital Company		3.625	3.055	04/01/2022	6,000	6,025	6,101
WEA Finance LLC		3.150	2.308	04/05/2022	2,820	2,838	2,862
DBS Group Holdings LTD		2.850	2.635	04/16/2022	5,750	5,759	5,858
Penske Truck Leasing		4.875	3.799	07/11/2022	5,000	5,054	5,216
Charter Communications		4.464	3.282	07/23/2022	2,800	2,834	2,899
Baltimore Gas & Electric Company		2.800	2.388	08/15/2022	3,631	3,647	3,708
Philp Morris Intl Inc		2.375	2.425	08/17/2022	3,897	3,895	3,985
VISA Inc		2.150	2.214	09/15/2022	4,000	3,997	4,087
National Rural Utilities		2.300	2.301	09/15/2022	3,600	3,600	3,673
Korea Hydro & Nuclear Power		3.000	3.821	09/19/2022	5,500	5,447	5,665
PRICOA Global Funding		2.450	2.424	09/21/2022	5,330	5,332	5,469
Macquarie Bank LTD		2.100	2.114	10/17/2022	6,000	5,999	6,137
Jones Lang LaSalle Inc		4.400	3.212	11/15/2022	7,294	7,409	7,586
Toronto Dominion Bank		1.900	1.937	12/01/2022	4,075	4,073	4,168
Santander UK PLC		2.100	2.121	01/13/2023	1,813	1,812	1,860

(Continued on Next Page)

F – Floating rate note security.

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

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

**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities (Continued)**  
**June 30, 2021**  
*(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>
Jefferies Group Inc		5.125	1.395	01/20/2023	5,390	5,698	5,759
AerCap Ireland Capital		3.300	3.357	01/23/2023	2,000	1,998	2,074
Nationwide Building Society		2.000	1.994	01/27/2023	5,000	5,000	5,128
Fifth Third Bancorp		1.800	1.829	01/30/2023	2,200	2,199	2,248
PNC Bank		2.950	2.430	01/30/2023	4,174	4,207	4,332
Carlyle Holdings Finance		3.875	2.737	02/01/2023	4,298	4,373	4,507
Barclays PLC		4.610	3.187	02/15/2023	4,200	4,294	4,307
Toyota Motor Credit Corporation		2.900	2.894	03/30/2023	3,515	3,515	3,671
JP Morgan Chase & Company		3.207	3.203	04/01/2023	7,000	7,000	7,148
Protective Life Global		0.502	0.502	04/12/2023	4,000	4,000	4,003
National Securities Clearing		1.200	1.232	04/23/2023	3,000	2,998	3,047
JP Morgan Chase & Company		2.776	2.727	04/25/2023	4,000	4,003	4,077
USAA Capital Corporation		1.500	1.542	05/01/2023	2,500	2,498	2,550
New York Life Global FDG		1.100	1.107	05/05/2023	1,500	1,500	1,519
Capital One Financial Corporation		2.600	1.080	05/11/2023	3,000	3,084	3,115
Amazon.com Inc		0.250	0.257	05/12/2023	1,625	1,625	1,623
Pioneer Natural Resources Company		0.550	0.553	05/15/2023	2,750	2,750	2,752
Dollar Tree Inc		3.700	1.597	05/15/2023	4,250	4,414	4,490
NatWest Markets PLC		2.375	2.486	05/21/2023	4,000	3,992	4,139
Nordea Bank		1.000	1.035	06/09/2023	1,800	1,799	1,821
Bright HSE Global Fund		0.600	0.608	06/28/2023	2,375	2,375	2,374
Svenska Handelsbanken AB		0.625	0.485	06/30/2023	4,000	4,011	4,019
Caterpillar Financial Services		0.650	0.669	07/07/2023	3,200	3,199	3,218
AIG Global Funding		0.800	0.826	07/07/2023	3,100	3,098	3,121
Crown Castle International		3.150	0.903	07/15/2023	1,900	1,986	1,995
Georgia Pacific LLC		3.734	0.784	07/15/2023	4,500	4,768	4,756
Cargill Inc		1.375	1.229	07/23/2023	6,800	6,820	6,925
General Motors Financial Corporation		1.700	1.733	08/18/2023	5,500	5,496	5,613
MassMutual Global Funding		0.480	0.401	08/28/2023	5,250	5,259	5,258
Skandinaviska Enskilda		0.550	0.558	09/01/2023	4,400	4,399	4,400
Entergy Louisiana LLC		4.050	3.165	09/01/2023	2,550	2,597	2,710
Sumitomo Mitsui Financial		0.800	0.815	09/12/2023	2,300	2,299	2,314
Caterpillar Financial Services		0.450	0.473	09/14/2023	1,515	1,514	1,518
Pacific Life GF II		0.500	0.542	09/23/2023	2,750	2,747	2,753
HollyFrontier Corporation		2.625	2.043	10/01/2023	5,842	5,916	6,040
Ally Financial Inc		1.450	1.662	10/02/2023	1,565	1,558	1,588
John Deere Capital Corporation		0.400	0.439	10/10/2023	6,000	5,995	6,005
Protective Life Global		0.631	0.631	10/13/2023	2,100	2,100	2,105
American Electric Power Company Inc		0.750	0.779	11/01/2023	2,200	2,199	2,201
Lloyds Banking Group PLC		2.907	2.581	11/07/2023	5,001	5,038	5,156
Entergy Louisiana LLC		0.620	0.626	11/17/2023	2,255	2,255	2,258
Sempra Energy		4.050	0.908	12/01/2023	1,000	1,075	1,074
Bank of Montreal		0.450	0.472	12/08/2023	5,800	5,797	5,820
MetLife Global Funding		0.400	0.412	01/07/2024	6,125	6,123	6,110
Hyundai Capital America		0.800	0.843	01/08/2024	4,000	3,996	3,983
Cooperative Rabobank		0.375	0.398	01/12/2024	6,125	6,121	6,100
Broadcom Corporation		3.625	2.185	01/15/2024	3,750	3,883	4,004
New York Life Global FDG		2.900	1.252	01/17/2024	2,000	2,082	2,119
Centerpoint Energy Inc		3.850	1.143	02/01/2024	2,374	2,537	2,550
Credit Suisse		0.495	0.495	02/02/2024	1,700	1,700	1,693
US Bancorp		3.375	0.577	02/05/2024	5,600	6,003	5,998
Microsoft Corporation		2.875	0.627	02/06/2024	3,430	3,628	3,628
Air Lease Corporation		0.700	0.917	02/15/2024	4,365	4,340	4,350
AerCap Ireland Capital		3.150	3.362	02/15/2024	3,400	3,382	3,569
John Hancock Life Insurance		7.375	0.862	02/15/2024	4,850	5,668	5,643
Goldman Sachs Group Inc		3.625	0.895	02/20/2024	11,000	11,781	11,792
American Express		3.400	1.007	02/22/2024	5,200	5,524	5,564

(Continued on Next Page)

F – Floating rate note security.

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

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

**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities (Continued)**  
**June 30, 2021**  
*(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>
Daimler Finance NA		0.750	0.811	03/01/2024	3,275	3,270	3,282
Kimco Realty Corporation		2.700	3.118	03/01/2024	5,000	4,947	5,227
Comcast Corporation		3.600	0.575	03/01/2024	4,381	4,731	4,734
Ryder System Inc		3.650	0.796	03/18/2024	3,750	4,037	4,028
AT&T Inc		0.900	0.932	03/25/2024	3,500	3,497	3,508
Element Fleet Management		1.600	1.637	04/06/2024	3,520	3,516	3,578
Energy Transfer Operating		4.500	2.107	04/15/2024	2,250	2,395	2,450
BPCE SA		4.000	1.031	04/15/2024	4,600	4,975	5,020
Owl Rock Capital Corporation		5.250	2.307	04/15/2024	5,600	6,042	6,120
Morgan Stanley		3.875	0.877	04/29/2024	7,449	8,072	8,103
Security Benefit Global Fund		1.250	1.218	05/17/2024	5,925	5,930	5,935
Nordea Bank		0.625	0.618	05/24/2024	3,800	3,801	3,800
Citigroup Inc		4.044	1.595	06/01/2024	6,000	6,417	6,391
Wells Fargo & Company		1.654	1.629	06/02/2024	9,500	9,507	9,702
NRG Energy Inc		3.750	1.247	06/15/2024	3,100	3,325	3,303
AIG Global Funding		0.650	0.685	06/17/2024	1,100	1,099	1,097
Jackson National Life Global		2.650	0.961	06/21/2024	6,500	6,821	6,807
Athene Global Funding		2.750	1.448	06/25/2024	6,000	6,227	6,290
Cheniere Corporation		7.000	1.991	06/30/2024	2,350	2,691	2,692
Metro Atlanta Rapid Transit		0.630	0.630	07/01/2024	1,355	1,355	1,355
Sumitomo Mitsui Financial		2.696	0.940	07/16/2024	6,000	6,315	6,343
Bat Capital Corporation		3.222	1.226	08/15/2024	6,000	6,366	6,373
Mitsubishi UFJ Financial Group		0.848	0.848	09/15/2024	4,255	4,255	4,277
Plains All American Pipeline		3.600	1.397	11/01/2024	3,550	3,804	3,804
ERAC USA Finance LLC		3.850	0.984	11/15/2024	5,000	5,474	5,451
Microchip Technology Inc		0.972	0.971	02/15/2024	5,850	5,850	5,846
Retail Opportunity Inc		4.000	1.730	12/15/2024	5,717	6,151	6,173
Standard Chartered PLC		0.991	0.944	01/12/2025	5,650	5,659	5,632
Sprint Spectrum		4.738	3.418	03/20/2025	1,842	1,928	1,976
Citigroup Inc		3.352	1.548	04/24/2025	4,000	4,266	4,262
Bank of America Corporation		0.981	0.969	09/25/2025	7,500	7,504	7,495
Total Corporate Fixed-Rate Bonds and Notes	56.6%					456,861	461,933
<i>Corporate Floating-Rate Bonds and Notes</i>							
Siemens Financier		0.480	F	0.480	03/11/2024	2,025	2,038
BMW US Capital LLC		0.545	F	0.580	04/01/2024	2,700	2,723
Bright HSE Global Fund		0.779	F	0.810	04/12/2024	2,000	2,015
Principal Life Global Fund		0.469	F	0.500	04/12/2024	5,500	5,509
Public Storage		0.495	F	0.508	04/23/2024	6,200	6,210
Key Bank NA		0.370	F	0.370	06/14/2024	5,550	5,558
Verizon Communications		0.840	F	0.840	03/20/2026	3,000	3,055
Schwab Charles Corporation		0.554	F	0.570	05/13/2026	6,000	6,028
Total Corporate Floating-Rate Bonds and Notes	4.1%					32,977	33,136
<i>Collateralized Mortgage Obligations</i>							
Galton Funding Mortgage Trust		4.500		4.352	02/25/2059	79	79
Total Collateralized Mortgage Obligations	0.0%					81	79

(Continued on Next Page)

F – Floating rate note security.

