West Virginia Public Employees Insurance Agency

Financial Statements, Required Supplementary Information and Other Supplementary Information

Years Ended June 30, 2020 and 2019

DIXON HUGHES GOODMAN LLP

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DIXON HUGHES GOODMAN LLP

Independent Auditors' Report

Finance Board and Management
West Virginia Public Employees Insurance Agency
Charleston, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the West Virginia Public Employees Insurance Agency (PEIA), an enterprise fund of the State of West Virginia, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the PEIA'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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 auditors' 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the PEIA, an enterprise fund of the State of West Virginia, as of June 30, 2020 and 2019, and the revenues, expenses and changes in its net position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of PEIA are intended to present the financial position, and the changes in financial position and cash flows of only that portion of the business type activities of the State of West Virginia that is attributable to the transactions of PEIA. They do not purport to, and do not present fairly the financial position of the State of West Virginia as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the required supplementary information on pages 58 through 64 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, which 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, 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 Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the PEIA's basic financial statements as a whole. The accompanying schedules on pages 65 through 71 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules 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 accompanying schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2020 on our consideration of the PEIA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the PEIA's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

Charleston, West Virginia
September 29, 2020

Management's Discussion and Analysis
(in thousands)

Management's Discussion and Analysis (in thousands)

This section of the West Virginia Public Employees Insurance Agency's (PEIA) annual financial report presents management's discussion and analysis of its financial performance for the fiscal years ended June 30, 2020, 2019, and 2018. Please read it in conjunction with the basic financial statements, which follow this section.

Overview of the financial statements

The PEIA's basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America for governmental entities. The primary purpose of the PEIA is to provide group health and prescription drug insurance for the employees of State agencies, colleges and universities, county school boards and other governmental units as set forth in the West Virginia Public Employees Insurance Act of 1971, as amended. The PEIA operates in a manner similar to any other insurance company. The PEIA is an enterprise fund of the State and is combined with other similar funds to comprise the enterprise funds of the State of West Virginia. The basic financial statements are presented on the accrual basis of accounting. The three basic financial statements presented within the financial statements are as follows:

> Statement of Net Position – This statement presents information reflecting the PEIA's assets, liabilities and net position. Net position represents the amount of total assets less total liabilities. The statement of net position is categorized as to current and noncurrent assets and liabilities. For purposes of the basic financial statements, current assets and liabilities are those assets and liabilities with immediate liquidity or are collectible or become due within 12 months of the statement date.
>
> Statement of Revenues, Expenses and Changes in Net Position – This statement reflects the PEIA's operating revenues and expenses, as well as nonoperating revenues during the fiscal year. The major source of operating revenues is premium income, while major expense areas include medical and prescription drug claims costs. The change in net position for an enterprise fund is similar to net profit or loss for any other insurance company.
>
> Statement of Cash Flows – The statement of cash flows is presented on the direct method of reporting, which reflects cash flows from operating, capital and noncapital financing and investing activities. Cash collections and payments are reflected in this statement to arrive at net increase or decrease in cash for the fiscal year.

Effective July 1, 2017, the PEIA adopted the provisions of GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85, *Omnibus 2017.* The PEIA determined that it was not practical to restate all periods presented and has recorded a cumulative effect adjustment of $205 as of July 1, 2017, to increase the 2018 beginning net position. The $205 cumulative effect adjustment as of July 1, 2017, is comprised of the removal of the GASB 45 OPEB liability of $1,070 and the recording of the beginning net OPEB liability of $928 less deferred outflows of resources related to OPEB plan contributions of $63 as of that date.

(in thousands)

Financial highlights

The following table summarizes the statement of net position and the changes in net position as of and for the years ended June 30:

				Change 2020 - 2019		Change 2019 - 2018	
	2020	**2019**	**2018**	**Amount**	**Percent**	**Amount**	**Percent**
ASSETS							
Cash and cash equivalents	**$ 7,411**	$ 11,957	$ 7,832	$ (4,546)	-38.0%	$ 4,125	52.7%
Equity position in - investment pool	**30,436**	36,592	21,049	(6,156)	-16.8%	15,543	73.8%
Premium receivable	**9,407**	8,643	8,231	764	8.8%	412	5.0%
Other current assets	**58,951**	43,999	47,559	14,952	34.0%	(3,560)	-7.5%
Total current assets	**106,205**	101,191	84,671	5,014	5.0%	16,520	19.5%
Equity position in investment pools	**260,386**	225,314	198,826	35,072	15.6%	26,488	13.3%
Equity position in investment pool-restricted	**13,817**	12,774	15,089	1,043	8.2%	(2,315)	-15.3%
Capital assets, net	**101**	146	196	(45)	-30.8%	(50)	-25.5%
Total assets	**380,509**	339,425	298,782	41,084	12.1%	40,643	13.6%
DEFERRED OUTFLOWS OF RESOURCES							
Pension & OPEB	**358**	431	562	(73)	-16.9%	(131)	-23.3%
Total deferred outflows of resources	**358**	431	562	(73)	-16.9%	(131)	-23.3%
LIABILITIES							
Claims payable	**73,366**	64,897	67,605	8,469	13.0%	(2,708)	-4.0%
Other current liabilities	**67,031**	34,361	20,366	32,670	95.1%	13,995	68.7%
Total current liabilities	**140,397**	99,258	87,971	41,139	41.4%	11,287	12.8%
Noncurrent liabilities:							
Other noncurrent liabilities	**819**	938	1,152	(119)	-12.7%	(214)	-18.6%
Premium stabilization fund	**13,817**	12,774	15,089	1,043	8.2%	(2,315)	-15.3%
Total liabilities	**155,033**	112,970	104,212	42,063	37.2%	8,758	8.4%
DEFERRED INFLOWS OF RESOURCES							
Pension & OPEB	**432**	499	578	(67)	-13.4%	(79)	-13.7%
Total deferred inflows of resources	**432**	499	578	(67)	-13.4%	(79)	-13.7%
Net Position:							
Investment in capital assets	**101**	146	196	(45)	-30.8%	(50)	-25.5%
Unrestricted	**225,301**	226,241	194,358	(940)	-0.4%	31,883	16.4%
Total net position	**$ 225,402**	$ 226,387	$ 194,554	$ (985)	-0.4%	$ 31,833	16.4%
Premium revenue	**$ 607,152**	$ 593,602	$ 610,623	$ 13,550	2.3%	$ (17,021)	-2.8%
Less payments to managed care organizations and life insurance premiums	**(51,664)**	(47,942)	(50,551)	(3,722)	7.8%	2,609	-5.2%
Net premium revenue	**555,488**	545,660	560,072	9,828	1.8%	(14,412)	-2.6%
Administrative fees, net	**4,817**	4,775	4,782	42	0.9%	(7)	-0.1%
Total operating revenues	**560,305**	550,435	564,854	9,870	1.8%	(14,419)	-2.6%
Claims expense, net	**571,036**	542,674	518,496	28,362	5.2%	24,178	4.7%
Administrative service fees	**20,209**	11,829	11,222	8,380	70.8%	607	5.4%
Other expenses	**6,014**	7,340	7,358	(1,326)	-18.1%	(18)	-0.2%
Total operating expenses	**597,259**	561,843	537,076	35,416	6.3%	24,767	4.6%
Operating (loss) income	**(36,954)**	(11,408)	27,778	(25,546)	223.9%	(39,186)	-141.1%
State appropriation	**31,000**	31,000	10,000	-	0.0%	21,000	100.0%
Net investment (loss) income	**4,969**	12,241	7,525	(7,272)	-59.4%	4,716	62.7%
Total non-operating (loss) income	**35,969**	43,241	17,525	(7,272)	-16.8%	25,716	146.7%
Change in net position	**(985)**	31,833	45,303	(32,818)	-103.1%	(13,470)	-29.7%
Net position, beginning of year	**226,387**	194,554	149,046	45,508	23.4%	50,916	34.2%
Cumulative effect of adoption of GASB 75	**-**	-	205	(205)	100.0%	205	0.0%
Net position, beginning of year, as restated	**226,387**	194,554	149,251	45,303	23.3%	51,121	34.3%
Net position, end of year	**$ 225,402**	$ 226,387	$ 194,554	$ (985)	-0.4%	$ 31,833	16.4%

Cash and cash equivalents ($9,659 decrease)

Cash and cash equivalents plus the current and restricted portion of equity position in investment pool at the end of the year decreased $9,659 as the result of $9,614 net cash used in operating activities, $30,076 net cash provided by capital and non-capital financing activities and $30,105 net cash used in investing activities.

Last year, cash and cash equivalents plus the current and restricted portion of equity position in investment pool at the end of the year increased $17,353 as the result of $7,896 net cash used in operating activities, $39,504 net cash provided by capital and non-capital financing activities and $14,246 net cash used in investing activities.

Premium receivable ($764 increase)

As of the current year-end, premiums receivable increased $764 from the prior year primarily due timing of payments received from agencies at year end.

Last year, premiums receivable increased by $412 from the prior year primarily due to timing of payments received from agencies at year end.

Equity position in investment pools current and noncurrent ($28,196 increase)

In the current year, the current and non-current portion of the equity position in investment pool increased $28,196 as a result of current year operating results, investment earnings, and investment of the $26,000 in appropriations received of the $31,000 State Appropriation dollars awarded to PEIA.

Last year, the current and non-current portion of the equity position in investment pool increased by $42,031 as a result of current year operating results, investment earnings, and investment of the $31,000 State Appropriation received.

Capital assets ($45 decrease)

In the current year, capital assets decreased $45 because no major software development expenses were incurred. The organization has been continuing to utilize equipment purchased in prior years without needing as many replacements in the current year.

Last year, capital assets decreased by $50 because no major software development expenses were incurred. The organization has been continuing to utilize equipment purchased in prior years without needing as many replacements in the current year.

Total assets ($41,084 increase)

As described in detail above, total assets for the current year increased $41,084 due to operating results, market appreciation in the non-current portion of the equity position in investment pool, investment of the $26,000 State Appropriation dollars received, increase in premiums receivable, and a decrease in capital assets.

Last year, as described in detail above, total assets for the current year increased by $40,643 due to operating results, market appreciation in the non-current portion of the equity position in investment pool, investment of the $31,000 State Appropriation, increase in premiums receivable, and a decrease in capital assets.

Deferred outflows of resources related to pension and OPEB ($73 decrease)

The $73 decrease and $131 decrease in the current and prior year, respectively, is related to the PEIA allocation of the current year pension and OPEB amounts accounted for in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68 and GASB Statement No. 75.

Other current liabilities ($32,670 increase)

Other current liabilities in the current year increased $32,670, or 95.1%, due to an increase in the Premium Deficiency Reserve. A premium deficiency reserve is required when policies in force as of the financial statement date are expected to produce a loss when claims cost (including IBNR), plus expected claims adjustment expenses, are expected to exceed related premiums.

Last year, other current liabilities increased $13,995, or 68.7%, due to an increase in the premium deficiency reserve. A premium deficiency reserve is required when policies in force as of the financial statement date are expected to produce a loss when claims cost (including IBNR), plus expected claims adjustment expenses, are expected to exceed related premiums.

Premium stabilization reserve ($1,043 increase)

The premium stabilization reserve increased $1,043 in the current year. PEIA continued to offer members low life insurance rates while using reserve dollars to fund the difference between what was billed by the carrier to pay claims and what was withheld in member premiums. The utilization of the reserve by PEIA was offset by an operational gain of $4,026 at the Life Insurance Carrier for the Basic and Optional Life Insurance Risk Pools netting to increase in the total reserve balance.

Last year, the premium stabilization reserve decreased $2,315 because PEIA utilized the lower life insurance premium rates that were implemented in fiscal year 2017 into fiscal year 2019. Reserve dollars were used to offset the reduction in life insurance premium revenue collected to pay claims.

Deferred inflows of resources related to pension and OPEB ($67 decrease)

The $67 decrease and $79 decrease in the current and prior year, respectively, is related to PEIA allocation of the current year pension and OPEB amounts accounted for in accordance with GASB Statement No. 68 and GASB Statement No. 75.

Total operating revenue ($9,870 increase)

For the current year, operating revenue increased 1.8%, or $9,870 because premium revenue increased $14,714 due to the reduction in the PAYGO premium charges owed to the Retiree Health Benefits and Trust (RHBT) fund redirecting more of the total employer health premiums to the PEIA fund. Payments to managed care organizations and life insurance premiums increased $4,886. Life insurance premiums increased slightly because PEIA continued to spend down part of the Premium Stabilization Reserve held at Minnesota Life. Enrollment losses stabilized in the current year and with the addition of a few new agencies, administration fee revenue increased $42.