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

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

**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities (Continued)**  
**June 30, 2021**  
*(In thousands)*

<b>WEST VIRGINIA SHORT TERM BOND POOL (Continued)</b>							
<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>
<b>Municipal Securities</b>							
Hampton Roads Sanitation		1.699	1.699	02/01/2022	3,145	3,145	3,172
State of New York		1.850	1.850	03/15/2022	4,100	4,100	4,141
City of New York		2.030	2.057	08/01/2022	6,000	5,998	6,117
State of California		2.500	1.777	10/01/2022	8,000	8,070	8,230
Mississippi State		1.809	1.809	10/01/2022	5,000	5,000	5,102
County of Allegheny PA		0.573	0.573	11/01/2022	1,020	1,020	1,025
Houston TX Utility System		1.716	1.716	11/15/2022	2,000	2,000	2,040
State of New York		1.910	1.910	03/15/2023	2,860	2,860	2,928
State Of Wisconsin		1.749	1.749	05/01/2023	1,450	1,450	1,488
Virginia Public School Authority		0.550	0.550	08/01/2023	7,655	7,655	7,664
Massachusetts Water Resources		1.772	1.772	08/01/2023	3,445	3,445	3,547
Massachusetts School Building		0.618	0.618	08/15/2023	5,000	5,000	5,030
Penn State University		1.353	1.353	09/01/2023	2,740	2,740	2,789
City of Dallas TX Waterworks		2.068	0.494	10/01/2023	2,775	2,873	2,876
County of Allegheny PA		0.694	0.694	11/01/2023	1,200	1,200	1,208
State of Oregon DOH		0.414	0.414	11/15/2023	1,235	1,235	1,235
Houston TX Utility System		1.746	1.746	11/15/2023	2,635	2,635	2,714
State of Hawaii		0.802	0.802	10/01/2024	1,595	1,595	1,600
State of Oregon DOH		0.566	0.566	11/15/2024	2,635	1,250	1,248
Total Municipal Securities	7.9%					63,271	64,154
<b>Asset-Backed Securities</b>							
Honda Auto Receivables		3.010	3.028	05/18/2022	74	74	74
AmeriCredit Automobile Receivables		3.150	3.079	03/20/2023	147	147	147
Ally Master Owner Trust		3.300	3.327	07/17/2023	1,250	1,250	1,251
Great American Leasing Receivables		1.760	1.778	08/15/2023	2,105	2,105	2,134
AESOP		3.070	2.387	09/20/2023	4,935	4,973	5,070
AESOP		2.970	2.271	03/20/2024	3,000	3,029	3,114
Enterprise Fleet Financing		3.550	2.211	05/20/2024	5,000	5,098	5,138
CarMax Automobile Owner Trust		2.770	0.507	12/16/2024	1,220	1,269	1,266
Capital One Prime Automobile Receivables		1.960	1.978	02/18/2025	5,150	5,149	5,277
Toyota Automobile Receivables		1.990	0.288	02/18/2025	9,305	9,604	9,557
Santander Consumer Automobile Receivables		0.330	0.335	10/15/2025	4,000	4,000	3,997
GM Financial Securitized		0.350	0.357	10/16/2025	4,815	4,814	4,817
Enterprise Fleet Financing		1.780	1.792	12/22/2025	1,422	1,422	1,441
Hertz Vehicle Financing LLC		1.210	1.195	12/26/2025	6,095	6,097	6,097
GM Financial Securitized		0.500	0.510	02/17/2026	3,000	2,999	2,981
Carvana Automobile Receivables		0.490	0.493	03/10/2026	3,250	3,250	3,245
ARI Fleet Lease Trust		2.280	2.296	04/15/2026	1,689	1,689	1,692
CarMax Automobile Owner Trust		0.630	0.631	06/15/2026	2,350	2,350	2,357
Enterprise Fleet Financing		0.650	0.661	07/20/2026	9,350	9,348	9,325
Great American Leasing Receivables		0.550	0.554	12/15/2026	2,890	2,890	2,878
AmeriCredit Automobile Receivables		0.340	0.346	12/18/2026	3,285	3,284	3,292
ARI Fleet Lease Trust		2.530	2.508	11/15/2027	8,350	8,359	8,588
Ford Credit Auto Owner Trust		2.620	2.602	08/15/2028	2,000	2,002	2,030
Ford Credit Auto Owner Trust		2.360	2.854	03/15/2029	11,000	10,810	11,163
Wheels SPV LLC		0.620	0.621	08/20/2029	2,000	2,000	2,000
Chesapeake Funding II LLC		1.950	1.939	09/15/2031	2,142	2,144	2,166
Chesapeake Funding II LLC		0.470	0.472	04/15/2033	3,454	3,454	3,453
Social Professional Loan Program		0.942	F 0.943	07/25/2039	130	130	130
Total Asset Backed Securities	12.8%					103,740	104,680

(Continued on Next Page)

F – Floating rate note security.

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

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

**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities (Continued)**  
**June 30, 2021**  
*(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>Money Market Funds</i>							
BlackRock Liquidity		0.030 **			5,757	5,756	5,756
Total Money Market Funds	0.7%					5,756	5,756
<b>Total Short Term Bond Pool</b>	<b>100.00%</b>					<b>\$ 807,958</b>	<b>\$ 815,878</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>							
WesBanco Bank		0.230 %	0.230 %	07/15/2021	10,000	\$ 10,000	\$ 10,000
WesBanco Bank		0.210	0.210	08/12/2021	10,000	10,000	10,000
WesBanco Bank		0.210	0.210	09/09/2021	10,000	10,000	10,000
WesBanco Bank		0.200	0.200	10/14/2021	10,000	10,000	10,000
Bank of Romney		0.200	0.200	11/12/2021	100	100	100
WesBanco Bank		0.200	0.200	11/12/2021	10,000	10,000	10,000
WesBanco Bank		0.200	0.200	12/09/2021	10,000	10,000	10,000
Total Certificates of Deposit	99.8%					60,100	60,100
<i>Money Market Funds</i>							
BlackRock Liquidity		0.030 **			114	114	114
Total Money Market Funds	0.2%					114	114
<b>Total West Virginia Bank Pool</b>	<b>100.0%</b>					<b>\$ 60,214</b>	<b>\$ 60,214</b>

<b>STATE LOAN 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>Intergovernmental Loans</i>							
WVEDA Revolving Loan		1.690 %			123,220	\$ 123,220	\$ 123,220
Total Intergovernmental Loans	100.0%					123,220	123,220
<i>Money Market Funds</i>							
BlackRock Liquidity		0.030 **			25	25	25
Total Money Market Funds	0.0%					25	25
<b>Total State Loan Pool</b>	<b>100.0%</b>					<b>\$ 123,245</b>	<b>\$ 123,245</b>

(Continued on Next Page)

F – Floating rate note security.

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

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

**West Virginia Board of Treasury Investments  
Schedule of Investments in Securities (Continued)  
June 30, 2021 (In thousands)**

<b>RESERVE 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>Depository Accounts</i>							
United National Bank		0.14% ** F	0.136%	08/31/2022	19,938	\$ 19,938	\$ 19,938
Total Depository Accounts	100.0%					19,938	19,938
<i>Money Market Funds</i>							
BlackRock Liquidity		0.030 **			2	2	2
Total Money Market Funds	0.0%					2	2
<b>Total Reserve Pool</b>	<b>100.0%</b>					<b>\$ 19,940</b>	<b>\$ 19,940</b>

<b>MUNICIPAL BOND COMMISSION</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>State and Local Government Series Securities</i>							
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	100.0%					28,916	28,916
<b>Total Municipal Bond Commission Pool</b>	<b>100.0%</b>					<b>\$ 28,916</b>	<b>\$ 28,916</b>

<b>SCHOOL FUND</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>Money Market Funds</i>							
BlackRock Liquidity		0.030 **			1,000	\$ 1,000	\$ 1,000
Total Money Market Funds	100.0%					1,000	1,000
<b>Total School Fund</b>	<b>100.0%</b>					<b>\$ 1,000</b>	<b>\$ 1,000</b>

(Continued on Next Page)

F – Floating rate note security.

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

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

**West Virginia Board of Treasury Investments**  
**Schedule of Investments in Securities (Continued)**  
**June 30, 2021**  
*(In thousands)*

<b>EDA - AW</b>							
<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>
<i>U. S. Treasury Issues</i>							
United States Treasury Bond		6.250 %	4.929 %	08/15/2023	1,445	\$ 1,483	\$ 1,627
Total U. S. Treasury Issues	<u>99.9%</u>					<u>1,483</u>	<u>1,627</u>
<i>Money Market Funds</i>							
BlackRock Liquidity		0.030 **			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>\$ 1,484</u>	<u>\$ 1,628</u>

F – Floating rate note security.

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

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

(This page intentionally left blank.)

## **Investment Section**

## Consolidated Fund Overview at June 30, 2021

**Investment Philosophy:** It is the investment philosophy of the Board of Treasury Investments (the “BTI”) 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.

**Investment Objectives:** It is the investment objective of the BTI to provide focused investment services for the Consolidated Fund, reduce costs for and increase returns to its participants.

**Total Investments at June 30, 2021:** \$ 8,117,289,000.

**Description of the Consolidated Fund:** The Consolidated Fund under the management of the BTI consisted of nine investment pools and single participant accounts during the year. The 2005 West Virginia Legislature established the BTI, effective July 8, 2005, as a public corporation of the State of West Virginia to make short-term operating funds of the state more accessible to state government. The BTI employs a top-down approach to developing its investment strategy for the management of its funds. Starting with the objectives of the fund, the BTI considers constraints outlined in its investment policy, which includes among other parameters: safety, liquidity, and maximization of rate of return. The Investment Policy is summarized on Pages 94 – 99 of this Investment Section.

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 Consolidated Fund pools and accounts are described in detail following this overview.

**Expense Ratios:** The Board annually adopts a budget and fee schedule, which describes how fees are charged to each pool and account. The fees charged to the Consolidated Fund are categorized into direct or indirect expenses as follows:

- (a). Direct Expenses - All investment advisor and custodian expenses will be charged directly to the pools and accounts as they are incurred.
- (b). Indirect Expenses - All indirect expenses such as insurance, staff costs, investment consultant fees, and rent shall be allocated based upon the percentage of net position under management.

Expense ratios for the pools and accounts are detailed in Table 2: Financial Highlights on Page 106 in the Statistical Section.

**Basis of Presentation:** Rates of return use a time-weighted rate of return methodology based upon market values.

**Economic Environment:** U.S. economic growth rebounded from the pandemic induced slump that occurred in fiscal year 2020. After enduring a fall and winter of rising COVID-19 cases, the economy began re-opening in earnest in the late third quarter of fiscal year 2021 subsequent to the arrival of several vaccines. U.S. economic growth was close to the best levels of the past two decades, finishing the fiscal year at 12.2% year-over-year growth rate. The Federal Reserve (the “Fed”) kept rates at the zero lower bound and continued to inject money into the banking system through \$120 billion month purchases of Treasury securities and agency mortgage-backed securities. Inflation began rising over the latter half of the fiscal year, with the U.S. Consumer Price Index (“CPI”) reaching 5.4% by June 2021, the highest

reading for the series since the early 1990's. While the Fed was of the opinion that the inflation was transitory and due to supply chain disruptions and pent up demand, some market participants were concerned that the massive amounts of fiscal and monetary support for the economy were leading to persistent high levels of inflation. The short end of the Treasury yield curve was essentially flat, but yields for Treasuries with maturities two years and over began rising as the markets began pricing in the possibility that the Fed would have to hike rates sooner to combat inflation.

The U.S. bond market, as measured by the Barclays Aggregate Bond Index, returned -0.34% for fiscal year 2021, reflecting rising yields over the latter portion of fiscal year 2021. Domestically, equity returns were significantly higher over fiscal year 2021. The broad U.S. equity market, as measured by the Russell 3000 index, returned 44.15% which was nearly eight times the 5.75% return for fiscal year 2020. Smaller or emerging markets equity performance was also significantly higher in fiscal year 2021. Foreign equity returns, as measured by the MSCI Emerging Markets Index, posted a return of 41.34% for the fiscal year. Commodity market markets also posted huge returns during fiscal year 2021 as surging demand pushed up commodity prices over the fiscal year as economies around the world re-opened. For fiscal year 2021, commodity market performance, as measured by the S&P GSCI Total Return Index, returned 57.37%.

**Pool and Account Overviews:** The following pages present overviews of the investment pools and accounts of the Consolidated Fund.

The reports on the investment activities of each pool and account are prepared by staff of the BTI with assistance from pool and account managers and the BTI's investment consultant.

The Schedule of Investments in Securities is presented in the Financial Section on Pages 52-65, and Participant Net Asset Values are presented in the Statistical Section on Page 116.

## **West Virginia Money Market Pool**

### **□ Investment Objectives and Policy Guidelines**

#### Objectives

The West Virginia Money Market Pool was created to invest participants' operating funds. The objective of the pool is to maintain sufficient liquidity to meet the daily disbursements of participants while striving to earn a return above inflation. The pool is structured as a money market fund with the goal of preservation of principal. The pool risk factor is low, and the pool is managed under numerous maturity restrictions, diversification guidelines, and credit limits.

Participants include state agencies and local governments throughout the state.

#### Benchmarks

The performance of the West Virginia Money Market Pool (net of external investment manager fees) will be measured against a blended benchmark of 15% iMoneyNet Treasury & Repo Institutional Average + 85% iMoneyNet First Tier Institutional Average.

#### Investment Managers

The West Virginia Money Market Pool is managed by Federated Hermes and UBS Asset Management.