Last year, operating revenue decreased 2.6%, or $14,419 because premium revenue decreased $10,865 due to a decline in enrollment coupled with policyholder plan migration to less benefit rich but cost-effective insurance plans. Payments to managed care organizations and life insurance premiums increased $3,547. Life insurance premiums increased slightly because PEIA continued to spend down part of the Premium Stabilization Reserve held at Minnesota Life. Given the decline in enrollment, administration fee revenue decreased $7.

Claims expense ($28,362 increase)

Medical claims expense increased $24,412, primarily resulting from the premium deficiency reserve increase of $33,176 and lower claims expense by $8,764 compared to last year. Drug claims expense increased $3,950. The reduction medical and increase in drug claims expense in the current year is attributable to the exposure of cost trends in healthcare rising nationwide combined with the effects of delayed medical procedures due to COVID-19.

Last year, medical claims expense increased $24,178, primarily resulting from the premium deficiency reserve established of $13,359 and additional claims expense of $4,134. Drug claims expense increased $6,685. The rise in medical and drug claims expense in the current year is attributable to the exposure of cost trends in healthcare rising nationwide.

Non-operating income ($7,272 decrease)

Non-operating income decreased 16.8%, or $7,272. This decrease is due to unfavorable market conditions in 2020 resulting in $7,272 in investment losses.

Last year, non-operating income for the current year increased by 146.7%, or $25,716. This increase is due to $21,000 increase in State Appropriations ($31,000 in 2019 compared to $10,000 in 2018) and favorable market conditions in 2019 providing $4,716 in investment appreciation.

Net position ($985 decrease)

In the current year net position decreased $985, or 0.4%. The decrease in net position is comprised of both $36,954 of operating loss due to increased operating expenses and $35,969 in non-operating income due to the $31,000 state funding appropriation and investment income of $4,969.

Last year, net position increased $31,833, or 16.4%. The increase in net position is comprised of both $11,408 of operating loss due to increased operating expenses and $43,241 in non-operating income due to the $31,000 state funding appropriation and investment income of $12,241.

Economic conditions and other matters

As of March 2020, globally all sectors of industry were affected by the pandemic health crisis caused by the disease COVID-19. Companies have undertaken and are generally in the process of making a diverse range of operational adjustments in response to the effects of COVID-19. Many states issued Stay-At-Home Orders, closed public spaces, and medical facilities delayed non-emergency procedures. Each of these steps were implemented as a measure of public safety and to prevent the healthcare sector from being overwhelmed with more patients than capacity would allow. The magnitude of the disruption of COVID-19, across all industry sectors, is still widely unknown. There is immense uncertainty regarding the economy, future earnings, and elements impacting health care costs specifically.

On March 10, 2020, PEIA issued a Policy for COVID-19 effective through September 30, 2020, which provides for certain COVID-19 related benefits and coverage. This policy extended telemedicine services, dependent coverage, COBRA benefits, suspended terminations for non-payment of premium and adjusted precertification requirements to ensure members did not experience coverage interruptions because of COVID-19. Suspension of terminations for non-payment of premium had no material effect on the Premium Receivable balance as of June 30, 2020.

Medical procedures that would have been performed in the last quarter of 2020, but were delayed because of COVID-19, may be rescheduled after July 1, 2020 and still be processed under the policyholder's 2020 Deductible and Out of Pocket Maximum limits. Claims incurred under the COVID-19 policy for extended benefits will be incurred and paid as a 2021 claims expense and have no effect on the financial statements of PEIA as of June 30, 2020.

PEIA's actuaries have predicted the impact of delayed benefits and pent up demand for medical services will cause an increase in medical claims expenses in the upcoming year. Although predicting the effects of COVID-19 on future months is analyzed and adjusted regularly, based on current actuarial expectation, PEIA could experience up to $8.5 million additional medical claims costs in the 2021 plan year. The preparation of any estimate of future health costs requires consideration of a broad array of complex social and economic events causing significant uncertainty and variability to actual experience.

In 2020, the PEIA's claims costs increased 5.2%.

Legislative matters

West Virginia Code Section 11B-2-15a established a special account, designated as the PEIA Rainy Day Fund, which is an interest- bearing account administered by the Secretary of Revenue. The PEIA Rainy Day Fund consists of moneys appropriated by the Legislature, income from investment of moneys held in the special revenue account, and all other sums available for deposit to the account, public or private. The Secretary of Revenue, upon approval of the Governor, may transfer funds from this account to the PEIA in any fiscal year for the purpose of reducing or preventing benefit cuts and premium rate increases. On March 9, 2019, West Virginia House Bill 2665 enacted an appropriation transfer of $105 million from the State's General Revenue Fund to the PEIA Rainy Day Fund. There were no transfers from the PEIA Rainy Day Fund to the PEIA for the fiscal year ended June 30, 2020.

There were no other legislative matters causing material effects to the operations of PEIA as of June 30, 2020.

Capital asset and long-term debt activity

The PEIA had $16 in capital asset additions in 2020.

Request for information

This financial report is designed to provide the PEIA's customers, governing officials, legislators, citizens and taxpayers with a general overview of the PEIA's accountability for the money it receives. If you have questions about this report or need additional information, contact the Chief Financial Officer at (304) 558-7850 extension 52642.

Basic Financial Statements (in thousands)

West Virginia Public Employees Insurance Agency
Statements of Net Position
June 30, 2020 and 2019
(in thousands)

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ **7,411**	$ 11,957
Equity position in investment pool	**30,436**	36,592
Premiums receivable:		
Other, less allowance for doubtful accounts of $243 and $266, respectively	**7,319**	5,997
Premiums due from State of West Virginia	**2,088**	2,646
Appropriation due from State of West Virginia	**5,000**	-
Accounts receivable:		
Provider refunds, less allowance for doubtful accounts of $1,659 and $995, respectively	-	585
Due from RHBT	**6,457**	10,533
Prescription rebates	**40,924**	31,683
Other	**6,570**	1,198
Total current assets	**106,205**	101,191
Noncurrent assets:		
Equity position in investment pools	**260,386**	225,314
Equity position in investment pool – restricted	**13,817**	12,774
Capital assets, net of accumulated depreciation of $10,242 and $10,180, respectively	**101**	146
Total noncurrent assets	**274,304**	238,234
Total assets	**380,509**	339,425
DEFERRED OUTFLOWS OF RESOURCES		
Pension	**214**	331
OPEB	**144**	100
Total deferred outflows of resources	**358**	431

See accompanying notes.

West Virginia Public Employees Insurance Agency
Statements of Net Position
June 30, 2020 and 2019
(in thousands) *Continued*

		2020		2019
LIABILITIES				
Current liabilities:				
Claims payable	**$**	**73,366**	$	64,897
Premium deficiency reserve		**46,535**		13,359
Accounts payable		**4,104**		4,546
Unearned revenue		**13,854**		13,614
Other accrued liabilities		**2,538**		2,842
Total current liabilities		**140,397**		99,258
Noncurrent liabilities:				
Other accrued liabilities:				
Other noncurrent liabilities		**819**		938
Premium stabilization fund		**13,817**		12,774
Total noncurrent liabilities		**14,636**		13,712
Total liabilities		**155,033**		112,970
DEFERRED INFLOWS OF RESOURCES				
Pension		**157**		312
OPEB		**275**		187
Total deferred inflows of resources		**432**		499
NET POSITION				
Investment in capital assets		**101**		146
Unrestricted		**225,301**		226,241
Total net position	**$**	**225,402**	$	226,387

West Virginia Public Employees Insurance Agency
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2020 and 2019
(in thousands)

	2020	2019
Operating revenues:		
Premiums net of recoveries or (provisions) of bad debts of $23 and $(23), respectively	**$ 607,152**	$ 593,602
Less:		
Payments to managed care organizations	**(49,905)**	(46,714)
Basic life insurance premiums ceded	**(1,759)**	(1,228)
Net premium revenue	**555,488**	545,660
Administrative fees, net of refunds	**4,817**	4,775
Total operating revenues	**560,305**	550,435
Operating expenses:		
Claims expense, net	**571,036**	542,674
Administrative service fees	**20,209**	11,829
Other expenses	**6,014**	7,340
Total operating expenses	**597,259**	561,843
Operating loss	**(36,954)**	(11,408)
Nonoperating revenues:		
Investment income, net of fees	**4,969**	12,241
State appropriation	**31,000**	31,000
Total non-operating income	**35,969**	43,241
Change in net position	**(985)**	31,833
Net position:		
Net position, beginning of year	**226,387**	194,554
Net position, end of year	**$ 225,402**	$ 226,387

West Virginia Public Employees Insurance Agency
Statements of Cash Flows
Years Ended June 30, 2020 and 2019
(in thousands)

	2020	2019
Operating activities:		
Cash received from participants	$ 545,536	$ 545,058
Cash received from pharmacy rebates	77,791	62,166
Cash paid to employees for salaries and benefits	(1,741)	(1,315)
Cash paid to suppliers and others	(24,018)	(19,616)
Cash paid for claims	(607,182)	(594,189)
Net cash used in operating activities	(9,614)	(7,896)
Noncapital financing activities:		
Advances to RHBT	4,076	6,004
State appropriation	26,000	33,500
Net cash provided by noncapital financing activities	30,076	39,504
Capital and related financing activities:		
Purchases of capital assets	(16)	(9)
Net cash used in capital and related financing activities	(16)	(9)
Investing activities:		
Purchases of investments	(214,820)	(99,659)
Sale of investments	179,746	73,172
Investment earnings	4,969	12,241
Net cash used in investing activities	(30,105)	(14,246)
Net (decrease) increase in cash and cash equivalents	(9,659)	17,353
Cash and cash equivalents at beginning of year	61,323	43,970
Cash and cash equivalents at end of year	$ 51,664	$ 61,323
Cash and cash equivalents consist of:		
Cash and cash equivalents	$ 7,411	$ 11,957
Equity position in investment pool – current	30,436	36,592
Equity position in investment pool – restricted	13,817	12,774
	$ 51,664	$ 61,323

See accompanying notes.

(in thousands) Continued

	2020	2019
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	**$ (36,954)**	$ (11,408)
Adjustments:		
Depreciation	**62**	58
Provision for uncollectible accounts	**(23)**	23
Pension and OPEB expense	**115**	50
(Increase) decrease in operating assets:		
Premiums receivable	**(1,299)**	(358)
Due from State of West Virginia	**558**	(77)
Provider refunds receivable	**585**	375
Prescription rebates receivable	**(9,241)**	(4,585)
Other	**(5,372)**	(734)
(Decrease) increase in operating liabilities:		
Claims payable	**8,469**	(2,708)
Accounts payable	**(442)**	161
Premium deficiency	**33,176**	13,359
Unearned revenue	**240**	(47)
Other accrued liabilities	**(304)**	522
Due to State of West Virginia	**-**	-
Premium stabilization fund	**1,043**	(2,315)
Deferred outflows of resources, pension and OPEB	**(227)**	(212)
Total adjustments	**27,340**	3,512
Net cash (used in) provided by operating activities	**$ (9,614)**	$ (7,896)
Noncash activities:		
Increase in fair value of investments	**$ 4,071**	$ 11,437

Notes to Financial Statements
(in thousands)

Notes to Financial Statements
(in thousands)

1. Reporting Entity

The State of West Virginia Public Employees Insurance Agency (PEIA) was established under the Public Employees Insurance Act of 1971 (Act). The PEIA is an agency of the State of West Virginia (State) and, accordingly, is reported as an enterprise fund of the primary government in the State's Comprehensive Annual Financial Report (CAFR).

The PEIA provides the following basic employee benefit coverage to all participants: hospital, surgical, group major medical, basic group life, accidental death and prescription drug coverage for active employees of the State and various related State and non-State agencies. Additionally, all participants may elect to purchase additional life insurance under the optional life insurance policy. All premium rates are established based upon projected coverage costs as reviewed and approved by the Finance Board of the PEIA. See "Annual Financial Plan" for further discussion of this process. The PEIA's enrollment consists of approximately 74,122 health and basic life insurance policyholders and 8,208 policyholders with life insurance only. The PEIA insures approximately 165,418 individuals, including participants and dependents.

During the 2006 Regular Session of the West Virginia Legislature, House Bill 4654 was enacted creating the West Virginia Retiree Health Benefit Trust Fund (RHBT) for the purpose of providing for and administering retiree postemployment health care benefits and the respective revenues and costs of those benefits as a cost-sharing multiple employer plan. As a consequence of the legislation, health insurance policies covering approximately 43,272 retirees and their dependents, along with the related revenues, claims costs and expenses were transferred to the RHBT effective July 1, 2006. The RHBT and the PEIA jointly share administrative duties relating to the other postemployment benefit (OPEB) operations. Both entities are housed in the same office space and share expenses. Expenses directly attributable to the OPEB plan are charged to the RHBT. Other operating expenses, except personnel, are allocated based on policyholder count between the PEIA and the RHBT. Personnel expenses attributable to two dedicated employees are charged in full to the RHBT, while the balance of the combined expense is allocated between the two entities based on estimated time requirements.

The basic financial statements of the PEIA are intended to present the financial position, changes in financial position and cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the PEIA. They do not purport to and do not present fairly the net position of the State as of June 30, 2020 and 2019, and the changes in its financial position or, where applicable, its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America (GAAP).

2. Summary of Significant Accounting Policies

Basis of reporting

The PEIA operates as an enterprise fund. Accordingly, the financial statements of the PEIA have been prepared on the accrual basis in conformity with GAAP for governmental entities as prescribed or permitted by the Governmental Accounting Standards Board (GASB). Operating revenues are derived mainly from premiums earned net of related reinsurance premiums plus administrative fees billed. Operating expenses consist primarily of claims, administrative service fees and various general and administrative costs. All other items are considered non-operating.

Annual financial plan

West Virginia Code 5-16-5 requires the Finance Board of the PEIA to prepare a proposed annual financial plan. The plan must be designed to generate sufficient revenues to meet all expected expenses, including insurance, administrative expenses and incurred but not reported claims (IBNR) of the PEIA. An independent professional actuary must review the plan and give an opinion stating that the plan may reasonably be expected to generate sufficient revenue to meet estimated insurance claims and administrative expenses. The financial plan must be presented to the Governor and the Legislature no later than January 1, prior to the beginning of the new plan year.

The PEIA Finance Board establishes the PEIA premiums based upon its approved annual financial plan. The financial plan projects the anticipated costs of the program for each fiscal year and the premium levels necessary to meet these costs. Any variances between projected and incurred costs are incorporated into subsequent financial plans and subsequent premiums are adjusted accordingly on a prospective basis. Premiums assessed by the PEIA are not subject to retroactive adjustment based upon actual costs incurred.

PEIA reserve funds

West Virginia Code Section 5-16-25 requires the Finance Board of the PEIA to maintain a reserve of 10% of projected plan costs for the purpose of offsetting unanticipated claim losses in any fiscal year and to provide future stability. In the event the reserve fund exceeds certain parameters specified in the Code, the excess is to be remitted to the RHBT in accordance with Senate Bill 129, which became effective July 1, 2007. The provision of the Code was amended effective March 9, 2019, with the passage of House Bill 3139 removing the requirement that excess funds be transferred to the RHBT.

West Virginia Code Section 11B-2-15a established a special account, designated as the PEIA Rainy Day Fund, which is an interest- bearing account administered by the Secretary of Revenue. The PEIA Rainy Day Fund consists of moneys appropriated by the Legislature, income from investment of moneys held in the special revenue account, and all other sums available for deposit to the account, public or private. The Secretary of Revenue, upon approval of the Governor, may transfer funds from this account to the PEIA in any fiscal year for the purpose of reducing or preventing benefit cuts and premium rate increases. March 9 2019, West Virginia House Bill 2665 enacted an appropriation transfer of $105 million from the State's General Revenue Fund to the PEIA Rainy Day Fund. There were no transfers from the PEIA Rainy Day Fund to the PEIA for the fiscal year ended June 30, 2020.

Cash and cash equivalents

Cash and cash equivalents include short-term investments with original maturities of 90 days or less. Cash and cash equivalents principally consist of amounts on deposit with the West Virginia State Treasurer's office, outside financial institutions and amounts deposited in an investment pool managed by the West Virginia Board of Treasury Investments (WVBTI) that is reported as part of equity position in investment pool, current-unrestricted and noncurrent-restricted, respectively.

Premiums receivable

All premiums receivable are reported at their gross premium value due from employers and individual subscribers. The gross value is then reduced by the estimated portion that is expected to be uncollectible based upon management's review of the payment status of the underlying accounts and other economic factors that are deemed necessary in the circumstances.

Accounts receivable

Accounts receivable include overpayments made by third-party administrators that are due to the PEIA, estimated prescription refunds and rebates that are due the PEIA from third-party administrators and other drug companies. The estimated prescription refunds/rebate receivable is based upon estimated prescription claim count and historical average rebate per claim.

Equity position in investment pools

The PEIA owns equity positions in the State government investment pools managed by the West Virginia Investment Management Board (WVIMB) and the WVBTI. Some investment pool funds are subject to market risk because of changes in interest rates, bond prices and stock prices. Investment earnings and losses are allocated to the PEIA based on the balance of the PEIA's investments maintained in relation to the total investments of all State agencies participating in the Pool. The equity position in investment pools is reported at amortized cost, or fair value and changes in fair value are included in investment income.

A 13-member Board of Trustees governs the WVIMB. Three members of the Board serve by virtue of their office: the Governor, the Auditor and the Treasurer. The other ten are appointed by the Governor and confirmed by the State Senate. All appointees must have experience in pension management, institutional management, or financial markets. In addition, one must be an attorney experienced in finance and investment matters and another must be a certified public accountant. Only six of the ten appointed Trustees may be from the same political party. The Governor serves as Chairman of the Board. A Vice-Chairman is elected by the Trustees. A Secretary, who need not be a member of the Board, is also elected by the Trustees to keep a record of the proceedings of the Board. Details regarding these investment pools and a copy of the WVIMB financial report can be obtained by contacting: West Virginia Investment Management Board, 500 Virginia Street, East, Suite 200, Charleston, West Virginia 25301, or by calling (304) 645-2672.

A five-member Board of Directors governs the WVBTI. The Governor, Treasurer and 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 WVBTI prepares separately issued financial statements covering the pooled fund, which can be obtained from its website or a published copy from the West Virginia Board of Treasury Investments, 315 70th Street, South East, Charleston, West Virginia 25304, or by calling (304) 340-5030.

Fair value measurements

GASB Statement No. 72 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value of an investment is the amount 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 (i.e., the exit price).

GASB Statement No. 72 establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities at the reporting date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data.
- Level 3 - Unobservable pricing inputs for assets and liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Fair value of the securities the PEIA holds with the WVIMB are determined as follows:

- Equity securities are valued at the last sale price or official closing price reported in the market in which they are primarily traded.
- Open-end regulated investment companies or other commingled investment funds are valued at the net asset value of the fund as reported by the fund's administrator.
- Future contracts are valued at the last settlement price established each day by the exchange on which they traded.
- Fixed income securities are valued according to prices furnished by independent pricing services to the securities custodian. These services determine the security prices by a number of methods including, but not limited to, dealer quotes, live market trading levels when available, live feeds of trade execution data, spreads over U.S. Treasury securities and other models and formulae appropriated to the specific security type.
- Repurchase agreements and time deposits are valued at amortized cost, provided such amount approximates fair value.

Investments for which the fair value cannot be determined by one of the above listed processes are valued at fair value as determined in accordance with the WVIMB's established procedures.

Capital assets

Capital assets with an initial cost of $500 or greater are recorded at cost. The PEIA has assigned a useful life of three to five years for capital assets. Depreciation expense computed using the straight-line method was $62 and $58 for the years ended June 30, 2020 and 2019, respectively.

Deferred outflows of resources

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Balances of deferred outflows of resources may be presented in the statements of net position as aggregations of different types of deferred amounts. Deferred outflows in the statements of net position were composed of $167 and $148 for the years ended June 30, 2020 and 2019, respectively, related to employer contributions to the Public Employees Retirement System (PERS) made during the current fiscal year subsequent to the measurement date. Deferred outflows of resources related to other postemployment benefits in the statements of net position were composed of $60 and $64 for the year ended June 30, 2020 and 2019, respectively, related to employer contributions to the RHBT made during the current fiscal year subsequent to the measurement date. Deferred outflows also consisted of other amounts related to differences between projected and actual earnings on pension plan investments, differences between expected and actual experience related to pension or OPEB and changes in proportion and differences between the PEIA's contributions and proportionate share of contributions.

Claims payable and expense

The liability for unpaid claims and claims processing costs is based on an actuarial estimate of the ultimate cost of settling such claims incurred as of the statement of net position date (including claims reported and in process of settlement, claims reported but not yet processed for settlement and claims incurred but not yet reported or processed for settlement). The estimated actuarial liability reflects certain assumptions, which include such factors as enrollment, utilization, inflation and other societal and economic factors. Adjustments to the estimated actuarial liability for the final settlement of claims will be reflected in the year that the actual results of the settlement of the claims are made and are known. The estimated liability is adjusted annually based on the most current claim incurrence and claim settlement history (see Note 7). Year-end claims payable balances are generally liquidated within the next fiscal year. Claims relating to participants in managed care organizations (MCOs) as well as claims relating to participants covered under the optional life insurance plan are not considered in the liability as the PEIA has no liability for the participants who elect such coverage. Additionally, the estimated liability for unpaid claims and claims processing costs is recorded net of amounts ceded to reinsurers for basic life benefits, as management believes these reinsured risks are fully recoverable. However, in the event a reinsurer is unable financially to satisfy an obligation, the PEIA is responsible for such liability. Claims expense is reported net of pharmacy rebate income of $87,032 and $66,750 for the years ended June 30, 2020 and 2019, respectively.

Premium deficiency reserve

Premium deficiency is required when policies in force as of the financial statement date are expected to produce a loss when claims cost (including IBNR), plus expected claims adjustment expenses, are expected to exceed related premiums. In making its determination, management took into consideration anticipated premium revenue and claims costs. The PEIA did not include anticipated investment income in determining whether a premium deficiency exists. Adjustments to the estimated premium deficiency liability are reflected as a change in estimate in the year the actual results are known. Management has determined a premium deficiency reserve of $46,535 and $13,359 is necessary as of the years ended June 30, 2020 and 2019, respectively.

The PEIA participants are not subject to supplemental assessment in the event of a premium deficiency. At the time of premium payment, the risk of loss due to incurred benefit costs is transferred from the participant to the PEIA. If the assets of the PEIA were to be exhausted, participants would not be responsible for the liabilities.

Unearned revenue

Unearned revenue includes premium revenues collected for future contract periods. These revenues will be recognized in the operating periods in which they are earned.

Compensated absences, including postemployment benefits

Employees fully vest in all earned but unused annual leave and the PEIA accrues for obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. In accordance with State personnel policies, employees vest in any remaining unused sick leave only upon retirement, at which time any unused compensated absence time can be converted into employer paid premiums for postemployment health care coverage through the RHBT or be converted into a greater retirement benefit under the State's Public Employees' Retirement System. Employees hired after July 1, 2001, are not eligible to convert unused time to employer paid premiums.

Deferred inflows of resources

A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. Balances of deferred inflows of resources may be presented in the statements of plan net position as aggregations of different types of deferred amounts. Deferred inflows in the statements of plan net position are composed of amounts related to differences between projected and actual earnings on pension investments, changes in proportion and differences the PEIA's contributions and proportionate share of contributions and differences in assumptions. Deferred inflows of resources related to other-post employment benefits relate to differences between expected and actual experience, net different between expected and actual earnings on OPEB plan investments and changes in proportion and differences between employer contributions and proportionate share of contributions.

Insurance programs and related premium revenues

The PEIA offers the following types of coverage to its participants: health coverage through a self-insured preferred provider benefit (PPB) plan, health coverage through external MCOs and life and accidental death and dismemberment (AD&D) insurance benefits under basic and optional plans. The PEIA collects premiums for participants in the PPB plan and uses these premiums in the administration of the plan. Additionally, the PEIA has the statutory authority to raise additional revenues in the form of premiums without the need for external (legislative) action.

For participants who elect coverage through MCOs, the PEIA collects premiums from employers and remits a capitation fee to an MCO carrier. The capitation fees paid by the PEIA to each MCO are in accordance with their respective contracts. Benefits are the responsibility of each MCO carrier. The premiums earned by the PEIA have been included in gross premium revenue while the capitation fees submitted to each MCO carrier are reflected as a reduction in premium revenue on the financial statements.