#### Maturity Restrictions, Diversification Guidelines and Credit Limits

All restrictions are based upon total dollar percentages of pool holdings using an amortized cost basis. Securities that fall out of compliance may be held to maturity based upon recommendation of the investment manager and investment consultant. The Board may require the investment manager to sell non-compliant securities. Where noted, the date of purchase shall mean the settlement date.

- Weighted average maturity of the West Virginia Money Market Pool shall not exceed 60 days.
- Weighted average final maturity of the pool shall not exceed 90 days.
- Maximum maturity of individual securities cannot exceed 397 days from the date of purchase except for certain variable rate and floating rate U.S. Government securities.
- Variable rate and floating rate securities shall be based on a money market index and shall not have a final maturity longer than 762 days if they are U.S. Government securities, or 397 days if they are not U.S. Government securities.
- Minimum 15% of the pool must be in U.S. Treasury obligations or obligations guaranteed as to payment of interest and principal by the United States of America (inclusive of U.S. Treasury collateralized repurchase agreements and money market funds that invest substantially all of their assets in securities issued by the U.S. Treasury and in related repurchase agreements).
- Repurchase agreements must comply with the requirements of the Repurchase Agreement Policy.
- Money market funds utilized by the pool must be approved in advance by the Board.
- Maximum 5% of the pool may be invested in any one corporate name.
- Maximum 5% of the pool may be invested in any one supranational name.
- Maximum exposure in money market funds is limited to 10% of any individual rated fund at the pool level. The aggregate exposure at the pool level may not exceed 30%.

- Maximum 75% of the pool may be invested in notes with floating rates.
- All corporate securities must be rated A+ or higher (or its equivalent) if long term and A-1 or higher (or its equivalent) if short term.
- All supranational securities must be rated AA or higher (or its equivalent) if long term and A-1 or higher (or its equivalent) if short term.
- Maximum 15% of the Pool may be invested in U.S. dollar denominated Euro Commercial Paper, Euro Certificates of Deposit, and Euro Time Deposits. Investments in U.S. dollar denominated Euro securities are subject to other policy requirements applicable to the specific investment type.
- Maximum of 20% of the pool may be invested in asset-backed and mortgage-backed securities. Asset-backed commercial paper is not considered an asset-backed security under this limitation.
- Asset-backed and mortgage-backed securities must be rated AAA (or its equivalent).
- Asset-backed commercial paper programs that are eligible for purchase should be fully or partially supported programs that provide adequate diversification by asset type (trade receivables, credit card receivables, auto loans, etc.)
- The pool may not hold inverse floaters.
- The pool may not be leveraged in any manner.
- The pool may not hold unregistered securities or private placements with the exception of securities issued pursuant to the SEC Rule 144A and commercial paper issued pursuant to Rule 4(2) of the Securities Act of 1933.
- The pool shall not acquire any illiquid security if, after acquisition, more than 5% of the pool would be invested in illiquid securities.
- The pool shall not acquire any other security other than daily liquid assets if the fund would have less than 10% of its total assets in daily liquid assets.
- The pool shall not acquire any other security other than weekly liquid assets if the fund would have less than 30% of its total assets in weekly liquid assets.
- If the pool is rated by a nationally recognized statistical rating organization (“NRSRO”), each investment manager is required to comply with any additional maturity, concentration, credit or other restrictions or requirements of the NRSRO for maintenance of the rating.

#### **□ BTI Role**

The role of the BTI for the West Virginia Money Market Pool is as follows:

- Develop investment guidelines.
- Select and oversee investment managers.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Distribute daily earnings to participants.
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

#### **□ Income Allocation**

Net investment income and realized gains and losses are declared as dividends and distributed daily to the participants. If the pool incurs an extraordinary loss and distributing the loss would decrease the share value below one dollar (\$1), the Investment Committee will be notified immediately for development of an action plan.

❑ **Asset Allocation – Permissible vs. Actual**

Permissible Allocation	Maximum Percent of Pool	Actual Allocation June 30, 2021	
		Carrying Value (Thousands)	Percent of Pool
U.S. Treasury obligations	100.0%	\$ 392,502	5.8%
U.S. government agency obligations & FDIC guaranteed obligations	85.0%	-	-
Repurchase agreements	85.0%	1,343,600	19.6%
Commercial paper, asset backed commercial paper, corporate debt and supranational debt (Combined)	85.0%	3,937,274	57.5%
Certificates of deposit	85.0%	951,004	13.9%
Money market funds	30.0%	218,622	3.2%
Asset-backed & mortgage-backed securities	20.0%	-	-
Municipal securities	15.0%	-	-
U.S. dollar denominated euro commercial paper, euro certificates of deposit and euro time deposits	15.0%	-	-
Depository accounts	5.0%	-	-
		<u>\$ 6,843,002</u>	<u>100.0%</u>

❑ **Actual Returns**

Actual Annualized Returns for Periods Ended June 30, 2021

	1 Year	3 Years	5 Years	Return
Returns by Investment Manager:				
Federated Hermes	0.15%	1.46%	1.37%	
UBS	0.14%	1.41%	1.32%	
Total pool returns	0.12%	1.41%	1.31%	
Benchmark:				
Custom Index **	0.05%	1.19%	1.06%	

\*\* Benchmark is 15% iMoneyNet Treasury & Repo Institutional Average + 85% iMoneyNet First Tier Institutional Average.

Returns are calculated on a time-weighted basis.  
 Manager returns are net of manager fees.  
 Total pool returns are net of all fees.

□ **Investments**

For a detailed list of investments in the West Virginia Money Market Pool, see the Schedule of Investments in Securities in the Supplementary Information on Pages 52-56.

## **West Virginia Government Money Market Pool**

### **❑ Investment Objectives and Policy Guidelines**

#### Objectives

The West Virginia Government Money Market Pool was created to invest restricted moneys of participants in U.S. Treasury and U.S. government agency obligations. The investment objective of the pool is to preserve capital and maintain sufficient liquidity to meet the daily disbursement needs of participants, while striving to earn a return above inflation. The pool is structured as a money market fund with an emphasis on maintaining a stable dollar value. The risk factor on this pool is low and managed through maturity restrictions. The default risk is minimal due to the types of securities held.

Participants include state agencies and local governments throughout the state.

#### Benchmarks

The performance of the West Virginia Government Money Market Pool (net of external investment manager fees) will be measured against a blended benchmark of 15% iMoneyNet Treasury & Repo Institutional Average + 85% iMoneyNet Government & Agencies Institutional Average.

#### Investment Manager

The West Virginia Government Money Market Pool is managed by UBS Asset Management.

#### Maturity Restrictions, Diversification Guidelines and Credit Limits

All restrictions are based upon total dollar percentages of the pool holdings using an amortized cost basis. Securities that fall out of compliance may be held to maturity based upon recommendation of the investment manager and investment consultant. The Board may require the investment manager to sell non-compliant securities. Where noted, the date of purchase shall mean the settlement date.

- Weighted average maturity of the pool shall not exceed 60 days.
- Weighted average final maturity of the pool shall not exceed 90 days.
- Maximum maturity of individual securities held cannot exceed 397 days from the date of purchase except for certain variable rate and floating rate U.S. government securities.
- Variable rate and floating rate U.S. government securities shall be based on a money market index and shall not have a final maturity longer than 762 days.
- Minimum 15% of the pool must be in U.S. Treasury obligations or obligations guaranteed as to payment of interest and principal by the United States of America (inclusive of U.S. Treasury collateralized repurchase agreements and money market funds that invest substantially all of their assets in securities issued by the U.S. Treasury and in related repurchase agreements).
- Repurchase agreements must comply with the requirements of the Repurchase Agreement Policy.
- Money market funds utilized by the pool must be approved in advance by the Board.
- Maximum exposure in government money market funds is limited to 10% of any individual rated fund at the pool level. The aggregate exposure may not exceed 30%.
- The pool may not hold private placements, or inverse floaters, or be leveraged in any manner.

- The pool shall not acquire any illiquid security if, after acquisition, more than 5% of the pool would be invested in illiquid securities.
- The pool shall not acquire any other security other than daily liquid assets if the fund would have less than 10% of its total assets in daily liquid assets.
- The pool shall not acquire any other security other than weekly liquid assets if the fund would have less than 30% of its total assets in weekly liquid assets.
- If the pool is rated by a Nationally Recognized Statistical Rating Organization (“NRSRO”), the investment manager is required to comply with any additional maturity, concentration, credit or other restrictions or requirements of the NRSRO for maintenance of the rating.

#### ❑ **BTI Role**

The role of the BTI for the West Virginia Government Money Market Pool is as follows:

- Develop investment guidelines.
- Select and oversee investment managers.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Distribute daily earnings to participants.
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

#### ❑ **Income Allocation**

Net investment income and realized gains and losses are declared as dividends and distributed daily to the participants. If the pool incurs an extraordinary loss and distributing the loss would decrease the share value below one dollar (\$1), the Investment Committee will be notified immediately for development of an action plan.

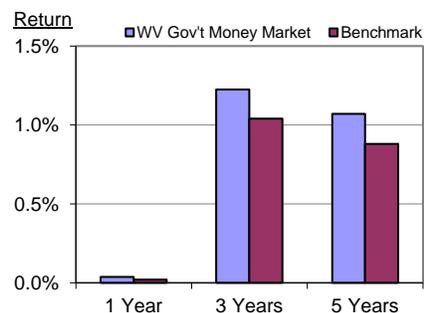
#### ❑ **Asset Allocation – Permissible vs. Actual**

Permissible Allocation	Maximum Percent of Pool	Actual Allocation June 30, 2021	
		Carrying Value (Thousands)	Percent of Pool
U.S. Treasury obligations	100.0%	\$ 102,496	45.9%
U.S. government agency obligations & FDIC guaranteed obligations	85.0%	99,821	44.6%
Repurchase agreements	85.0%	21,000	9.4%
Government money market funds	30.0%	149	0.1%
Depository accounts	5.0%	-	-
		<u>\$ 223,466</u>	<u>100.0%</u>

**Actual Returns**

Actual Annualized Returns for Periods Ended June 30, 2021

	1 Year	3 Years	5 Years
Total pool returns	0.04%	1.22%	1.07%
Benchmark:			
Custom Index *	0.02%	1.04%	0.88%



\* Benchmark is 15% iMoneyNet Treasury & Repo Institutional Average + 85% iMoneyNet Government & Agencies Institutional Average.

Returns are calculated on a time-weighted basis.  
 Manager returns are net of manager fees.  
 Total pool returns are net of all fees.

**Investments**

For a detailed list of investments in the West Virginia Government Money Market Pool, see the Schedule of Investments in Securities in the Supplementary Information on Pages 57-58.

## West Virginia Short Term Bond Pool

### ❑ Investment Objectives and Policy Guidelines

#### Objectives

The West Virginia Short Term Bond Pool was created to invest restricted moneys of the State which have a longer-term investment horizon. The goal of the pool is to earn an incremental return over the West Virginia Money Market Pool with an objective of asset growth rather than current income. The pool is structured as a mutual fund and is limited to monthly withdrawals and deposits by participants. The risk factor on this pool is higher than the West Virginia Money Market Pool.

Participants include state agencies and local governments throughout the state.

#### Benchmark

The performance of the West Virginia Short Term Bond Pool (net of external Investment Manager fees) will be measured against the ICE BofAML 1-3 Year US Corporate & Government Index + 10 basis points. Prior to November 1, 2018, performance was measured against the BofA Merrill Lynch US Corporate & Government, 1-3 Years, A Rated and Above Index + 10 basis points.

#### Investment Manager

The West Virginia Short Term Bond Pool is managed by Sterling Capital Management. Prior to November 1, 2018, the Pool was managed by Federated Hermes.

#### Maturity Restrictions, Diversification Guidelines and Credit Limits

All restrictions are based upon percentage of the pool holdings on a market value basis at the time of the securities purchase. Securities that fall out of compliance may be held to maturity based upon recommendation of the investment manager and investment consultant. The Board may require the investment manager to sell non-compliant securities. Where noted, the date of purchase shall mean the settlement date.