Effective July 1, 2017, the Finance Board approved that opt-out employers (OPEB ineligible) were no longer required to pay a retiree subsidy contribution to RHBT, but instead would be responsible for the equivalent full active health PEIA premium. Accordingly, all payments received by opt-out employers subsequent to July 1, 2017 are recorded as PEIA premiums.

As of the June 2020 coverage month, the PEIA provided health coverage to 120 State agency divisions with approximately 20,723 primary participants (not including dependents), 55 county school boards with approximately 29,781 primary participants, 467 local government entities with approximately 28,220 primary participants and 20 college and university entities with approximately 10,048 primary participants. Approximately 91,296 dependents participated in the PEIA health plans as well.

As of the June 2019 coverage month, the PEIA provided health coverage to 121 State agency divisions with approximately 20,162 primary participants (not including dependents), 55 county school boards with approximately 29,779 primary participants, 556 local government entities with approximately 12,999 primary participants and 20 college and university entities with approximately 9,933 primary participants. Approximately 89,945 dependents participated in the PEIA health plans as well.

Employees covered through the PEIA are eligible to obtain decreasing term life insurance under a basic and optional life insurance plan. Basic life benefits, which include AD&D averaging from $0.60 to $1.20 a month for a $5,000 to $10,000 policy (depending on age), are available to active State employees at no cost to the employee. Coverage amounts decrease with age. No AD&D benefits are available to retirees. Basic life benefits are available to retirees with coverage ranging from $3 to $5 per month for a $2,500 or $5,000 policy, depending on age. The PEIA has reinsured 100% of these basic benefits; however, the PEIA remains contingently liable in the event the insurer does not honor its obligation. The premiums earned for basic life insurance are reflected in gross premiums and the related amounts ceded to the reinsurer are reflected as a reduction in premium revenue on the financial statements.

Active employees may elect to obtain additional optional coverage for both life and AD&D with coverage from $0.20 to $288 per month that decreases with age. Active employees may also elect dependent optional life coverage and AD&D at a level up to $40,000 per spouse and $15,000 per child. Retirees may obtain optional life insurance coverage from $0.40 to $501 per month depending on age; however, optional AD&D insurance is not available to retirees. Retirees may also elect dependent optional life coverage at levels up to $40,000 for a spouse and $15,000 per child, however, dependent optional AD&D insurance is not available to retirees. Amounts collected by the PEIA acting in an agency capacity from employees for optional coverage totaled $7,320 and $6,156 during the fiscal years ended June 30, 2020 and 2019, respectively, and were remitted directly to the carrier. Accordingly, such amounts are not reflected in the financial statements.

Revenues include an administrative fee that the PEIA charges to all participating entities in the plan. The fee is based on the participating entities' number of employees enrolled in the plan.

Administrative service fees

The PEIA contracts with and pays administrative service fees to two third-party administrators. Services include processing of insurance claims, precertification reviews, utilization reviews and various other duties. The majority of related fees are assessed each month based upon the number of covered participants or claims processed at predetermined rates without regard to the period in which a claim is incurred, processed, or settled.

Operating revenues and expenses

Balances classified as operating revenues and expenses are those that comprise the PEIA's ongoing operations. Principal operating revenues include health insurance premiums, life insurance premiums and insurance administration fees, less amounts paid to managed care organizations and life insurance reinsurers. Operating expenses include the cost of medical claims, drug claims, claims adjudication, administration and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Net position

As required by GASB Statement 34, the PEIA displays net position in three components, if applicable: net investment in capital assets, restricted and unrestricted.

> Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
>
> Restricted – The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Net position should be reported as restricted when constraints placed on net position use are either: externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. There are no restrictions at June 30, 2020 and 2019.
>
> Unrestricted Assets – Unrestricted assets consist of assets that do not meet the definition of "restricted" or "investment in capital assets". In the governmental environment, assets are often designated to indicate that management does not consider them to be available for general operations. These types of constraints on resources are internal and management can remove or modify them. Such internal designations are not reported on the face of the statements of net position.

Reclassification

Certain items in the prior period financial statements have been reclassified to conform to the current period presentation. These reclassifications had no effect on the previously reported net position.

New accounting pronouncements

The GASB has issued Statement No. 87, Leases. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange like transaction. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The provisions of No. 87 was effective for reporting periods beginning after December 15, 2019, however, with consideration for the COVID-19 pandemic, GASB postponed the effective date of Statement No. 87. In May 2020, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, which delayed the GASB 87 effective date by 18 months. This issuance now requires the adoption of GASB 87 for all fiscal years that begin subsequent to June 15, 2021.

The PEIA has not yet determined the effect, if any, this statement will have on its financial statements.

(in thousands)

Subsequent events

In preparing these financial statements, the PEIA has evaluated events and transactions for potential recognition or disclosure through September 29, 2020, the date the financial statements were available for issuance.

3. Cash and Cash Equivalents

Following is a summary of the PEIA's cash and cash equivalents as of June 30:

	2020	2019
Cash and cash equivalents on deposit with State Treasurer	$ 4,541	$ 8,877
Deposits with outside financial institutions	2,870	3,080
Cash and cash equivalents reported on statement of net assets	7,411	11,957
Equity position in investment pool with WVBTI – current-unrestricted	30,436	36,592
Equity position in investment pool with WVBTI – noncurrent-restricted	6,190	5,362
Equity position in investment pool with Minnesota Life – noncurrent-restricted	7,627	7,412
Total cash and cash equivalents	$ 51,664	$ 61,323

4. Deposit and Investment Disclosures

Deposits with outside financial institutions

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the PEIA's deposits might not be recovered. The PEIA has no deposit policy for custodial credit risk.

As of June 30, 2020 and 2019, the carrying amount of the PEIA's outside bank deposits was $2,870 and $3,080, respectively, and the bank balances totaled $2,870 and $3,080, respectively.

Equity position in investment pools managed by WVBTI

WEST VIRGINIA MONEY MARKET POOL

The PEIA participates in WVBTI's West Virginia Money Market Pool, which has been deemed to meet the GASB 79 criteria to be reported at amortized cost. The criteria specify that the Pool 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 WVBTI does not place limitations or restrictions on participant withdrawals from the Pool, such as redemption notice periods, maximum transaction amounts and any authority to impose liquidity fees or redemption gates. Accordingly, as a Pool participant the PEIA measures its investment in this Pool at amortized cost that approximates market value of $36,626 and $41,953 at June 30, 2020 and 2019, respectively. These deposits are reported as equity position in investment pools. Investment income earned is pro-rated to the PEIA at rates specified by the WVBTI based on the balance of the deposits maintained in relation to the total deposits of all state agencies participating in the Pool. Such funds are available to the PEIA with overnight notice. WVBTI's audited financial statements, including the West Virginia Money Market Pool, are available on their website www.wvbti.com.

(in thousands)

Credit Risk and Interest Rate Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The West Virginia Money Market Pool has been rated AAAm by Standard & Poor's. A fund rated "AAAm" has an 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.

The WVBTI 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.

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 at June 30:

	2020		2019	
Investment Type	**Fair Value**	**WAM Days**	**Fair Value**	**WAM Days**
U.S. Treasury notes	**$ -**	**-**	$ 24,927	125
U.S. Treasury bills	**1,017,343**	**37**	329,390	34
Commercial Paper	**2,695,856**	**52**	2,236,198	57
Negotiable certificates of deposit	**771,849**	**58**	714,142	33
Repurchase agreements	**445,700**	**1**	473,200	3
Money market funds	**218,603**	**1**	178,619	3
	$ 5,149,351	**44**	$ 3,956,476	42

The PEIA's amount invested in the West Virginia Money Market Pool of $36,626 and $41,954 is included in equity position in investment pools at June 30, 2020 and 2019, respectively, representing approximately 0.78% and 1.06%, respectively, of total investments in this Pool.

(in thousands)

The following table provides information on the weighted-average credit ratings of the West Virginia Money Market Pool's investments:

	Credit Rating		2020		2019	
Investment Type	**Moody's**	**S&P**	**Carrying Value**	**Percent**	**Carrying Value**	**Percent**
Commercial paper	P-1	A-1+	**$ 861,472**	**16.73%**	$ 733,411	18.54%
	P-1	A-1	**1,834,384**	**35.62**	1,494,297	37.77
	P-2	A-1	**-**	**-**	8,490	0.21
U.S. Treasury notes	Aaa	AA+	**-**	**-**	24,927	0.63
U.S. Treasury bills	P-1	A-1+	**1,017,343**	**19.76**	329,390	8.33
Negotiable Certificates of deposit	P-1	A-1+	**302,738**	**5.88**	179,251	4.53
	P-1	A-1	**469,111**	**9.11**	534,891	13.52
Money market funds	Aaa	AAAm	**1,581**	**0.03**	178,619	4.51
	NR	AAAm	**217,022**	**4.21**	-	-
Repurchase agreements (underlying securities):						
U.S. Treasury bonds and notes*	Aaa	AA+	**445,700**	**8.66**	426,000	10.77
U.S. Agency bonds and notes	Aaa	AA+	**-**	**-**	47,200	1.19
			$ 5,149,351	**100.00%**	$ 3,956,476	100.00%

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the West Virginia Money Market Pool’s investment in a single corporate issuer. West Virginia statutes prohibit the West Virginia Money Market Pool from investing more than 5% of its assets in securities issued by a single private corporation or association. At June 30, 2020 and 2019, the Pool did not have investments in any one private corporation or association that represented more than 5% of assets.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the West Virginia Money Market Pool 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 WVBTI. The WVBTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The West Virginia Money Market’s Pool does not hold securities subject to foreign currency risk.

Equity position in investment pools managed by the WVIMB

The PEIA’s investments in the following pools are managed by the WVIMB. Such investments, which are stated at fair value (actual asset allocation), are reported as part of equity position in investment pools on the statements of net position.

(in thousands)

	Asset Value at June 30	
	2020	2019
Asset allocation (actual):		
TIPS	**$ 30,849**	$ 34,191
Domestic equity	**27,301**	25,918
International nonqualified	**7,161**	9,326
International equity	**19,679**	19,812
Total return fixed income	**58,208**	58,941
Core fixed income	**24,556**	25,503
Short-term fixed income	**51,000**	-
Hedge fund	**41,632**	51,623
Total	**$ 260,386**	$ 225,314

Investment Objectives
This fund's investment objective is to provide adequate liquidity to meet cash flow requirements and allow for growth of assets in an amount at least equal to inflation.

Asset Allocation
Based upon the WVIMB's determination of the appropriate risk tolerance for the fund, the WVIMB has adopted the following broad asset allocation guidelines for the assets managed for the PEIA. (Policy targets have been established on a market value basis.)

The asset values of the pool below are reported in equity position in investment pools – noncurrent-unrestricted on the statement of net assets.

	Policy Target		Strategic Allocation	
Asset Class	**2020**	**2019**	**2020**	**2019**
Domestic equity	**10.0%**	10.0%	**0.0%**	0.0%
International equity	**10.0**	10.0	**0.0**	0.0
Total equity	**20.0%**	20.0%	**0.0%**	0.0%
Fixed income	**80.0%**	80.0%	**40.0%**	40.0%
Cash		*		*

*WVIMB staff has authority to change the cash allocation plus or minus 10%, as necessary, in consultation with the appropriate representative(s) from the PEIA. Not all cash is invested with the WVIMB.

Asset class risk disclosures

U.S. Treasury Inflation Protected Securities (TIPS)

The pool was established to offer an additional level of diversification over and above the nominal fixed income securities in an attempt to mitigate the risk of inflation. The main objective for the Pool is to generate a return that exceeds the rate of inflation over a market cycle, to provide investment income and stability of principal and to diversify interest rate exposure. The Pool's performance is measured against the Bloomberg Barclays U.S. Treasury Inflation Protection Index on an annualized basis over rolling three- to five-year periods, gross of fees. Assets were managed by State Street Global Advisors through April 2, 2018. Effective April 4, 2018, the Pool invests in BlackRock U.S. Treasury Inflation Protected Securities Fund B (BlackRock). BlackRock invests primarily in a portfolio of debt securities with the objective of closely approximating the total rate of return for all outstanding U.S. Treasury Inflation Protected Securities with a maturity of one year or greater.

(in thousands)

Effective September 1, 2019, the WVIMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

The PEIA's amount invested in the TIPS Pool of $30,849 and $34,191 at June 30, 2020 and 2019, respectively, represented approximately 10.61% and 8.48% respectively, of total investments in this Pool.

Credit Risk
The Pool invests in a commingled bond fund that holds primarily U.S. Treasury inflation protected securities. This investment is exposed to credit and interest rate risk. The fund is not rated by a nationally recognized statistical rating organization. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for 1% change in interest rates. As of June 30, 2020 and 2019, the fund had an effective duration of 7.68 and 7.48 years, respectively.

Interest Rate Risk
Interest rate risk of the money market mutual fund is measured by weighted average maturity (WAM). As of June 30, 2020, the fund's WAM was 53 days. As of June 30, 2019, the pool did not disclose WAM in days.

Concentration of Credit Risk
As of June 30, 2020 and 2019, respectively, the Pool is not exposed to concentration of credit risk.

Custodial Credit Risk
As of June 30, 2020 and 2019, respectively, the Pool is not exposed to custodial credit risk.

Foreign Currency Risk
As of June 30, 2020 and 2019, respectively, the Pool is not exposed to right currency risk.

Fair Value Measurements
The tables below summarize the valuation of the investment securities in accordance with fair value hierarchy levels as of June 30:

	2020			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Comingled bond fund	**$ 290,665**	**$ -**	**$ -**	**$ 290,655**
Money Market Mutual Fund	**2**	**-**	**-**	**2**
Total	**$ 290,667**	**$ -**	**$ -**	**$ 290,667**

	2019			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Comingled bond fund	$ 397,843	$ -	$ -	$ 397,843
Money Market Mutual Fund	5,500	-	-	5,500
Total	$ 403,343	$ -	$ -	$ 403,343

DOMESTIC EQUITY POOL

The Pool's objective is to exceed, net of external investment management fees, the Russell 3000 Stock Index over three- to five-year periods. The PEIA's amount invested in the Domestic Equity Pool of $27,301 June 30, 2020 represented approximately 0.58% of total investments in this Pool. The PEIA's amount invested in the Domestic Equity Pool of $25,918 at June 30, 2019 represented approximately 0.56% of total investments in this Pool.

(in thousands)

Effective September 1, 2019, the WVIMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

Credit Risk

As of June 30, 2020 the Pool's money market mutual fund investment and the Cash Collateral Account are exposed to credit risk. The money market mutual fund had the highest credit rating. The Cash Collateral Account is not rated.

As of June 30, 2019 the Pools Money market mutual fund investment and investments made with cash collateral for securities loaned are exposed to credit risk. The money market mutual fund has the highest credit rating. Credit risk from securities lending collateral investments are limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. Short-term debt instruments must be rated by P-1 b Moody's or A-1 by Standard & Poor's at the time of purchase. The WVIMB Reviews available ratings from Standard & Poor's' and Moody's.

At June 30, 2019, securities lending collateral investments consisted of time deposits and repurchase agreements.

The following table provides the credit ratings indicative of the great degree of risk of the Pool's securities lending collateral investments as of June 30, 2019:

Rating		Fair Value 2019
AAA /A-1	$	33,117
AA		151,145
A		5,340
BBB		2,428
B		226
Not applicable		50,048
Total securities lending collateral	$	242,304

**As of June 30, 2020, the Cash Collateral Account is no longer rated.*

Interest Rate Risk

The Pool is exposed to interest rate risk from its money market mutual fund investment and from investments made with cash collateral for securities loaned. As of June 30, 2020, the money market mutual fund has a weighted average maturity (WAM) of 53 days. Except for repurchase agreements that can have up to 95 days maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2020, the WAM for the Cash Collateral Account was 1 day. As of June 30, 2019, the money market mutual fund has a weighted average maturity (WAM) of 43 days. The WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2019, the WAM for securities lending collateral was 1 day.

Concentration of Credit Risk

The Pool is restricted from investing more than 5% of the value of the Pool in any one company. At June 30, 2020 and June 30, 2019, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial credit Risk

As of June 30, 2020, securities on loan are collateralized to a minimum of 102%, and the collateral is held by the WVIMB's custodian in the name of WVIMB. The money market mutual fund, the Cash Collateral Account, and the comingled equity fund are not subject to custodial credit risk. All remaining securities are held by the WVIMB's custodian in the name of WVIMB.

(in thousands)

As of June 20, 2019, repurchase agreements, when held, are collateralized to a minimum of 102% and the collateral is held in the name of the WVIMB. Securities on loan are collateralized to a minimum of 102% and the collateral is held by the WVIMB's custodian in the name of the WVIMB. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB.

At June 30, 2020 and 2019, the Pool held no securities that were subject to custodial credit risk.

Foreign currency risk

The Pool is exposed to no or minimal foreign currency risk.

Fair value measurements

The table below summarizes the valuation of the investment securities in accordance with GASB Statement No. 72 fair value hierarchy levels as of June 30, 2020:

	2020			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Comingled equity fund	**$ 2,014,708**	**$ -**	**$ -**	**$ 2,014,708**
Common Stock	**2,588,810**	**-**	**-**	**2,588,810**
Money Market Mutual Fund	**82,999**	**-**	**-**	**82,999**
Rights	**6**	**-**	**-**	**6**
Securities lending collateral	**4,617**	**-**	**-**	**4,617**
Total	**$ 4,691,140**	**$ -**	**$ -**	**$ 4,691,140**

The table below summarizes the valuation of the investment securities in accordance with fair value hierarchy levels as of June 30, 2019:

	2019			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Comingled equity fund	$ 1,937,693	$ -	$ -	$ 1,937,693
Common Stock	2,682,108	-	-	2,682,108
Securities lending collateral	27,792	-	-	27,792
Money Market Mutual Fund	-	242,304	-	242,304
Total	$ 4,647,593	$ 242,304	$ -	$ 4,889,897

INTERNATIONAL NON-QUALIFIED POOL

This Pool invests in The Silchester International Investors International Value Equity Trust (Silchester). The Pool's objective is to produce investment returns that exceed the Morgan Stanley Capital International's Europe Australasia Far East Index by 200 basis points on an annualized basis over three- to five-year periods, net of external investment management fees. The Pool exists for participants who are not "qualified" (as defined by the *Internal Revenue Code*). Silchester invests in a diversified developed country, non-U.S. equity, bottom-up value-oriented portfolio of securities with limited exposure to emerging markets and no reasonable concentration exposure to any single issuer or country.

Effective September 1, 2019, the WVIMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

The PEIA's amount invested in the International Non-qualified Pool of $7,161 and $9,326 at June 30, 2020 and 2019, respectively, represents approximately 4.39% and 4.44%, respectively, of total investments in this Pool.

Investment Risk
The Pool invests in a collective trust fund that invests in equities denominated in foreign currencies. The value of this Pool at June 30, 2020 and 2019 was $163,136 and $210,181, respectively. This investment, although denominated in U.S. dollars, is exposed to foreign currency risk through the underlying investments. The Pool is not exposed to credit risk, interest rate risk, custodial credit risk, or concentration of credit risk.

Fair Value Measurements
GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share practical expedient. The investment in Silchester is valued using the net asset value per share practical expedient. As Silchester is the only investment in the pool, a fair value hierarchy table is not presented.

Redemption Provisions
The Pool is restricted to the following redemption provisions: monthly with ten days advance written notice and generally be made within seven business days following month-end.

INTERNATIONAL EQUITY POOL

This Pool invests in the equities of international companies. As of June 30, 2020, assets are managed by Acadian Asset Management, LLC (Acadian), Allianz Global Investors (Allianz), Axiom International Investors, LLC (Axiom), Brandes Investment Partners, L.P. (Brandes), LSV Asset Management (LSV) and Oberweis Asset Management, Inc. (Oberweis). The objective of the Pool is to exceed, net of external investment management fees, Morgan Stanley Capital International's All Country World Free Ex US Index over a full market cycle (three- to five-year periods).

Effective September 1, 2019, the WVIMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

The PEIA's amount invested in the International Equity Pool of $19,679 and $19,812 at June 30, 2020 and 2019, respectively, represents approximately 0.57% and 0.61%, respectively, of total investments in this Pool.

Credit Risk
As of June 30, 2020, the Pool's money market mutual fund investment and the Cash Collateral Account are exposed to credit risk. The money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated.

As of June 30, 2019, the Pool's money market mutual fund investments made with cash collateral for securities loaned are exposed to credit risk. The money market mutual fund has the highest credit rating. Credit risk from securities lending collateral investments are limited by requiring minimum ratings on debt instruments. Long- term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. Short- term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's at the time of purchase. The WVIMB reviews available ratings from Standard & Poor's and Moody's.

At June 30, 2019, securities lending collateral investments consisted of time deposits and repurchase agreements.

(in thousands)

The following table provides the credit ratings indicative of the greatest degree of risk of the Pool's securities lending collateral investments as of June 30, 2019:

Rating	**Fair Value 2019**
AAA/ A-1	$ 9,678
AA	44,168
A	1,560
BBB	710
B	66
Not applicable	14,625
Total securities lending collateral	$ 70,807

**As of June 30, 2020, the Cash Collateral Account is no longer rated.*

Interest Rate Risk

The pool is exposed to interest rate risk from its money market mutual fund investment and certain investments made with cash collateral for securities loaned. As of June 30, 2020, the money market mutual fund has a weighted average maturity (WAM) of 53 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight Investments. As of June 30, 2020, the WAM for the Cash Collateral Account was 1 day.

As of June 30, 2019, the money market mutual fund has a weighted average maturity (WAM) of 43 days. The WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2019, the WAM for securities lending collateral was 1 day.

Concentration of Credit Risk

The pool is restricted from investing more than 5% of the value of the pool in any one company. At June 30, 2020 and 2019, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

As of June 30, 2020, securities on loan are collateralized to a minimum of 102% for U.S. Dollar denominated loans and 105% for foreign denominated loans, and the collateral is held by the WVIMB's custodian in the name of WVIMB. The money market mutual fund, the Cash Collateral Account, and the comingled equity fund are not subject to custodial credit risk. All remaining securities are held by the WVIMB's custodian in the name if WVIMB.

As of June 30, 2019, repurchase agreements, when held, are collateralized to a minimum of 102% and the collateral is held in the name of the WVIMB. Securities on loan are collateralized to a minimum of 102% for U.S. Dollar denominated loans and 105% for foreign denominated loans, and the collateral is held by WVIMB's custodian in the name of WVIMB. All remaining securities are held by the WVIMB's custodian in the name of WVIMB.

At June 30, 2020 and 2019, the Pool held no securities that were subject to custodial credit risk.

Foreign Currency Risk

The Pool has both equity securities and cash that are denominated in foreign currencies and are exposed to foreign currency risks.