- Effective duration of the West Virginia Short Term Bond Pool shall not deviate from the effective duration of the benchmark index by more than +/- 20 percent.
- Effective duration of securities cannot exceed five years (1,827 days).
- Effective duration of commercial paper or asset backed commercial paper will not exceed 397 days.
- Minimum 15% of the pool must be in U.S. Treasury obligations or obligations guaranteed as to payment of interest and principal by the United States of America (inclusive of U.S. Treasury collateralized repurchase agreements and money market funds that invest substantially all of their assets in securities issued by the U.S. Treasury and in related repurchase agreements.)
- Maximum 5% of the pool may be invested in any one corporate name or one corporate issue.
- Maximum 5% of the pool may be invested in any one supranational name.
- All long-term corporate securities must be rated BBB- or higher (or its equivalent), provided that no more than 20% may be invested in securities rated BBB- to BBB+ (or its equivalent).
- All long-term supranational securities must be rated AA or higher (or its equivalent).

- All short-term corporate securities, short-term supranational securities, commercial paper or asset backed commercial paper must be rated A-1 or higher (or its equivalent).
- Asset backed and mortgage backed securities must be rated AAA (or its equivalent).
- Maximum 75% of the pool may be invested in floating rate notes.
- Floating rate notes shall be based on a money market index and shall not have an effective duration longer than five years.
- Maximum of 50% of the pool may be invested in asset backed and mortgage backed securities. Asset backed commercial paper is not considered an asset backed security under this limitation.
- Asset backed commercial paper programs that are eligible for purchase should be fully or partially supported programs that provide adequate diversification by asset type (trade receivables, credit card receivables, auto loans, etc.)
- Maximum 15% of the Pool may be invested in U.S. dollar denominated Euro Commercial Paper, Euro Certificates of Deposit, and Euro Time Deposits. Investments in U.S. dollar denominated Euro securities are subject to other policy requirements applicable to the specific investment type.
- The pool may not hold unregistered securities or private placements with the exception of securities issued pursuant to the SEC Rule 144A, public or municipal securities exempt from registration under Section 3(a)(4) of the Securities Act of 1933, and commercial paper issued pursuant to Rule 4(2) of the Securities Act of 1933.
- The pool may not invest in inverse floaters or be leveraged in any manner.
- Money market and fixed income funds utilized by the pool must be approved in advance by the Board.
- Repurchase agreements must comply with the requirements of the Repurchase Agreement Policy.
- If the pool is rated by a Nationally Recognized Statistical Rating Organization (“NRSRO”), the investment manager is required to comply with any additional maturity, concentration, credit or other restrictions or requirements of the NRSRO for maintenance of the rating.

#### ❑ **BTI Role**

The role of the BTI for the West Virginia Short Term Bond Pool is as follows:

- Develop investment guidelines.
- Select and oversee investment managers.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Distribute monthly earnings to participants.
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

#### ❑ **Income Allocation**

Net investment income and realized gains and losses are declared as dividends on the last day of the month and distributed to the participants in the pool on the first day of the following month. Gains and losses (realized and unrealized) are reflected in the net asset value calculated each month.

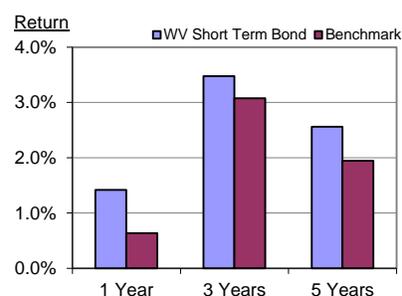
□ **Asset Allocation – Permissible vs. Actual**

Security Type	Permissible Allocation Maximum Percent of Pool	Actual Allocation June 30, 2021	
		Carrying Value (Thousands)	Percent of Pool
U.S. Treasury obligations	100.0%	\$ 123,066	15.1%
U.S. government agency obligations & FDIC guaranteed obligations	85.0%	23,074	2.8%
Repurchase agreements	85.0%	-	-
Commercial paper, asset backed commercial paper, corporate debt and supranational debt (combined)	75.0%	495,069	60.7%
Asset backed and mortgage backed securities	50.0%	104,759	12.8%
Certificates of deposit	50.0%	-	-
Money market and fixed income funds	30.0%	5,756	0.7%
Municipal securities	15.0%	64,154	7.9%
U.S. dollar denominated euro commercial paper, euro certificates of deposit and euro time deposits	15.0%	-	-
Depository accounts	5.0%	-	-
		<b>\$ 815,878</b>	<b>100.0%</b>

□ **Actual Returns**

Actual Annualized Returns for Periods Ended June 30, 2021

	1 Year	3 Years	5 Years
Total pool returns *	1.42%	3.48%	2.56%
Benchmark **	0.64%	3.08%	1.95%



\* Sterling Capital Management became manager November 1, 2018. Federated Investors was investment manager from October 1, 2008 to October 31, 2018.

\*\* ICE BofAML 1-3 Year US Corporate & Government Index + 10 bps. Prior to November 1, 2018, BofA Merrill Lynch US Corporate & Government, 1-3 Years, A Rated and Above Index + 10 bps.

Returns are calculated on a time-weighted basis.  
Manager returns are net of manager fees.  
Total pool returns are net of all fees.

☐ **Investments**

For a detailed list of investments in the West Virginia Short Term Bond Pool, see the Schedule of Investments in Securities in the Supplementary Information on Pages 59-63.

## **West Virginia Bank Pool**

### **❑ Investment Objectives and Policy Guidelines**

#### Objectives

The West Virginia Bank Pool is composed of certificates of deposit placed with West Virginia financial institutions that are approved state depositories. Placement of the certificates of deposit is accomplished through a competitive bidding process (West Virginia CD Program). The State is the sole participant in this pool.

#### Benchmark

The performance of the West Virginia Bank Pool will be measured against a custom benchmark of 15% iMoneyNet Treasury & Repo Institutional Average + 85% iMoneyNet First Tier Institutional Average.

#### Investment Manager

None.

#### Maturity Restrictions, Diversification Guidelines and Credit Limits

- To participate in the West Virginia CD Program, a financial institution must be designated as a State Depository in accordance with West Virginia Code §12-1-2(a) and have a branch bank in West Virginia.
- The Board shall establish rules and guidelines for the competitive bidding process. Such rules shall be made available to all interested, qualified financial institutions prior to participation. Qualified, interested financial institutions must agree to the rules and guidelines to participate.
- The minimum bid is \$100,000.00. Bids must be in increments of \$100,000.00 to a maximum of \$10,000,000.00 per parent institution per placement.
- The minimum rate will be equivalent to a the six month return on the West Virginia Money Market Pool or other rate as approved by the BTI chairman.
- Certificates of deposit in excess of insurance coverage by the Federal Deposit Insurance Corporation (FDIC) must be collateralized pursuant to West Virginia code §12-1-4 and Board of Treasury Investments Bank Account Collateral Policy.

### **❑ BTI Role**

The role of the BTI for the West Virginia Bank Pool is as follows:

- Develop investment guidelines.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Distribute monthly earnings to participants.
- Calculate monthly net income and net asset value.

- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

**☐ Income Allocation**

Net investment income is declared as dividends and distributed on the last day of the month.

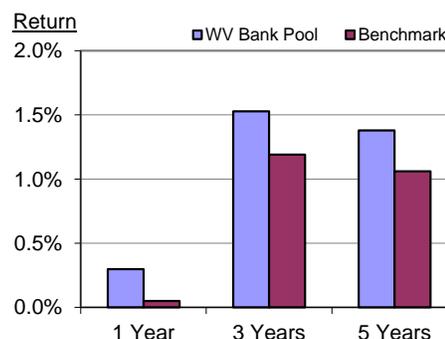
**☐ Asset Allocation – Permissible vs. Actual**

Permissible Allocation	Maximum Percent of Pool	Actual Allocation June 30, 2021	
		Carrying Value (Thousands)	Percent of Pool
Certificates of deposit	100.0%	\$ 60,100	99.8%
Money market funds	30.0%	114	0.2%
		<u>\$ 60,214</u>	<u>100.0%</u>

**☐ Actual Returns**

Actual Annualized Returns for Periods Ended June 30, 2021

	1 Year	3 Years	5 Years
Total pool returns	0.30%	1.53%	1.38%
Benchmark *	0.05%	1.19%	1.06%



\* Benchmark is 15% iMoneyNet Treasury & Repo Institutional Average + 85% iMoneyNet First Tier Institutional Average.

Returns are calculated on a time-weighted basis.  
 Manager returns are net of manager fees.  
 Total pool returns are net of all fees.

**☐ Investments**

For a detailed list of investments in the West Virginia Bank Pool, see the Schedule of Investments in Securities in the Supplementary Information on Page 63.

## **Loan Pool**

### **❑ Investment Objectives and Policy Guidelines**

#### Objectives

The State Loan Pool is composed of loans made to/by the West Virginia Economic Development Authority (the “EDA”), West Virginia Property Valuation Training and Procedures Commission (the “PVTPC”), and certain FHA/VA housing loans for single-family homes. The State is the sole participant in this pool. The Directors of the BTI Board shall bear no fiduciary responsibility with regard to any of the loans contemplated under §12-6C-11.

Under the State Code, the BTI is required to make available to EDA, subject to a liquidity determination, the following:

- A Revolving Loan up to \$175 million for business and industrial development projects; and
- A Revolving Loan up to \$80 million to provide loan insurance for debt instruments to expand broadband within West Virginia

#### Benchmarks

None.

#### Investment Manager

None.

#### Maturity Restrictions, Diversification Guidelines and Credit Limits

None.

### **❑ BTI Role**

The role of the BTI for the overall Loan Pool is as follows:

- Receive and post loan payments.
- Open an account on behalf of the State Loan Pool.
- Develop investment guidelines.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Provide cash flow information regarding securities held by the pool.
- Record contributions and withdrawals.
- Provide monthly statements regarding pool activity
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

The role of the BTI for the EDA Industrial Development Loan is as follows:

- Provide EDA with the annual rate to be charged on the loan.
- Facilitate the transfer of funds to EDA via the State Treasurer’s Office.
- Invoice the EDA on a monthly basis for interest and principal due on outstanding loan balances

The role of the BTI for the Broadband Debt Guarantee Revolving Loan is as follows:

- Provide EDA with quarterly interest rate to be charged on the loan
- Facilitate the transfer of funds to EDA via the State Treasurer’s Office
- Invoice the EDA on a quarterly basis for interest and principal due on outstanding balances

**Income Allocation**

Net investment income is declared as dividends and distributed on the last day of the month. If the pool incurs a loss resulting in negative income, the loss will be distributed to participants on the last day of the month.

**Asset Allocation – Permissible vs. Actual**

Permissible Allocation		Actual Allocation June 30, 2021	
Security Type	Maximum Percent of Pool	Carrying Value <i>(Thousands)</i>	Percent of Pool
Other investments	100.0%	\$ 123,220	100.0%
Money market funds	20.0%	25	0.0%
Depository accounts	5.0%	-	-
		<u>\$ 123,245</u>	<u>100.0%</u>

**Actual Returns**

The BTI does not maintain rates of return for the Loan Pool.

**Investments**

For a detailed list of investments in the Loan Pool, see the Schedule of Investments in Securities in the Supplementary Information on Page 63.

## **Reserve Pool**

### **❑ Investment Objectives and Policy Guidelines**

#### Objectives

The Reserve Pool was created to provide an added layer of security for the West Virginia Money Market and West Virginia Government Money Market Pools. The objective of the pool is to provide support for the West Virginia Money Market and West Virginia Government Money Market Pools to ensure the net asset values do not fall below \$0.9985 per unit.

#### Benchmarks

None.

#### Investment Manager

None.

#### Maturity Restrictions, Diversification Guidelines and Credit Limits

All restrictions are based upon total dollar percentages of Pool holdings using an amortized cost basis. Securities that fall out of compliance may be held to maturity based upon recommendation of the investment manager and investment consultant. The Board may require the investment manager to sell non-compliant securities.

- Maximum maturity of individual securities cannot exceed 397 days from the date of purchase.
- Depository accounts are required to be collateralized as defined in the BTI's Bank Account Collateral Policy.

### **❑ BTI Role**

The role of the BTI for the Reserve Pool is as follows:

- Develop investment guidelines.
- Provide cash flow information regarding securities held by the pool.
- Record contributions and withdrawals.
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.
- The BTI will monitor the net asset value of the West Virginia Money Market and West Virginia Government Money Market Pools on a daily basis in accordance with the BTI's Net Asset Value Monitoring Policy. This policy requires the Chief Financial Officer and Executive Director to

develop a formal and written action plan to address the NAV decline when it falls below \$0.9985 per unit. Board members are notified to approve the written action plan.

- If the net asset value falls below \$0.9985 per unit, the BTI will request Board approval to utilize the Reserve Pool to ensure the NAV is stabilized at \$0.9985 per unit.

**Income Allocation**

Net investment income is declared as dividends 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.

**Asset Allocation – Permissible vs. Actual**

Permissible Allocation		Actual Allocation June 30, 2021	
Security Type	Maximum Percent of Pool	Carrying Value (Thousands)	Percent of Pool
U.S. Treasury obligations	100.0%	\$ -	-
U.S. government agency obligations	100.0%	-	-
Repurchase agreements	100.0%	-	-
Government money market funds	100.0%	2	0.0%
Certificates of deposit	100.0%	-	-
Depository accounts	100.0%	19,938	100.0%
		<u>\$ 19,940</u>	<u>100.0%</u>

**Actual Returns**

The BTI does not maintain rates of return for the Reserve Pool.

**Investments**

For a detailed list of investments in the Reserve Pool, see the Schedule of Investments in Securities in the Supplementary Information on Page 64.

## **Municipal Bond Commission Account**

### **❑ Investment Objectives and Policy Guidelines**

#### Objectives

The Municipal Bond Commission Account is governed by West Virginia State Code §13-3-7 as it relates to permissible securities, limitations on purchase, sale or exchange of securities, interest; and custody of securities.

#### Benchmarks

None.

#### Investment Manager

None.

#### Maturity Restrictions, Diversification Guidelines and Credit Limits

- No security shall be purchased, sold or exchanged without the concurrence or ratification of a majority of all members of the Municipal Bond Commission (the “Commission”).
- No security shall be purchased at a price above, nor sold or exchanged at a price below, its prevailing fair market value.
- No security shall be purchased, sold or exchanged for the purpose of aiding any individual, firm or corporation by the payment of brokerage commissions or fees thereto.
- No security purchased, sold or exchanged shall benefit any member or employee of the Commission.

### **❑ BTI Role**

The role of the BTI for the Municipal Bond Commission Account is as follows:

- Open an account on behalf of the Commission.
- Develop investment guidelines.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Provide cash flow information regarding securities held by the account.
- Provide securities information to the custodian.
- Review signature authorization from the Commission for trade activity.
- Record contributions and withdrawals based upon Commission authorization.
- Provide detailed fee invoice.
- Charge fees for management of the account.
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

❑ **Income Allocation**

Net investment income and realized gains and losses are posted to the account monthly.

❑ **Asset Allocation – Permissible vs. Actual**

Asset allocations have not been established for the Municipal Bond Commission Account. Permissible securities are as follows:

- Securities of the United States or any agency thereof which are guaranteed by or for which the full faith and credit of the United States is pledged for the payment of the principal and interest.
- General obligations of the State or any of its agencies, boards or commissions, or any county, municipality or school district in the state.
- Repurchase agreements or similar banking arrangements with a member bank of the Federal Reserve System, or a bank, the deposits of which are insured by the Federal Deposit Insurance Corporation (the “FDIC”), or its successor, provided that such investments shall only be made to the extent insured by the FDIC or to the extent that the principal amount thereof shall be fully collateralized by direct obligations of or obligations guaranteed by the United States of America.

At June 30, 2021, 100.0% of the Municipal Bond Commission Account’s investments, totaling \$28,916,000, were invested in State and Local Government Series Securities issued by the U.S. Treasury.

❑ **Actual Returns**

The BTI does not maintain rates of return for the Municipal Bond Commission Account.

❑ **Investments**

For a detailed list of investments in the Municipal Bond Commission Account, see the Schedule of Investments in Securities in the Supplementary Information on Page 64.

## **School Fund Account**

### **❑ Investment Objectives and Policy Guidelines**

#### **Objectives**

The School Fund was established by State Code §18-9-5 to contribute toward supporting state public schools. The investment objective is to maintain the irreducible \$1 million principal as defined in State Code §18-9A-16.

#### **Benchmarks**

None.

#### **Investment Manager**

None.

#### **Maturity Restrictions, Diversification Guidelines and Credit Limits**

Minimum 15% of the investments of the School Fund must be invested in U.S. Treasury obligations.

### **❑ BTI Role**

The role of the BTI for the School Fund Account is as follows:

- Open an account on behalf of the School Fund Board.
- Develop investment guidelines.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Provide monthly statements regarding School Fund activity.
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

### **❑ Income Allocation**

Net investment income and realized gains and losses are posted to the account monthly. Unrealized gains and losses are reflected in the net asset value calculated each month.

### **❑ Asset Allocation – Permissible vs. Actual**

The School Fund shall be invested in interest-bearing securities of the United States, or securities, the payment of which as to both principal and interest, has been guaranteed by the United States, or of West Virginia, or of any county, city, town or village, or school district of West Virginia, or if such interest-bearing securities cannot be obtained, then such fund shall be invested in such other solvent interest-bearing securities as shall be approved by the School Fund Board. At June 30, 2021, 100.0% of the School Fund

Account's investments, totaling \$1,000,000, were invested in a money market fund that invests in U.S. Treasury and agency securities.

❑ **Actual Returns**

The BTI does not maintain rates of return for the School Fund Account.

❑ **Investments**

For a detailed list of investments in the School Fund Account, see the Schedule of Investments in Securities in the Supplementary Information on Page 64.

**Economic Development Authority – American Woodmark Account**

**❑ Investment Objectives and Policy Guidelines**

Objectives

In accordance with West Virginia Code Section §31-15-23, the Economic Development Authority (the “EDA”) – American Woodmark Account invests excess funds received by appropriation or other funds which the EDA directs to be invested.

Benchmarks

None.

Investment Manager

None.

Maturity Restrictions, Diversification Guidelines and Credit Limits

None

**❑ BTI Role**

The role of the BTI for the EDA – American Woodmark Account is as follows:

- Open an account on behalf of the EDA.
- Develop investment guidelines.
- Prohibit commingling of funds with any other account in the Consolidated Fund.
- Provide cash flow information regarding securities held by the account.
- Invest earned interest not withdrawn by the EDA.
- Review signature authorization from the EDA for trade activity.
- Record contributions and withdrawals based upon EDA authorization.
- Provide monthly statements regarding EDA activity.
- Charge fees for management of the account.
- Calculate monthly net income and net asset value.
- Prepare monthly a statement of net position, a statement of changes in net position, and a detailed list of securities.

**❑ Income Allocation**

Net investment income and realized gains and losses are posted to the account monthly. Unrealized gains and losses are reflected in the net asset value calculated each month.

❑ **Asset Allocation – Permissible vs. Actual**

Permissible securities for the EDA – American Woodmark Account are as follows:

- A U.S. Treasury obligation that matures August 15, 2023.
- Money market funds

At June 30, 2021, 99.9% of the EDA – American Woodmark Account's investments, totaling \$1,627,000, were invested in a U.S. Treasury Bond maturing August 15, 2023. The remaining 0.1%, totaling \$1,000 was invested a money market fund that invests in U.S. Treasury and agency securities.

❑ **Actual Returns**

The BTI does not maintain rates of return for the EDA – American Woodmark Account.

❑ **Investments**

For a detailed list of investments in the EDA – American Woodmark Account, see the Schedule of Investments in Securities in the Supplementary Information on Page 65.

**Schedule of Investment Management Fees**  
**Consolidated Fund**  
**For the Fiscal Year Ended June 30, 2021**  
*(In Thousands)*

## External fees:

## Investment advisors:

WV Money Market Pool	\$ 1,547
WV Government Money Market Pool	87
WV Short Term Bond Pool	466
	<u>2,100</u>

## Custodians:

WV Money Market Pool	136
WV Government Money Market Pool	14
WV Short Term Bond Pool	24
	<u>174</u>

Total external fees	<u>2,274</u>
---------------------	--------------

## Internal fees:

Investment consultant	153
Fiduciary bond	20
Administration	1,342
	<u>1,515</u>

Total investment management fees	<u><u>\$ 3,789</u></u>
----------------------------------	------------------------

## INVESTMENT POLICY SUMMARY

### I. PURPOSE

The investment policy of the West Virginia Board of Treasury Investments (the “BTI”) is adopted pursuant to Article 6C of Chapter 12 of the West Virginia Code and specifically outlines the investment philosophy and practices of the BTI. It has been developed to provide a fiscal administration, investment, and management plan for the assets entrusted to the Board. The Board has adopted this investment policy to serve as that plan and to provide:

- A clear direction to investment managers and consultants, staff, participants, and any other outside service provider as to the objectives, goals, and restrictions with regard to investment of assets;
- A methodology which allows assets to be structured and invested in a prudent manner; and
- A meaningful basis for the evaluation of asset classes, investment managers and the strategies used to achieve the various investment objectives.

### II. INVESTMENT PHILOSOPHY

The BTI was established by the State Legislature to provide prudent fiscal administration, investment, and management for the assets entrusted to the BTI. It is the investment philosophy of the BTI 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. Due to the short-term nature of the funds, the BTI believes it is imperative to review and adjust the policy in reaction to interest rate market fluctuations/trends on a regular basis. In order to accomplish this, the BTI has adopted the following formal review schedule:

<b>Agenda Item</b>	<b>Review Schedule</b>
Investment Performance	Quarterly
Investment Manager Rebalancing	Quarterly
Investment Policy	Annually
Fee Schedule and Budget	Annually
Select Rating Agencies	Annually
Stress Testing of Portfolios	Monthly

When required, the BTI may react to trends in the market more quickly by itself or through actions of its Investment Committee.

The BTI will employ investment managers to implement this policy. The BTI shall monitor the performance of, and supervise all investment managers.

In determining its philosophy toward risk, the BTI considers its fiduciary obligations, statutory requirements, and current market conditions. Additionally, the BTI will consider the participants’ purposes and characteristics, financial conditions, liquidity needs, sources and level of contributions, income and general business conditions. Based upon these many factors, the BTI identifies when either a more conservative or more aggressive investment approach is warranted.

### **III. INVESTMENT OBJECTIVES**

The BTI's objective is to provide focused investment services for the funds, reduce costs for, and increase returns to its participants. Realizing the majority of the funds are for operating expenses, the policy is designed to address the short-term liquidity needs of the participants and limit risk, but still permitting for a better rate of return than participants may be able to obtain on their own.

All available funds shall be invested with the following objectives and priorities:

- Safety of principal. Investments shall be undertaken in a manner that seeks preservation of capital with reasonable investment risk in the overall portfolio.
- Liquidity requirements of anticipated and unanticipated expenditures.
- Maximization of the yield allocated to participants' investments consistent with all investment objectives.
- Recognition of differing objectives and needs of various participants.
- Conformance with state law and other pertinent legal restrictions.
- Diversification of assets by investment in various securities classifications and the use of various investment managers in order to smooth the volatility of returns.

### **IV. INVESTMENT/ADMINISTRATIVE RESPONSIBILITIES**

The BTI is responsible for the prudent investment and administration of the funds. In order to properly carry out the policy, the BTI will rely on staff and outside service providers. Due to the number of parties involved, their roles as fiduciaries must be clearly identified to ensure operational efficiency, clear lines of communication, and accountability in all aspects of operations. The following describes the parties and the roles they assume as fiduciaries.

#### **A. BOARD OF DIRECTORS**

The Board has the responsibility of establishing and maintaining the policy and determining the objectives for all aspects of BTI operations.

The Board shall adopt by-laws and delegate the implementation of the policy to the Investment Committee and staff. The Board shall focus on important policy level issues, maintaining the proper fiduciary perspective and time horizon for analysis of the progress of the policy and the investment returns on the funds, and develop, adopt, review or modify the asset rebalancing plan, investment policy, fee schedule, and budget for the funds at least annually.

The Board may establish committees of its members as required to effectively implement the policy. Currently, the Board has established the Investment, Audit, and Personnel and Governance Committees as described below. Committees shall be briefed as required on any topic or issue pertinent to the Board's operations, and shall make reports regarding those topics to the Board at its meetings.

#### **B. INVESTMENT COMMITTEE**

The primary objective of the Investment Committee is to implement this policy and to do so effectively, prudently, and in a cost efficient manner in full compliance with all applicable laws, rules, and regulations.