(in thousands)

The tables below show the amounts at fair value (in U.S. dollars) of equity investments, cash, and foreign currency spot contracts as of June 30:

	2020			
Currency	Equity Investments	Cash	Foreign Currency Spot Contracts	Total
Australian Dollar	$ 82,579	$ 373	$ -	$ 82,952
Brazil Real	61,732	397	-	62,129
British Pound	189,226	409	-	189,635
Canadian Dollar	93,508	70	-	93,578
Chilean Peso	5,906	-	-	5,906
Chinese Yuan	12,809	3,460	-	16,269
Czech Koruna	40	-	-	40
Danish Krone	10,965	3	-	10,968
Emirati Dirham	8,021	10	-	8,031
Euro Currency Unit	354,338	4,828	-	359,166
Hong Kong Dollar	404,086	2,525	-	406,611
Hungarian Forint	14,000	32	-	14,032
Indian Rupee	104,809	1,694	-	106,503
Indonesian Rupiah	30,263	36	-	30,299
Israeli Shekel	7,399	2	-	7,401
Japanese Yen	365,408	2,270	-	367,678
Malaysian Ringgit	10,968	4	-	10,972
Mexican Peso	39,362	42	-	39,404
New Taiwan Dollar	119,629	404	-	120,033
New Zealand Dollar	289	26	-	315
Norwegian Krone	16,412	196	-	16,608
Philippine Peso	7,480	8	-	7,488
Polish Zloty	1,337	-	-	1,337
Qatari Riyal	125	6	-	131
Singapore Dollar	12,316	211	-	12,527
South African Rand	29,989	56	-	30,045
South Korean Won	183,138	1,747	-	184,885
Swedish Krona	79,152	29	-	79,181
Swiss Franc	100,002	46	1	100,049
Thailand Baht	36,076	6	-	36,082
Turkish Lira	11,034	1,711	-	12,745
Total	2,392,398	20,601	1	2,413,000
US. Dollar	981,212	-	-	981,212
Total	$ 3,373,610	$ 20,601	$ 1	$ 3,394,212

(in thousands)

	2019			
Currency	Equity Investments	Cash	Foreign Currency Spot Contracts	Total
Australian Dollar	$ 126,545	$ 975	$ -	$ 127,520
Brazil Real	135,983	682	(2)	136,663
British Pound	284,807	2,169	(2)	286,974
Canadian Dollar	125,313	2,518	-	127,831
Chilean Peso	6,037	-	-	6,037
Danish Krone	4,586	-	-	4,586
Egyptian Pound	926	-	-	926
Emirati Dirham	1,689	10	3	1,702
Euro Currency Unit	463,116	6,782	-	469,898
Hong Kong Dollar	365,906	2,136	-	368,042
Hungarian Forint	11,477	41	-	11,518
Indian Rupee	89,501	946	-	90,447
Indonesian Rupiah	41,637	38	-	41,675
Israeli Shekel	17,395	31	-	17,426
Japanese Yen	380,550	2,595	-	383,145
Malaysian Ringgit	19,851	290	-	20,141
Mexican Peso	55,332	486	-	55,818
New Taiwan Dollar	91,450	553	-	92,003
New Zealand Dollar	553	50	-	603
Norwegian Krone	20,443	463	-	20,906
Pakistan Rupee	1,413	-	-	1,413
Philippine Peso	17,899	4	-	17,903
Polish Zloty	1,027	1,570	-	2,597
Qatari Riyal	756	51	-	807
Singapore Dollar	21,213	540	-	21,753
South African Rand	44,180	448	-	44,628
South Korean Won	201,839	2,128	(1)	203,966
Swedish Krona	71,775	2,166	-	73,941
Swiss Franc	95,408	42	-	95,450
Thailand Baht	60,524	(3)	-	60,521
Turkish Lira	21,667	293	-	21,960
Total	2,780,798	28,004	(2)	2,808,800
U.S. Dollar	413,517	1,018	-	414,535
Total	$ 3,194,315	29,022	$ (2)	$ 3,223,335

(in thousands)

Fair Value Measurements

The table below summarizes the valuation of the investment securities in accordance with fair value hierarchy levels as of June 30:

	2020			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Common Stock	**$ 2,741,429**	**$ -**	**$ -**	**$ 2,741,429**
Money market mutual fund	**37,694**	**-**	**-**	**37,694**
Preferred Stock	**42,854**	**-**	**-**	**42,854**
Rights	**41**	**-**	**-**	**41**
Securities lending collateral	**19,475**	**-**	**-**	**19,475**
Total	**$ 2,841,493**	**$ -**	**$ -**	**2,841,493**
Comingled equity fund				**589,286**
Total				**$ 3,430,779**

The Pool's comingled equity fund in investment was measured at the NAV as of June 20, 2020. The fund invests primarily in Chinese A-Shared publicly listed equity securities. The WVIMB defines the investment style as growth at a reasonable price with limited concentration to any single issuer or sector. Redemptions can be made daily with five international business days advance written notice of the withdrawal date, subject to maximum withdrawal restrictions. The fund will pay withdrawal proceeds within thirty days following the withdrawal date.

	2019			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Common Stock	$ 3,142,466	$ -	$ -	$ 3,142,466
Securities lending collateral	-	70,807	-	70,807
Preferred Stock	51,666	-	-	51,666
Rights	183	-	-	183
Money market mutual fund	26,048	-	-	26,048
Total	$ 3,220,363	$ 70,807	$ -	$ 3,291,170

TOTAL RETURN FIXED INCOME POOL

This Pool's objective is to generate investment income, provide stability and diversification, but not at the expense of total return. Dodge & Cox, Franklin Templeton Investments and Western Asset Management Company (Western) manage the Pool. The Pool's investment objective, net of external investment management fees, is to meet or exceed the Bloomberg Barclays U.S. Universal Bond Index over three to five-year period.

Effective September 1, 2019, the WVIMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

The PEIA's amount invested in the Total Return Fixed Income Pool of $58,208 and $58,941 at June 30, 2020 and 2019, respectively, represented approximately 2.76% and 2.66%, respectively, of total investments in the Pool.

Credit Risk

The Pool is exposed to credit risk from its fixed income investments, money market mutual fund investment and certain investments made with cash collateral for securities loaned. The WVIMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of investment grade as defined by the nationally recognized statistical rating organization. The WVIMB reviews available ratings from Standard & Poor's, Moody's and Fitch and reports the rating indicative of the greatest degree of risk. The money market mutual fund has the highest credit rating. As of June 30, 2020, the Cash Collateral Account is not rated.

(in thousands)

The following table provides credit ratings of the Pool's fixed income investments as of June 30:

Rating	Fair Value 2020	Fair Value 2019
AAA/ A-1	**$ 21,874**	$ 14,485
AA	**738,758**	685,964
A	**164,334**	105,271
BBB	**526,344**	553,241
BB	**294,094**	320,377
B	**171,134**	204,230
CCC	**16,181**	13,962
CC	**3,822**	-
D	**4,354**	1,050
Withdrawn	**6,148**	7,324
Not rated	**73,473**	55,807
Total fixed income investments	**$ 2,020,516**	$ 1,961,711

As of June 30, 2019, credit risk from securities lending collateral investments are limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standard & Poor's at the time of purchase. Short-term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's at the time of purchase. The WVIMB reviews available ratings from Standard & Poor's and Moody's and reports the rating indicative of the greatest degree of risk.

At June 30, 2019, securities lending collateral investments consisted of time deposits and repurchase agreements.

The following table provides credit ratings of the Pool's securities lending collateral investments as of June 30, 2019:

Rating	Fair Value 2019
AAA/ A-1	$ 12,154
AA	55,470
A	1,960
BBB	891
B	83
Not applicable	18,368
Total securities lending collateral	$ 88,926

**As of June 30, 2020, the Cash Collateral Account is no longer rated.*

Interest Rate Risk

As of June 30, 2020, the Pool is exposed to interest rate risk from its fixed income investments, money market mutual fund investment, and Cash Collateral Account investment. The money market mutual fund has a weighted average maturity (WAM) of 53 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. As of June 30, 2020, the WAM for the Cash Collateral Account was 1 day.

(in thousands)

As of June 30, 2019, the pool was exposed to interest rate risk from its fixed income investments, money market mutual fund investment and certain investments made with cash collateral for securities loaned. As of June 30, 2019, the money market mutual fund has a weighted average maturity (WAM) of 43 days. The WAM for securities lending collateral investments is not to exceed 90 days.

The WVIMB monitors interest risk of the Pool by evaluating the effective duration of the investments in the Pool. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1% change in interest rates. The effective duration calculation takes into account the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds, commercial and residential mortgage-backed securities, asset-backed securities and collateralized mortgage obligations.

The following table provides the weighted average effective duration for the various asset types in the Pool as of June 30:

	2020		2019	
Investment Type	Fair Value	Effective Duration (Years)	Fair Value	Effective Duration (Years)
Commingled bond funds	$ -	-	$ -	-
Commingled debt funds	206,712	3.10	214,489	2.9
Corporate asset backed issues	54,349	1.20	72,659	(0.1)
Corporate ABS residual	-	-	3,835	1.9
Corporate CMO	59,639	0.90	40,069	1.1
Corporate CMO- interest only	138	0.50	-	-
Foreign asset backed issues	28,152	0.50	27,005	1.0
Foreign corporate bonds	264,553	5.30	271,117	5.4
Foreign government bond	251,488	5.10	317,462	5.1
Municipal bonds	33,423	9.90	34,254	9.9
Repurchase agreement	-	-	8,000	0.0*
Short term investments	-	-	6,083	0.0*
U.S. corporate bonds	495,554	9.40	402,522	7.0
U.S. Government agency bonds	1,530	0.0*	9,464	0.2
U.S. Government agency CMO	77,429	1.70	57,221	1.1
U.S. Government agency CMO interest-only	6,955	6.80	5,786	4.8
U.S. Government agency MBS	222,696	2.00	293,479	1.8
U.S. Government agency TBA	2,599	0.70	106	1.4
U.S. Treasury bonds	209,690	14.40	157,216	15.6
U.S. Treasury inflation-protected securities	105,609	18.80	40,944	20.6
Total Investments	$ 2,020,516		$ 1,961,711	

** Rounds to less than 0.05*

The Pool invests in commercial and residential mortgage-backed securities, asset-backed securities and collateralized mortgage obligations. The cash flows from these securities are based on the payment of the underlying collateral. The effective duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. The Pool held $451,957 and $500,160 of these securities at June 30, 2020 and 2019, respectively, representing approximately 22% and 25% of the value of the Pool's securities.

Concentration of Credit Risk
The Pool is restricted from investing more than 5% of the value of the Pool in any one corporate name. At June 30, 2020 and 2019, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk
At June 20, 2020, securities on loan are collateralized to a minimum of 102% for U.S. Dollar denominated loans and 105% for foreign denominated loans, and the collateral is held by the WVIMB's custodian in the name of WVIMB. Investments in comingled debt funds, money market mutual funds, and the Cash Collateral Account are not subject to custodial credit risk.

At June 30, 2019, securities on loan were collateralized to a minimum of 102% and the collateral is held by the WVIMB's custodian in the name of the WVIMB. Investments in commingled funds are held in an account in the name of the WVIMB.

At June 30, 2020 and 2019, the Pool held no securities that were subject to custodial credit risk. Repurchase agreements, when held, are collateralized at 102% and the collateral is held in the name of the WVIMB. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB.

Foreign Currency Risk
The Pool has foreign fixed income, foreign equity investments and cash that are denominated in foreign currencies and are exposed to foreign currency risks. The Pool also has foreign denominated derivative instruments. Additionally, the Pool has indirect exposure to foreign currency risk through its ownership interests in certain of the commingled investment pools. Approximately $42,799 and $32,063, or 21% and 15%, respectively, of the commingled investment pools hold substantially all of their investments in foreign currencies as of June 30, 2020 and 2019. This represents approximately 2.0% respectively, of the value of the Pool's securities at June 30, 2020 and 2019.

(in thousands)

The amounts at fair value (in U.S. dollars) of investments and cash denominated in foreign currencies as of June 30 are as follows:

	2020			
Currency	Foreign Fixed Income	FX Spot	Cash	Total
Argentine Peso	$ 5,597	$ -	$ 1,770	$ 7,367
Australian Dollar	-	-	2,350	2,350
Belarusian Ruble	1,819	-	-	1,819
Brazil Real	30,899	-	52	30,951
British Pound	15,154	-	2,690	17,844
Canadian Dollar	-	-	(858)	(858)
Colombian Peso	4,620	-	-	4,620
Deutsche Mark	640	-	-	640
Dominican Peso	2,923	-	-	2,923
Egyptian Pound	2,647	-	3	2,650
Euro Currency Unit	5,948	-	3,823	9,771
Georgian Lari	-	-	-	-
Ghana Cedi	2,357	-	-	2,357
Indonesian Rupiah	2,713	-	-	2,713
Japanese Yen	49,050	-	6,419	55,469
Kazakhstani Tenge	681	-	-	681
Kenyan Shilling	3,001	-	-	3,001
Mexican Peso	21,785	6	(2,107)	19,684
New Zealand Dollar	-	-	758	758
Peruvian Nuevo Sol	1,812	-	-	1,812
Russian Ruble	31,249	-	856	32,105
South African Rand	5,707	-	1	5,708
Swedish Krona	-	-	477	477
Turkish Lira	-	-	1	1
Uruguayan Peso	5,050	-	-	5,050
Total	193,652	6	16,235	209,893
U.S. Dollar	350,541	-	34,398	384,939
Total	$ 544,193	$ 6	$ 50,633	$ 594,832

The Pool’s investments in commingled debt funds were measured at the NAV as of June 30, 2020. These commingled debt funds invest in certain niche sectors, particularly those that are not a significant percentage to the Pool, to provide economies of scale and efficiencies in establishing and managing a diversified portfolio that would be otherwise difficult to achieve. These funds offer daily liquidity.