The Investment Committee shall have the following specific responsibilities to be performed with the advice and assistance of staff and the investment consultant, and shall make recommendations to the Board for action as necessary regarding:

- Policies for preservation of capital, risk tolerance, credit standards diversification, rate of return, stability and turnover, liquidity, reasonable costs and fees, permissible investments, maturity ranges, internal controls, safekeeping and custody, valuation methodologies, and calculation of earnings and yields;
- Evaluation, selection, and termination of the investment managers and investment consultant;
- Regular review of and revisions to the investment policy;
- Investigate any reported investment problems or non-compliance;
- Evaluation of investment results to ensure compliance with the investment policy and to determine success of investment activities; and
- Other investment related issues as necessary for the prudent and cost effective investment of the funds.

#### **C. INVESTMENT CONSULTANT**

The investment consultant will be selected by and serve at the will and pleasure of the Board, based upon recommendations from the Investment Committee. The consultant must have and assign an employee to work directly with the BTI, who has a Chartered Financial Analyst or a Certified Treasury Professional designation. The consultant works with the Board and staff to implement this policy. This requires regular meetings with staff, the Investment Committee and/or the Board, to provide an independent perspective on various issues and make recommendations as appropriate.

#### **D. INVESTMENT MANAGERS**

Investment managers will be selected by and serve at the will and pleasure of the Board, based upon recommendations from the Investment Committee. The managers will have demonstrated expertise with the type of portfolio in their charge. The managers will be provided explicit written instructions detailing their particular assignment, and will construct and manage the portfolio consistent with the policy.

#### **E. CUSTODIAN**

The custodian holds directly, through its agents, its sub-custodians, or designated clearing systems, securities held as investments by the BTI. The custodian is accountable for registration of those securities in good delivery form, collection of income generated, and any corporate action notification. The custodian is responsible for delivery, receipt, tracking, and reporting of securities transactions. The BTI may opt to delegate other duties to the custodian.

#### **F. INTERNAL AUDITOR**

The Board shall retain an internal auditor to report directly to the Board. As minimum qualifications, the internal auditor shall be a certified public accountant with at least three years' experience as an auditor. The internal auditor shall develop an internal audit plan, with Board approval, for the testing of procedures, internal controls and security of transactions.

#### **G. EXTERNAL AUDITOR**

The BTI shall be audited annually by an independent certified public accounting firm selected by the Board. The certified public accounting firm must have a minimum staff of ten certified public accountants, be a member of the American Institute of Certified Public Accountants and, if doing business in West Virginia, a member of the West Virginia Society of Certified Public Accountants. The Board shall have financial and compliance audits of the Board's books, accounts and records with respect to its receipts, disbursements, investments, contracts and all other matters relating to its financial operations.

#### **H. NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION**

The BTI shall annually select Nationally Recognized Statistical Rating Organizations ("NRSRO") whom it deems suitable to rely upon for credit ratings. Currently the BTI has selected the following NRSRO's:

- Moody's Investor Services
- Standard & Poor's
- Fitch Ratings
- Dominion Bond Rating Service, Ltd.

#### **V. STANDARD OF CARE**

Any investment made pursuant to this policy shall be made in accordance with the "Uniform Prudent Investor Act" and shall be further subject to the following:

- The Directors shall diversify the investment of the funds so as to minimize the risk of large losses unless, under the circumstances, it is clearly prudent not to do so;
- The Directors shall defray reasonable expenses of investing and managing the funds by charging fees; and
- The Directors shall discharge their duties in accordance with the documents and instruments consistent with the State Code.

#### **VI. GENERAL INVESTMENT GUIDELINES**

The BTI recognizes that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), and the possibility of loss in purchasing power (due to inflation) are present to some degree in all types of investments. Due to the short-term nature of the funds, high levels of risk should be avoided, but the assumption of risk may be warranted if it is needed in order to allow the investment managers the opportunity to achieve satisfactory results consistent with the policy and the investment guidelines for the pool/portfolio they manage.

All securities must have a readily attainable market value, and must be readily marketable. Listed within the investment guidelines for each pool and account are the securities specifically permitted by the policy.

#### **VII. CONFLICT OF INTEREST AND ETHICS**

The Directors, staff, and any outside service provider shall refrain from those circumstances that could be considered a conflict of interest with BTI operations and transactions. A conflict of interest is a circumstance that creates an actual conflict with any fiduciary duty owed and a personal or business activity that could conflict with, could give the appearance of a conflict with, or could impair the ability to make impartial decisions in matters affecting BTI operations and transactions.

Additionally, the Directors and staff shall maintain knowledge of, and shall comply with, all applicable laws, rules and regulations of any governmental or regulatory entity governing the management of the funds and shall not knowingly participate in, assist or fail to report to the BTI any acts in violation of those laws, rules and regulations. This requirement includes, but is not limited to, compliance with the “West Virginia Governmental Ethics Act” in the State Code. Any actual or perceived violation of the Ethics Act shall be reported in writing to the Personnel and Governance Committee of the Board for action.

## **VIII. AUDITOR ACCESS TO RECORDS**

An investment manager or custodian which holds securities for the account of, in trust of, in trust for, or pledged to the BTI, shall be required to allow the BTI or its agents to conduct an audit with respect to such securities or securities transactions for a period of two years after date of any trade executed on behalf of the BTI.

## **IX. OTHER BTI POLICIES**

The policy incorporates policies that govern the day-to-day practices of the BTI, including:

- Pricing Policy
- Net Asset Value Monitoring Policy
- Dividend Reinvestments Policy
- Record Retention Policy
- Outside Service Provider Policy
- Repurchase Agreement Policy
- Securities Lending Program Policy
- Bank Account Collateral Policy
- Investment Manager Due Diligence and Watch List Policy
- Securities Litigation Policy

## **X. MISCELLANEOUS PROVISIONS**

### **A. AMENDMENTS**

Any modification or amendment of this policy may be made by an action adopted at any duly constituted Board meeting; provided, however, that no such modification or amendment shall abrogate the rights and duties of then existing BTI contracts with outside service providers, unless required by operation of law or agreed to by the outside service providers.

### **B. NO RECOURSE**

No provision in this policy shall be the basis for any claim against any director or staff, in his individual or official capacity, or against the BTI itself.

**C. EFFECT UPON EXISTING CONTRACT**

This policy shall not abrogate the rights and duties of the BTI under contracts with outside service providers executed prior to the effective date of this policy, unless required by operation of law or agreed to by the outside service provider.

**D. EFFECT OF FAILURE TO COMPLY AS TO INVESTMENTS**

Failure to comply with this policy shall not invalidate any investment or affect the validity of the authorization of the Board, or their designee, to make such investments, unless required by the Board.

(This page intentionally left blank.)

## **Statistical Section**

## INTRODUCTION TO STATISTICAL SECTION

The Statistical Section of the BTI's ACFR presents information as a historical perspective and a context for understanding what the information in the financial statements, note disclosures, supplementary information, and other financial information says about the BTI's overall financial health.

### **Table 1: Schedules of Additions, Deductions, and Changes in Net Position – Consolidated Fund**

This table presents historical information showing trends in the changes in Consolidated Fund net position and the components of those changes.

### **Table 2: Financial Highlights – Consolidated Fund State Operating Pools**

This table presents historical information showing per share data and ratios for the state operating pools of the Consolidated Fund for the past ten years. The ratio of expenses to average net position represents the percentage of net position used to operate the pool. The ratio of net investment income to average net position represents financial performance of the pool, or the extent to which operations have resulted in changes in net position. The portfolio turnover rate is a measurement of how frequently assets within a fund are bought and sold by the managers.

### **Table 3: Rates of Return – Consolidated Fund State Operating Pools**

This table presents historical information showing the rates of return for the Consolidated Fund State Operating Pools for the past ten years.

### **Table 4: Participation in Consolidated Fund State Operating Pools**

This table presents historical information for the past ten years showing the participation in the Consolidated Fund State Operating Pools that are open to all state agencies and local governments in the state. Many state agencies and local governments have multiple accounts.

### **Table 5: Net Position – Consolidated Fund**

This table presents historical information showing the total net position of the Consolidated Fund for the past ten years.

### **Table 6: Net Position, Changes in Net Position, and Restatement of Net Position – Operating Fund**

This table presents historical information showing the total net position and changes in net position of the Operating Fund (a proprietary fund) for the past ten years.

### **Table 7: Schedule of Net Asset Values—Consolidated Fund Operating and Special Purpose Pools**

This table presents components of total net asset values of the Consolidated Fund Operating and Special Purpose Pools at June 30, 2021, as well as investment unit data.

### **Table 8: Portfolio Statistics – Consolidated Fund Operating Pools**

This table presents weighted average days to maturity, maximum weighted average investment maturity term per BTI investment policy, and money market yields for the Consolidated Fund Operating Pools at June 30, 2021.

**Table 9: Participant Net Asset Values—Consolidated Fund Operating Pools**

This table presents major investors in the Consolidated Fund Operating Pools at June 30, 2021.

**Glossary of Financial and Investment Terms**

A glossary of financial and investment terms is presented to help readers understand the basic concepts and information provided in this Annual Comprehensive Financial Report.

**Table 1: Schedules of Additions, Deductions, and Changes in Net Position – Consolidated Fund**

Fiscal Year Ended June 30  
(In Thousands)

	2021	2020	2019	2018	2017
<b>Additions</b>					
Investment income:					
Interest	\$ 25,320	\$ 61,532	\$ 65,025	\$ 35,994	\$ 23,420
Dividends	225	3,187	4,311	1,648	666
Net accretion (amortization)	4,175	38,624	54,990	21,465	7,471
Provision for uncollectible loans	-	(89)	(504)	-	(639)
Total investment income	<u>29,720</u>	<u>103,254</u>	<u>123,822</u>	<u>59,107</u>	<u>30,918</u>
Investment expenses:					
Investment advisor fees	2,100	1,867	1,725	1,463	1,345
Custodian bank fees	174	160	168	134	116
Administrative fees	1,515	1,142	1,716	1,245	1,384
Total investment expenses	<u>3,789</u>	<u>3,169</u>	<u>3,609</u>	<u>2,842</u>	<u>2,845</u>
Net investment income	25,931	100,085	120,213	56,265	28,073
Net realized gain (loss) from investments	7,087	6,622	(817)	(583)	128
Net increase (decrease) in fair value of investments	<u>(9,965)</u>	<u>7,742</u>	<u>14,306</u>	<u>(5,460)</u>	<u>(1,917)</u>
Net increase in net position from operations	23,053	114,449	133,702	50,222	26,284
Participant transaction additions:					
Purchase of pool units by participants	16,545,122	13,377,374	11,418,719	11,558,987	11,266,082
Reinvestment of pool distributions	31,373	104,859	119,737	55,550	27,979
Contributions to individual investment accounts	58,356	109,461	538	9,307	26,512
Total participant transaction additions	<u>16,634,851</u>	<u>13,591,694</u>	<u>11,538,994</u>	<u>11,623,844</u>	<u>11,320,573</u>
Total additions	16,657,904	13,706,143	11,672,696	11,674,066	11,346,857
<b>Deductions</b>					
Distributions to pool participants:					
Net investment income	22,749	99,348	119,963	55,858	27,709
Net realized gain (loss) from investments	7,087	6,622	(817)	(583)	128
Total distributions to pool participants	<u>29,836</u>	<u>105,970</u>	<u>119,146</u>	<u>55,275</u>	<u>27,837</u>
Participant transaction deductions:					
Redemption of pool units by participants	14,858,041	12,271,849	10,784,814	10,171,762	11,141,868
Withdrawals from individual investment accounts	117,970	30,021	28,994	17,474	16,386
Total participant transaction deductions	<u>14,976,011</u>	<u>12,301,870</u>	<u>10,813,808</u>	<u>10,189,236</u>	<u>11,158,254</u>
Total deductions	<u>15,005,847</u>	<u>12,407,840</u>	<u>10,932,954</u>	<u>10,244,511</u>	<u>11,186,091</u>
Change in net position	<u>\$ 1,652,057</u>	<u>\$ 1,298,303</u>	<u>\$ 739,742</u>	<u>\$ 1,429,555</u>	<u>\$ 160,766</u>

(Continued)

2016	2015	2014	2013	2012
\$ 17,145	\$ 14,942	\$ 15,103	\$ 17,579	\$ 17,094
402	1,575	1,653	330	461
1,069	(3,885)	(4,563)	(6,351)	(3,986)
<u>(507)</u>	<u>(822)</u>	<u>(1,251)</u>	<u>-</u>	<u>-</u>
18,109	11,810	10,942	9,929	12,624
1,366	1,552	1,486	1,366	1,420
126	133	129	132	141
<u>1,290</u>	<u>1,298</u>	<u>1,083</u>	<u>593</u>	<u>1,004</u>
<u>2,782</u>	<u>2,983</u>	<u>2,698</u>	<u>2,091</u>	<u>2,565</u>
15,327	8,827	8,244	7,838	10,059
(39)	(442)	44	2,850	(12)
<u>2,818</u>	<u>(986)</u>	<u>2,401</u>	<u>(96)</u>	<u>(1,946)</u>
18,106	7,399	10,689	10,592	8,101
9,864,797	10,934,435	10,832,452	11,345,517	10,994,105
15,082	8,679	8,812	8,277	10,918
<u>64,252</u>	<u>825</u>	<u>356</u>	<u>291,228</u>	<u>156,312</u>
<u>9,944,131</u>	<u>10,943,939</u>	<u>10,841,620</u>	<u>11,645,022</u>	<u>11,161,335</u>
9,962,237	10,951,338	10,852,309	11,655,614	11,169,436
15,147	8,714	8,087	6,727	8,862
<u>(39)</u>	<u>(442)</u>	<u>44</u>	<u>(370)</u>	<u>(114)</u>
15,108	8,272	8,131	6,357	8,748
10,233,163	10,977,054	11,259,270	11,513,580	11,391,935
44,326	20,105	193,010	223,638	21,259
<u>10,277,489</u>	<u>10,997,159</u>	<u>11,452,280</u>	<u>11,737,218</u>	<u>11,413,194</u>
10,292,597	11,005,431	11,460,411	11,743,575	11,421,942
<u>\$ (330,360)</u>	<u>\$ (54,093)</u>	<u>\$ (608,102)</u>	<u>\$ (87,961)</u>	<u>\$ (252,506)</u>

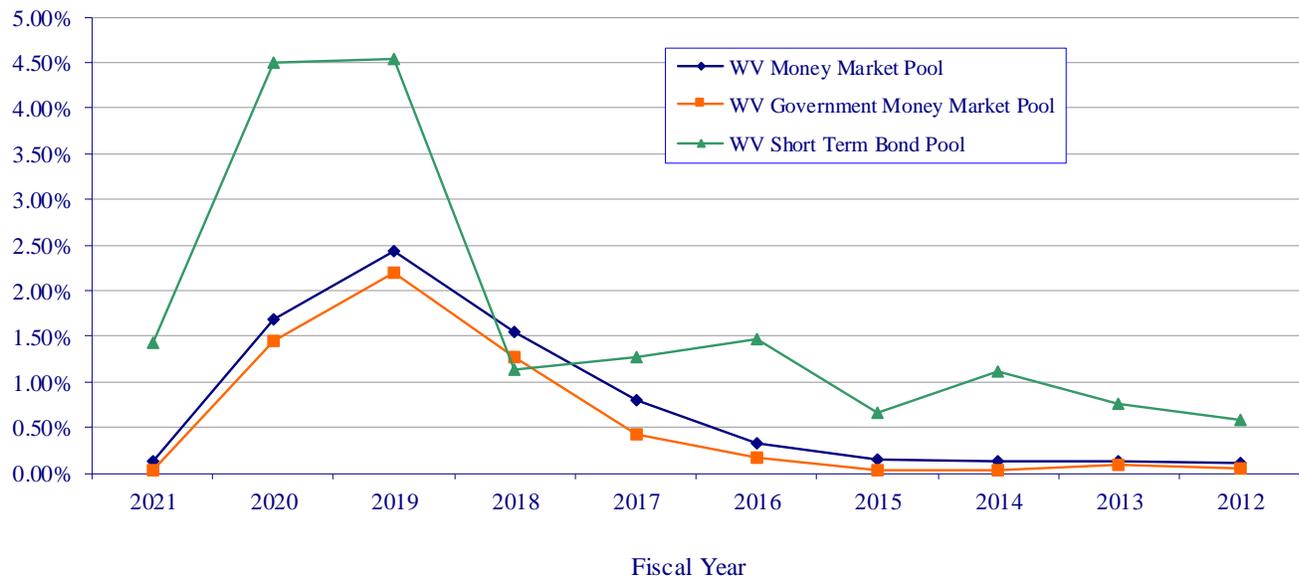
**Table 2: Financial Highlights – Consolidated Fund State Operating Pools**

	Fiscal Year Ended June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>WV Money Market Pool</b>										
Per share data:										
Net asset value at beginning of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	-	0.02	0.02	0.02	0.01	-	-	-	-	-
Net realized and unrealized gain	-	-	-	-	-	-	-	-	-	-
Net increase from operations	-	0.02	0.02	0.02	0.01	-	-	-	-	-
Distributions to participants	-	0.02	0.02	0.02	0.01	-	-	-	-	-
Net asset value at end of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Shares outstanding (in thousands)	5,295,136	5,099,974	3,959,313	3,266,592	1,780,967	1,556,503	1,890,872	1,960,118	2,496,857	2,788,044
Ratio of expenses to average net assets	0.05%	0.06%	0.07%	0.07%	0.08%	0.08%	0.08%	0.07%	0.05%	0.06%
Ratio of net investment income to average net assets	0.15%	1.81%	2.39%	1.56%	0.84%	0.27%	0.13%	0.13%	0.14%	0.11%
<b>WV Government Money Market Pool</b>										
Per share data:										
Net asset value at beginning of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income	-	0.02	0.02	0.01	-	-	-	-	-	0.01
Net realized and unrealized gain	-	-	-	-	-	-	-	-	-	-
Net increase from operations	-	0.02	0.02	0.01	-	-	-	-	-	0.01
Distributions to participants	-	0.02	0.02	0.01	-	-	-	-	-	0.01
Net asset value at end of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Shares outstanding (in thousands)	273,087	262,678	252,159	212,354	202,070	190,160	248,503	238,981	287,253	300,047
Ratio of expenses to average net assets	0.06%	0.07%	0.08%	0.08%	0.09%	0.09%	0.08%	0.08%	0.06%	0.06%
Ratio of net investment income to average net assets	0.07%	1.66%	2.29%	1.32%	0.47%	0.16%	0.03%	0.02%	0.09%	0.06%
<b>WV Short Term Bond Pool</b>										
Per share data:										
Net asset value at beginning of year	\$ 104.05	\$ 103.07	\$ 101.07	\$ 101.81	\$ 102.03	\$ 101.67	\$ 101.79	\$ 101.47	\$ 100.06	\$ 100.34
Net investment income	1.82	2.67	2.68	1.97	1.47	1.15	0.85	1.20	0.70	0.86
Net realized and unrealized gain (loss)	(0.36)	1.81	1.90	(0.83)	(0.22)	0.34	(0.19)	0.33	1.34	(0.31)
Net increase from operations	1.46	4.48	4.58	1.14	1.25	1.49	0.66	1.53	2.04	0.55
Distributions to participants	2.72	3.50	2.58	1.88	1.47	1.13	0.78	1.21	0.63	0.83
Net asset value at end of year	\$ 102.79	\$ 104.05	\$ 103.07	\$ 101.07	\$ 101.81	\$ 102.03	\$ 101.67	\$ 101.79	\$ 101.47	\$ 100.06
Shares outstanding (in thousands)	7,883	7,815	7,158	7,020	7,403	7,754	7,490	7,600	6,083	5,040
Ratio of expenses to average net assets	0.08%	0.08%	0.11%	0.13%	0.14%	0.14%	0.14%	0.12%	0.07%	0.10%
Ratio of net investment income to average net assets	1.78%	2.64%	2.67%	1.97%	1.47%	1.19%	0.87%	0.78%	0.50%	0.73%
Portfolio turnover rate	7.00%	10.68%	2.78%	3.45%	3.06%	6.77%	4.17%	1.10%	2.48%	11.11%

**Table 3: Rates of Return – Consolidated Fund State Operating Pools**

	Fiscal Year Ended June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
WV Money Market Pool	0.12%	1.69%	2.43%	1.54%	0.80%	0.32%	0.14%	0.13%	0.13%	0.11%
WV Government Money Market Pool	0.04%	1.44%	2.20%	1.26%	0.42%	0.16%	0.03%	0.02%	0.09%	0.05%
WV Short Term Bond Pool	1.42%	4.50%	4.54%	1.14%	1.26%	1.47%	0.65%	1.11%	0.76%	0.59%

Rates of return are time weighted, annualized, and net of all fees



**Table 4: Participation in Consolidated Fund State Operating Pools**

Fiscal Year Ended June 30

(Net Asset Values Expressed in Thousands)

	2021		2020		2019		2018		2017	
	Number of Accounts	Net Asset Value								
<b>WV Money Market Pool:</b>										
State agency accounts	1,255	\$ 6,447,622	1,133	\$ 4,855,856	1,044	\$ 3,765,849	1,037	\$ 3,087,615	1,115	\$ 1,653,945
Local government accounts	236	394,998	230	244,118	204	193,464	198	178,977	207	127,022
	<u>1,491</u>	<u>\$ 6,842,620</u>	<u>1,363</u>	<u>\$ 5,099,974</u>	<u>1,248</u>	<u>\$ 3,959,313</u>	<u>1,235</u>	<u>\$ 3,266,592</u>	<u>1,322</u>	<u>\$ 1,780,967</u>
<b>WV Government Money Market Pool:</b>										
State agency accounts	21	\$ 199,690	22	\$ 231,398	23	\$ 206,834	23	\$ 209,783	20	\$ 198,527
Local government accounts	25	23,742	22	31,280	23	45,325	21	2,571	27	3,543
	<u>46</u>	<u>\$ 223,432</u>	<u>44</u>	<u>\$ 262,678</u>	<u>46</u>	<u>\$ 252,159</u>	<u>44</u>	<u>\$ 212,354</u>	<u>47</u>	<u>\$ 202,070</u>
<b>WV Short Term Bond Pool:</b>										
State agency accounts	37	\$ 793,799	38	\$ 812,321	38	\$ 737,161	39	\$ 705,986	38	\$ 750,256
Local government accounts	11	24,483	10	798	7	664	8	3,493	9	3,475
	<u>48</u>	<u>\$ 818,282</u>	<u>48</u>	<u>\$ 813,119</u>	<u>45</u>	<u>\$ 737,825</u>	<u>47</u>	<u>\$ 709,479</u>	<u>47</u>	<u>\$ 753,731</u>
<b>2016</b>										
<b>2015</b>										
<b>2014</b>										
<b>2013</b>										
<b>2012</b>										
<b>WV Money Market Pool:</b>										
State agency accounts	1,196	\$ 1,462,081	1,275	\$ 1,804,995	1,336	\$ 1,869,338	1,347	\$ 2,427,230	1,282	\$ 2,708,359
Local government accounts	206	94,422	208	85,877	221	90,780	222	69,627	222	79,685
	<u>1,402</u>	<u>\$ 1,556,503</u>	<u>1,483</u>	<u>\$ 1,890,872</u>	<u>1,557</u>	<u>\$ 1,960,118</u>	<u>1,569</u>	<u>\$ 2,496,857</u>	<u>1,504</u>	<u>\$ 2,788,044</u>
<b>WV Government Money Market Pool:</b>										
State agency accounts	24	\$ 184,246	23	\$ 202,008	20	\$ 184,523	17	\$ 189,828	18	\$ 178,519
Local government accounts	27	5,914	70	46,495	77	54,458	80	97,425	80	121,528
	<u>51</u>	<u>\$ 190,160</u>	<u>93</u>	<u>\$ 248,503</u>	<u>97</u>	<u>\$ 238,981</u>	<u>97</u>	<u>\$ 287,253</u>	<u>98</u>	<u>\$ 300,047</u>
<b>WV Short Term Bond Pool:</b>										
State agency accounts	37	\$ 787,715	35	\$ 758,066	34	\$ 768,763	12	\$ 611,495	14	\$ 499,402
Local government accounts	9	3,434	9	3,384	9	4,837	10	5,756	9	4,890
	<u>46</u>	<u>\$ 791,149</u>	<u>44</u>	<u>\$ 761,450</u>	<u>43</u>	<u>\$ 773,600</u>	<u>22</u>	<u>\$ 617,251</u>	<u>23</u>	<u>\$ 504,292</u>

(This page intentionally left blank.)