(in thousands)

	2019			
Currency	**Investments**	**Cash**	**Total**	**Percent of Total Investments and Cash**
Argentine Peso	$ 8,380	$ -	$ 1,503	$ 9,883
Australian Dollar	-	-	1,704	1,704
Belarusian Ruble	2,048	-	-	2,048
Brazil Real	47,752	-	24	47,776
British Pound	-	-	2,988	2,988
Canadian Dollar	-	-	1,411	1,411
Colombian Peso	5,209	-	-	5,209
Deutsche Mark	1,013	-	-	1,013
Dominican Peso	3,801	-	-	3,801
Egyptian Pound	2,104	-	126	2,230
Euro Currency Unit	5,967	-	12,929	18,896
Georgian Lari	1,796	-	-	1,796
Ghana Cedi	2,469	-	-	2,469
Indonesian Rupiah	2,779	-	-	2,779
Japanese Yen	51,443	-	6,077	57,520
Kenyan Shilling	3,171	-	-	3,171
Kazakhstani Tenge	1,841	-	-	1,841
Mexican Peso	44,765	-	1,943	46,708
New Zealand Dollar	-	-	791	791
Peruvian Nuevo Sol	1,846	-	-	1,846
Russian Ruble	28,094	-	1,796	29,890
Swedish Krona	-	-	483	483
Turkish Lira	3,190	-	-	3,190
Uruguayan Peso	7,479	-	-	7,479
South African Rand	6,726	14	2	6,742
Total foreign denominated investments	231,873	14	31,507	263,394
U.S. Dollar	383,711	-	28,425	412,136
Total	$ 615,584	$ 14	$ 59,932	$ 675,530

Fair Value Measurements

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share practical expedient. The tables that follow set forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at June 30. All the Pool's investments in other funds were valued using the net asset value per share practical expedient; as such, they have not been categorized in the fair value hierarchy.

(in thousands)

Assets	June 30, 2020 Level 1	Level 2	Level 3	Total
Corporate asset backed issues	$ -	$ 54,349	$ -	$ 54,349
Corporate ABS residual	-	1,943	-	1,943
Corporate CMO	-	59,639	-	59,639
Corporate CMO-interest only	-	138	-	138
Corporate preferred security	10,307	-	-	10,307
Foreign asset backed issues	-	28,152	-	28,152
Foreign corporate bonds	-	264,553	-	264,553
Foreign currency forward contracts	-	1,054	-	1,054
Foreign government bonds	-	251,488	-	251,488
Future contracts	1,457	-	-	1,457
Money market mutual fund	80,424	-	-	80,424
Municipal bonds	-	33,423	-	33,423
Options contracts purchased	94	347	-	441
Securities lending collateral	4,029	-	-	4,029
Swaps	-	24,789	-	24,789
U.S. corporate bonds	-	495,554	-	495,554
U.S. Government agency bond	-	1,530	-	1,530
U.S. Government agency CMO	-	77,429	-	77,429
U.S. Government agency CMO interest-only	-	6,955	-	6,955
U.S. Government agency MBS	-	222,696	-	222,696
U.S. Government agency TBAs	-	2,599	-	2,599
U.S. Treasury bonds	-	209,690	-	209,690
U.S. Treasury inflation protected securities	-	105,609	-	105,609
Total	$ 96,311	$ 1,841,937	$ -	1,938,248
Commingled debt funds				206,712
Total				$ 2,144,960

Liabilities	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	$ -	$ (2,323)	$ -	$ (2,323)
Future contracts	(12,609)	-	-	(12,609)
Options contracts written	(525)	(354)	-	(879)
Securities sold short	-	(526)	-	(526)
Swaps	-	(40,804)	-	(40,804)
Total	$ (13,134)	$ (44,007)	$ -	$ (57,141)

(in thousands)

	June 30, 2019			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Corporate asset backed issues	$ -	$ 72,659	$ -	$ 72,659
Corporate ABS residual	-	3,835	-	3,835
Corporate CMO	-	40,069	-	40,069
Corporate preferred security	9,979	-	-	9,979
Foreign asset backed issues	-	27,005	-	27,005
Foreign corporate bonds	-	271,117	-	271,117
Foreign currency forward contracts	-	378	-	378
Foreign equity investments	14	-	-	14
Foreign government bonds	-	317,462	-	317,462
Future contracts	9,647	-	-	9,647
Money market mutual fund	41,138	-	-	41,138
Municipal bonds	-	34,254	-	34,254
Options contracts purchased	558	530	-	1,088
Repurchase agreement	-	8,000	-	8,000
Securities lending collateral	-	88,926	-	88,926
Short term investments	-	6,083	-	6,083
Swaps	-	3,683	-	3,683
U.S. corporate bonds	-	402,522	-	402,522
U.S. Government agency bond	-	9,464	-	9,464
U.S. Government agency CMO	-	57,221	-	57,221
U.S. Government agency CMO interest-only	-	5,786	-	5,786
U.S. Government agency MBS	-	293,479	-	293,479
U.S. Government agency TBAs	-	106	-	106
U.S. Treasury bonds	-	157,216	-	157,216
U.S. Treasury inflation protected securities	-	40,944	-	40,944
Total	$ 61,336	$ 1,840,739	$ -	1,902,075
Commingled debt funds				214,489
Total				$ 2,116,564

Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Foreign currency forward contracts	$ -	$ (2,357)	$ -	$ (2,357)
Future contracts	(15,161)	-	-	(15,161)
Options contracts written	(1,081)	(73)	-	(1,154)
Swaps	-	(20,337)	-	(20,337)
Total	$ (16,242)	$ (22,767)	$ -	$ (39,009)

The Pool's investments in commingled debt funds were measured at the NAV as of June 30, 2019. These commingled debt funds invest in certain niche sectors, particularly ones that are not a significant percentage to the Pool, to provide economies of scale and efficiencies in establishing and managing a diversified portfolio that would be otherwise difficult to achieve. These funds offer daily liquidity.

CORE FIXED INCOME POOL

The main objective of this Pool is to generate investment income, provide stability and diversification, but not at the expense of the total return. JP Morgan Investment Advisors, Inc. (JPM) manages this Pool. This Pool's investment objective, net of external management fees, is to outperform the Bloomberg Barclays U.S. Aggregate Bond Index over three- to five-year period.

(in thousands)

Effective September 1, 2019, the WVIMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

The PEIA's amount invested in the Core Fixed Income Pool of $24,556 and $25,503 at June 30, 2020 and 2019, respectively, represented approximately 2.65% and 2.63%, respectively, of total investments in this Pool.

Credit Risk

The Pool is exposed to credit risk from its fixed income investments, money market mutual fund investment and certain investments made with cash collateral for securities loaned. The WVIMB limits the exposure to credit risk in the Pool by maintaining at least an average rating of investment grade as defined by the nationally recognized statistical rating organizations. The WVIMB reviews available ratings from Standard & Poor's, Moody's, Fitch and reports the rating indicative of the greatest degree of risk. The money market mutual fund has the highest credit rating. The Cash Collateral Account is not rated.

The following table provides credit ratings for the Pool's fixed income investments as of June 30:

	Fair Value	
Rating	**2020**	**2019**
AAA	**$ 47,882**	$ 61,950
AA	**535,867**	518,002
A	**83,021**	93,012
BBB	**171,799**	141,310
BB	**5,281**	10,003
B	**768**	600
CCC	**241**	562
D	**94**	146
Withdrawn	**11,132**	3,013
Not rated	**63,019**	45,328
Total fixed income investments	**$ 919,104**	$ 873,926

Credit risk from securities lending collateral investments are limited by requiring minimum ratings on debt instruments. Long-term debt instruments must be rated A or better by Moody's or Standards & Poor's at the time of purchase. Short-term debt instruments must be rated P-1 by Moody's or A-1 by Standard & Poor's at the time of purchase. The WVIMB reviews available ratings from Standard & Poor's, Moody's, Fitch and reports the rating indicative of the greatest degree of risk.

At June 30, 2020, securities lending collateral investments consisted of time deposits and repurchase agreements.

The following table provides credit ratings of the Pool's securities lending collateral investments as of June 30, 2019:

	Fair Value
Rating	**2019**
AAA/ A-1	$ 7,859
AA	35,868
A	1,267
BBB	576
B	54
Not applicable	11,877
Total securities lending collateral	$ 57,501

**As of June 30, 2020, the Cash Collateral Account is no longer rated.*

(in thousands)

Interest Rate Risk
At June 30, 2020, the Pool is exposed to interest rate risk from its fixed income investments, money market mutual fund investment and investments made with cash collateral for securities loaned. As of June 30, 2020, the money market mutual fund has a weighted average maturity (WAM) of 53 days. Except for repurchase agreements that can have up to 95 days to maturity, investments in the Cash Collateral Account are limited to overnight investments. The WAM for the Cash Collateral Account is 1 day.

As of June 30, 2019, the WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2019, the money market mutual fund has a weighted average maturity (WAM) of 43 days. The WAM for securities lending collateral investments is not to exceed 90 days.

The WVIMB monitors interest rate risk of the Pool by evaluating the effective duration of the investments in the Pool. Effective duration is a method of disclosing interest rate risk that measures the expected change in the price of a fixed income security for a 1% change in interest rates. The effective duration calculation takes into account the most likely timing of variable cash flows, which is particularly useful for measuring interest rate risk of callable bonds, commercial and residential mortgage-backed securities, asset-backed securities and collateralized mortgage obligations.

The Pool invests in commercial and residential mortgage-backed securities, asset-backed securities and collateralized mortgage obligations. The cash flows from these securities were based on the payment of the underlying collateral. The effective duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2020 and 2019, the Pool held $444,501 and $425,431, respectively, of these securities. This represents approximately 48% and 49%, respectively, of the value of the Pool's securities.

The following table provides the weighted average effective duration for the Pool's fixed income investments as of June 30:

	2020		2019	
Investment Type	**Fair Value**	**Effective Duration (Years)**	**Fair Value**	**Effective Duration (Years)**
Corporate asset backed issues	**$ 104,830**	**1.6**	$ 122,361	1.6
Corporate CMO	**46,117**	**3.4**	33,139	3.2
Corporate CMO interest-only	**212**	**(13.6)**	303	(2.8)
Corporate CMO principle only	**64**	**4.6**	74	3.5
Foreign asset backed issues	**2,168**	**2.8**	2,698	3.3
Foreign corporate bonds	**61,479**	**6.5**	59,221	5.8
Foreign government bond	**5,870**	**9.3**	3,125	8.0
Municipal bonds	**12,331**	**14.5**	10,261	13.0
U.S. corporate bonds	**189,911**	**9.3**	165,080	7.7
U.S. Government agency bonds	**3,100**	**0.5**	5,257	1.2
U.S. Government agency CMO	**98,050**	**4.4**	109,465	4.7
U.S. Government agency CMO-interest only	**4,409**	**5.2**	2,153	12.7
U.S. Government agency CMO-principle only	**2,144**	**8.8**	5,062	6.2
U.S. Government agency MBS	**180,583**	**4.6**	150,176	4.4
U.S. Government agency TBAs	**5,924**	**3.1**	-	-
U.S. Treasury bonds	**201,543**	**7.8**	205,102	9.1
U.S. Treasury inflation-protected securities	**459**	**0.9**	449	1.9
Total fixed income investments	**$ 919,104**		$ 873,926	

(in thousands)

Concentration of Credit Risk
The Pool is restricted from investing more than 5% of the value of the Pool in any one corporate name. At June 30, 2020 and 2019, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk
As of June 30, 2020, securities on loan are collateralized to a minimum of 102%, and the collateral is held by the WVIMB's custodian in the name of WVIMB. The money market mutual fund and the Cash Collateral Account are not subject to custodial credit risk. All remaining securities are held the bye WVIMB's custodian in the name of WVIMB.

At June 30, 2020, repurchase agreements, when held, are collateralized at 102% and the collateral is held in the name of the WVIMB. Securities on loans are collateralized to a minimum of 102% and the collateral is held by the WVIMB's custodian in the name of the WVIMB. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB.

At June 30, 2020 and 2019, the Pool held no securities that were subject to custodial credit risk.

Foreign Currency Risk
None of the securities held by the Pool are exposed to foreign currency risk.