**Table 5: Net Position – Consolidated Fund**

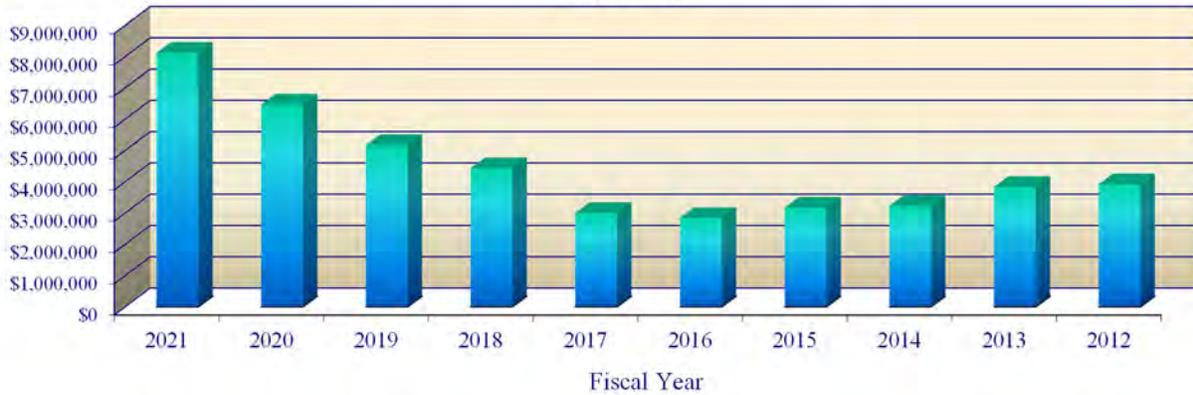
Fiscal Year Ended June 30

(In Thousands)

	2021	2020	2019	2018
WV Money Market Pool	\$ 6,842,620	\$ 5,099,974	\$ 3,959,313	\$ 3,266,592
WV Government Money Market Pool	223,432	262,678	252,159	212,354
WV Short Term Bond Pool	818,282	813,119	737,825	709,479
WV Bank Pool	60,243	67,909	77,774	81,448
Loan Pool	123,407	120,569	119,402	109,145
Reserve Pool	19,942	19,906	19,588	19,126
Municipal Bond Commission Account	28,996	80,355	-	28,364
School Fund Account	1,000	1,264	1,427	1,254
EDA-AW Account	1,662	1,753	1,736	1,720
	<u>\$ 8,119,584</u>	<u>\$ 6,467,527</u>	<u>\$ 5,169,224</u>	<u>\$ 4,429,482</u>

**Total Consolidated Fund Net Position**

(In Thousands)



(Continued)

2017	2016	2015	2014	2013	2012
\$ 1,780,967	\$ 1,556,503	\$ 1,890,872	\$ 1,960,118	\$ 2,496,857	\$ 2,788,044
202,070	190,160	248,503	238,981	287,253	300,047
753,731	791,149	761,450	773,600	617,251	504,292
79,774	129,294	116,111	73,060	70,042	52,590
125,400	124,438	125,210	129,264	118,366	106,825
18,854	18,767	18,716	20,757	21,920	19,041
35,881	25,296	4,565	24,538	216,728	145,150
1,418	1,584	2,174	1,356	1,327	1,555
1,832	1,970	1,920	1,940	1,972	2,133
<u>\$ 2,999,927</u>	<u>\$ 2,839,161</u>	<u>\$ 3,169,521</u>	<u>\$ 3,223,614</u>	<u>\$ 3,831,716</u>	<u>\$ 3,919,677</u>

**Table 6: Net Position, Changes in Net Position, and Restatement of Net Position – Operating Fund**

Fiscal Year Ended June 30  
(In Thousands)

	2021	2020	2019	2018	2017	2016
<b><u>Changes in Net Position</u></b>						
<b>Operating revenues</b>						
Management services	\$ 1,517	\$ 1,144	\$ 1,717	\$ 1,245	\$ 1,383	\$ 1,290
Advisor services	2,100	1,868	1,725	1,463	1,345	1,366
Custodian services	174	160	168	134	116	126
Total operating revenues	<u>3,791</u>	<u>3,172</u>	<u>3,610</u>	<u>2,842</u>	<u>2,844</u>	<u>2,782</u>
<b>Operating expenses</b>						
Advisor fees	2,101	1,868	1,725	1,463	1,345	1,366
Management fees	693	743	716	670	637	642
Professional service fees	277	275	272	244	265	231
Fiduciary bond	20	20	20	20	19	19
Custodian fees	174	161	168	131	119	126
General and administrative expenses	225	258	297	256	280	266
Depreciation	3	4	3	2	2	1
Total operating expenses	<u>3,493</u>	<u>3,329</u>	<u>3,201</u>	<u>2,786</u>	<u>2,667</u>	<u>2,651</u>
<b>Operating income (loss)</b>	<u>298</u>	<u>(157)</u>	<u>409</u>	<u>56</u>	<u>177</u>	<u>131</u>
Change in net position	<u>\$ 298</u>	<u>\$ (157)</u>	<u>\$ 409</u>	<u>\$ 56</u>	<u>\$ 177</u>	<u>\$ 131</u>
<b><u>Net Position at Year-End</u></b>						
Investment in capital assets	\$ 3	\$ 6	\$ 5	\$ 5	\$ 4	\$ 4
Unrestricted	<u>1,594</u>	<u>1,293</u>	<u>1,451</u>	<u>1,042</u>	<u>987</u>	<u>810</u>
Total net position	<u>\$ 1,597</u>	<u>\$ 1,299</u>	<u>\$ 1,456</u>	<u>\$ 1,047</u>	<u>\$ 991</u>	<u>\$ 814</u>

(Continued)

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 1,297	\$ 1,353	\$ 955	\$ 1,004
1,553	1,486	1,366	1,420
132	129	132	141
<u>2,982</u>	<u>2,968</u>	<u>2,453</u>	<u>2,565</u>
1,553	1,486	1,364	1,420
613	591	625	647
229	254	222	212
18	44	158	155
132	129	133	141
258	216	222	214
2	3	3	2
<u>2,805</u>	<u>2,723</u>	<u>2,727</u>	<u>2,791</u>
177	245	(274)	(226)
<u>\$ 177</u>	<u>\$ 245</u>	<u>\$ (274)</u>	<u>\$ (226)</u>
\$ 1	\$ 3	\$ 5	\$ 7
<u>682</u>	<u>503</u>	<u>256</u>	<u>528</u>
<u>\$ 683</u>	<u>\$ 506</u>	<u>\$ 261</u>	<u>\$ 535</u>

**Table 7: Schedule of Net Asset Values — Consolidated Fund Operating Pools**

**June 30, 2021**

*(In Thousands except for Investment Unit Data)*

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool
Paid-in capital	\$ 6,842,620	\$ 223,432	\$ 810,364
Accumulated undistributed net investment income (loss)	-	-	-
Accumulated undistributed net realized gain (loss)	-	-	-
Unrealized net appreciation (depreciation) of investments	-	-	7,918
Net position at value	<u>\$ 6,842,620</u>	<u>\$ 223,432</u>	<u>\$ 818,282</u>
Investment unit data:			
Units outstanding	6,842,620,325	223,431,662	7,544,687
Net position, unit price	\$ 1.00	\$ 1.00	\$ 108.46

**Table 8: Portfolio Statistics — Consolidated Fund Operating Pools****June 30, 2021**

	<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	52 days	45 days	N/A
Maximum Weighted Average Investment Maturity Term Per Board Guidelines	60 days	60 days	N/A
Effective Duration	N/A	N/A	638 days
Effective Duration Permissible Range Per Board Guidelines	N/A	N/A	531 to 797 day range
Money Market Yield - Monthly	0.07%	0.00%	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.

**Table 9: Participant Net Asset Values — Consolidated Fund Operating Pools**

**June 30, 2021**

*(In Thousands)*

<b>WV Money Market Pool</b>			
State Agencies:		Local Governments:	
WV State Treasurer's Office:			
State Participation	\$ 1,489,527	Wood Co Board of Education	11,433
Banking Services	400,020	Mercer County Board of Education	34,818
Safekeeping	33,012	City of Charleston	19,931
Safe Road Bonds	4	Marshall County Board of Education	22,962
Broadband Loan Guarantee	41,419	Tyler Co Board of Education	13,433
Roads to Prosperity	24	Taylor County Board of Education	12,827
Prepaid Tuition Trust	30,105	Boone County Commission	4,133
Veterans Lottery	1,291	Braxton County Board of Education	6,332
Total WV State Treasurer's Office	<u>1,995,402</u>	Berkeley Co PSSD	2,861
Department of Transportation	1,969,797	Berkeley Co PSWD	4,745
Governor's Office	1,115,342	Lewis County Board of Education	1,830
Higher Education Policy Commission	261,789	City of Weirton	4,381
Public Employees Insurance Agency	73,547	Lincoln County Board of Education	6,458
Department of Environmental Protection	107,575	Roane County Board of Education	7,850
WV Lottery Commission	135,685	Fayette County Commission	2,141
Department of Commerce	138,321	Kanawha County Emergency Ambulance Authority	4,738
Department of Health and Human Resources	20,705	Mason County Board of Education	5,819
Division of Natural Resources	76,474	Ritchie County Board of Education	1,425
Board of Risk and Insurance Management	31,328	Wyoming County Board of Education	1,103
Water Development Authority	70,362	Berkeley County Board of Education	14,087
WV Municipal Pension Oversight Board	29,645	Pleasants County Commission	1,046
WV Economic Development Authority	45,287	Greenbrier County Board of Education	4,018
Regional Jail Authority	21,737	South Charleston Building Comm	2,279
WV Housing Development Fund	264,485	Clarksburg Water Board	2,850
Insurance Commission	11,782	City of Dunbar	2,524
WV State Auditor's Office	7,649	Cabell County Board of Education	83,580
Performance and wage bond accounts	20,824	Kanawha Emergency Operations Center	7,071
West Virginia University	36,257	Mason County Commission	1,781
Other	13,631	Jefferson County Board of Education Bonds	17,774
Total State Agencies	<u>6,447,624</u>	Hampshire County Board of Education	43,871
		Fayette County Board of Education	28,027
		Other	16,868
		Total Local Governments	<u>394,996</u>
		Total net asset value	<u>\$ 6,842,620</u>

<b>WV Government Money Market Pool</b>	
State Agencies:	
Municipal Bond Commission	\$ 190,283
WV Housing Development Fund	3,191
Other	6,216
Total State Agencies	<u>199,690</u>
Local Governments:	
Ohio County Board of Education	16,316
Hancock County Commission	1,160
Randolph Co Bd of Ed Investment Account	3,784
Upshur County Board of Education	1,500
Other	982
Total Local Governments	<u>23,742</u>
Total net asset value	<u>\$ 223,432</u>

<b>WV Short Term Bond Pool</b>	
State Agencies:	
WV State Treasurer's Office:	
State Participation	\$ 320,140
Banking Services	187,601
Total WV State Treasurer's Office	<u>507,741</u>
Department of Environmental Protection	210,296
WV Lottery Commission	32,438
WV Economic Development Authority	19,429
Higher Education Policy Commission	6,449
DHHR - Children's Health Insurance	3,782
WV Court of Claims	5,803
WV Parkways Authority	3,637
Department of Transportation	2,384
WV State Auditor's Office	274
Other	1,566
Total State Agencies	<u>793,799</u>
Local Governments:	
City of Charleston Pension Reserves	23,672
Other	811
Total Local Governments	<u>24,483</u>
Total net asset value	<u>\$ 818,282</u>

## Glossary of Financial and Investment Terms

---

**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 smoothes fluctuations in long-term investment returns to derive an implied year-to-year annual return.

**Consumer Price Index (CPI)** - A measure of change in consumer prices, as determined by a monthly survey of the U.S. Bureau of Labor Statistics. Components of the 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. Most LIBOR settings will stop being issued at the end of 2021, with certain U.S. dollar settings continuing to be provided until the end of June 2023.

**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.

**Secured Overnight Financing Rate (SOFR)** - SOFR is a benchmark interest rate for dollar-denominated derivatives, loans and securities that is replacing LIBOR. SOFR is based on transactions in the Treasury repurchase market and is seen as preferable to LIBOR since it is based on data from observable transactions rather than on estimated borrowing rates.

**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 it maturity. Yield to maturity is expressed as an annual rate.