Fair Value Measurements
The tables below summarize the valuation of the investment securities in accordance with the fair value hierarchy levels as of June 30:

	2020			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Corporate asset backed issues	$ -	$ 104,830	$ -	$ 104,830
Corporate CMO	-	46,117	-	46,117
Corporate CMO interest - only	-	212	-	212
Corporate CMO principal - only	-	64	-	64
Foreign assets backed issues	-	2,168	-	2,168
Foreign corporate bonds	-	61,479	-	61,479
Foreign government bonds	-	5,870	-	5,870
Money market mutual fund	10,949	-	-	10,949
Municipal bonds	-	12,331	-	12,331
Securities lending collateral	4,868	-	-	4,868
U.S. corporate bonds	-	189,911	-	189,911
U.S. Government agency bond	-	3,100	-	3,100
U.S. Government agency CMO	-	98,050	-	98,050
U.S. Government agency CMO interest-only	-	2,144	-	2,144
U.S. Government agency CMO principal-only	-	4,409	-	4,409
U.S. Government agency MBS	-	180,583	-	180,583
U.S. Government agency TBAs	-	5,924	-	5,924
U.S. Treasury bonds	-	201,453	-	201,453
U.S. Treasury inflation protected securities	-	459	-	459
Total	$ 15,817	$ 919,104	$ -	$ 934,921

(in thousands)

	2019			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Corporate asset backed issues	$ -	$ 122,361	$ -	$ 122,361
Corporate CMO	-	33,139	-	33,139
Corporate CMO interest - only	-	303	-	303
Corporate CMO principal - only	-	74	-	74
Foreign assets backed issues	-	2,698	-	2,698
Foreign corporate bonds	-	59,221	-	59,221
Foreign government bonds	-	3,125	-	3,125
Money market mutual fund	55,686	-	-	55,686
Municipal bonds	-	10,261	-	10,261
Securities lending collateral	-	57,501	-	57,501
U.S. corporate bonds	-	165,080	-	165,080
U.S. Government agency bond	-	5,257	-	5,257
U.S. Government agency CMO	-	109,465	-	109,465
U.S. Government agency CMO interest-only	-	2,153	-	2,153
U.S. Government agency CMO principal-only	-	5,062	-	5,062
U.S. Government agency MBS	-	150,176	-	150,176
U.S. Treasury bonds	-	205,102	-	205,102
U.S. Treasury inflation protected securities	-	449	-	449
Total	$ 55,686	$ 931,427	$ -	$ 987,113

SHORT-TERM FIXED INCOME POOL

The main objective of the Pool is to maintain sufficient liquidity to meet the daily disbursements requested by participants and to invest any contributions until the time the money is transferred to other WVIMB operated investment pools without sustaining capital losses while earning a small return above inflation. The Pool's benchmark, net of external investment management fees, is the Citigroup 90-Day Treasury Bill Index. JP Morgan Investment Advisors, Inc. manages the Pool.

Effective September 1, 2019, the WVIMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

The PEIA's amount invested in the International Equity Pool of $51,000 at June 30, 2020, representing approximately 8.27% of total investments in this Pool. During the year ended June 30, 2019, the PEIA did not participate in the Short-Term Fixed Income Pool.

Credit Risk

The WVIMB limits the exposure to credit risk in the Pool by requiring all corporate bonds to be rated AA or higher. Commercial paper must be rated A-1 by Standard & Poor's and P-1 by Moody's. Additionally, the Pool must have at least 15 percent of its assets in United States Treasury issues. The WVIMB reviews available ratings from Standard & Poor's, Moody's, and Fitch, and reports the rating indicative of the greatest degree of risk. All of the Pool's investments had the highest credit ratings as of June 30, 2020.

(in thousands)

Interest Rate Risk

The weighted average maturity (WAM) of the investments of the Pool is not to exceed 60 days. The maturity of floating rate notes is assumed to be the next interest rate reset date. The following table provides the WAM for the different asset types in the Pool as of June 30, 2020:

	2020	
Investment Type	**Carrying Value**	**WAM (days)**
Money market mutual fund	$ 25,896	1
Repurchase agreement	75,678	1
U.S. Government agency bonds	265,950	48
U.S. Treasury bills	274,978	27
Total	$ 642,482	32

Concentration of Credit Risk

The Pool is restricted from investing more than 5 percent of the value of the Pool in any one corporate name. At June 30, 2020, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2020, the Pool held no investments that were subject to custodial credit risk. Repurchase agreements are collateralized at 102 percent and the collateral is held in the name of the WVIMB. All remaining investments are held by the WVIMB's custodian in the name of the WVIMB.

Foreign Currency Risk

The pool has no investments that are subject to foreign currency risk.

Fair Value Measurements

The tables below summarize the valuation of the investment securities in accordance with the fair value hierarchy levels as of June 30, 2020:

	2020			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Money market mutual fund	**$ 25,896**	**$ -**	**$ -**	**$ 25,896**
Repurchase agreement	**-**	**75,658**	**-**	**75,658**
U.S. Government agency bonds	**-**	**265,950**	**-**	**265,950**
U.S. Treasury bills	**-**	**274,978**	**-**	**274,978**
Total	**$ 25,896**	**$ 616,586**	**$ -**	**$ 642,482**

HEDGE FUND POOL

This Pool was established to hold the WVIMB's investments in hedge funds. Albourne America, LLC has been retained by the WVIMB to provide consulting services for this investment strategy.

The objective of the Pool is to reduce risk through diversification of participants' assets. The primary performance benchmark is the Hedge Funds Research, Inc. Fund of the Funds Composite Index plus 100 Basis points. The secondary benchmark is the Citigroup 90-Day Treasury Bill Index plus 500 basis points.

Effective September 1, 2019, the WVIMB changed its custodian bank from the Bank of New York Mellon (BNYM) to Northern Trust (NT).

The PEIA's amount invested in the Hedge Fund Pool of $41,632 and $51,623 at June 30, 2020 and 2019, respectively, represented approximately 2.05% and 2.18%, respectively, of total investments in this Pool.

(in thousands)

Investment Risk

The Pool holds shares in hedge funds and shares of money market fund with the highest credit rating. As of June 30, 2020 and 2019, the money market mutual fund has the highest credit rating and has a weighted average maturity of 53 and 43 days, respectively. The investments in hedge funds might be indirectly exposed to foreign currency risk, credit risk and/or custodial credit risk. The Pool is restricted from investing more than 10% of the value of the Pool with any single manager. At June 30, 2020 and 2019, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Fair Value Measurements

U.S. GAAP does not require the Pool to categorize within the fair value hierarchy table investments for which fair value is measured using the net asset value per share (NAV) as the practical expedient for the years ended June 30, 2020 and 2019. The majority of the Pool's investments in hedge funds were valued using the NAV per share; as such, they have not been categorized in the fair value hierarchy for 2020 and 2019.

The tables that follows sets forth information about the level within the fair value hierarchy at which the Pool's assets and liabilities are measured at June 30:

	2020			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Money market mutual fund	**$ 12**	**$ -**	**$ -**	**$ 12**
Hedge funds				**1,896,312**
Total				**$ 1,896,324**

	2019			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Money market mutual fund	$ 656	$ -	$ -	$ 656
Hedge funds				2,081,618
Total				$ 2,082,274

The following tables present information on investments measured at the NAV as of June 30:

	2020		
Hedge Fund Strategies	**Fair Value**	**Redemption Frequency**	**Redemption Notice Period**
Directional [(a)]	**$ 200,974**	Mthly/Qtly	5 to 30 days
Equity long/short [(b)]	**205,201**	Mthly/Qtly	30 to 60 days
Event-driven [(c)]	**70,232**	Qtly/Every 2 years	45 to 180 days
Long-biased [(d)]	**77,581**	Mthly	90 days
Multi-strategy [(e)]	**1,049,030**	Mthly/Qtly/Semi-ann/Ann	30 to 95 days
Relative-value [(f)]	**290,294**	Weekly/Quarterly	5 to 60 days
Total investments measured at the NAV	**$ 1,893,312**		

(in thousands)

	2019		
Hedge Fund Strategies	**Fair Value**	**Redemption Frequency**	**Redemption Notice Period**
Directional [a]	$ 154,484	Mthly/Qtly	3 to 60 days
Equity long/short [b]	272,424	Mthly/Qtly/Every 3 yrs	30 to 60 days
Event-driven [c]	37,715	Qtly	65 days
Long-biased [d]	61,426	Mthly	90 days
Multi-strategy [e]	1,265,338	Mthly/Qtly/Ann	3 to 95 days
Relative-value [f]	290,231	Wkly/Mthly/Qtly	5 to 60 days
Total investments measured at the NAV	$ 2,081,618		

[a] Directional strategies employee various techniques to forecast the direction of segments of the market and then invest in either long or short positions. The segments may be geographic economies, industry sectors, currency, or asset class. The investments may be in physical securities or derivatives. The strategies may be trend-following or mean-reverting and may be specific to that segment or universally applied across them.

[a] An equity long/short strategy involves taking long positions in stocks that are expected to increase in value and short positions in stocks that are expected to decrease in value. At June 30, 2019, investments representing approximately 60% of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions. The percentage of investments subject to maximum withdrawal restrictions at June 30, 2020 was not disclosed.

[b] Event-driven funds maintain positions in companies currently or prospectively involved in various corporate transactions including, but not limited to, mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated, and frequently involve additional derivative securities. Event-driven exposure includes a combination of sensitive to equity markets, credit markets and company-specific developments. At June 30, 2020, all of the funds in this investment strategy are subject to maximum withdrawal restrictions. At June 30, 2019, the sole fund in this investment strategy is subject to maximum withdrawal restrictions.

[c] Long-biased strategies employ analytical techniques in which the investment thesis is predicated on assessment of the valuation characteristics on the underlying companies with the goal of identifying undervalued companies. Long-biased strategies may vary the investment level or the level of long exposure over market cycles, but the primary distinguishing characteristic is that the manager maintains consistent long exposure.

[d] Multi-strategy managers combine several strategies within the same fund in order to provide diversification benefits to reduce return volatility and decrease asset-class and single-strategy risks. These funds typically add incremental returns through active allocation adjustments based on market opportunities. Risk is managed through a combination of quantitative and qualitative constraints including, but not limited to, active risk, liquidity risk, currency risk, manager risk, derivatives risk and leverage risk. Investments representing approximately 35% in 2020 and 43% in 2019 of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.

[e] Relative-value funds maintain positions in which the investment thesis is predicated on the realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment insights and security types range broadly across equity, fixed income, derivative or other security types. Fixed Income strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk-adjusted spread between these instruments represents an attractive opportunity. Investments representing approximately 40% in 2020 and 37% in 2019 of the fair value of the instruments in this strategy are subject to maximum withdrawal restrictions.

(in thousands)

5. Equity Position in Investment Pool – Restricted (Premium Stabilization Fund) Managed by WVBTI and Minnesota Life

Basic and optional life insurance premiums are funded primarily by program employers and participants, respectively. The premium stabilization fund consists of accumulated dividends and interest on the participant basic and optional life insurance policies. The premium stabilization funds are invested in the WVBTI Money Market Pool (see Note 5 for investment disclosures related to this Pool) and at Minnesota Life. To the extent that these policyholder premiums are refunded to the PEIA in the form of dividends and interest by the life insurance company, the funds are refunded to the related basic and optional life policyholders by way of reductions in future premium increases. This account is utilized to track the accumulated balance due to basic and optional life policyholders. Noncurrent assets include $13,817 and $12,774 as of June 30, 2020 and 2019, respectively, restricted to meet this obligation.

The following table represents changes in the premium stabilization fund for the years ended June 30:

	2020	2019
Premium stabilization fund – beginning of the year	**$ 12,774**	$ 15,089
Life insurance dividends, interest received and pool results	**7,083**	4,549
Amounts used to lower optional life rates	**(6,040)**	(6,864)
Premium stabilization fund – end of year	**$ 13,817**	$ 12,774

6. Capital Assets

Capital asset activity for the years ended June 30, 2020 and 2019 was as follows:

	2019	Additions	Disposals	2020
Intangible assets	$ 9,026	$ -	$ -	**$ 9,026**
Equipment	1,301	16	-	**1,317**
Total capital assets	10,327	16	-	**10,343**
Intangible assets	(8,815)	-	-	**(8,815)**
Equipment	(1,365)	(62)	-	**(1,427)**
Total accumulated depreciation	(10,180)	-	-	**(10,242)**
Total capital assets, net	$ 146	$ (45)	$ -	**$ 101**

	2018	Additions	Reclass	2019
Intangible assets	$ 9,021	$ 5	$ -	$ 9,026
Equipment	1,297	4	-	1,301
Total capital assets	10,318	9	-	10,327
Intangible assets	(8,766)	(49)	-	(8,815)
Equipment	(1,356)	(9)	-	(1,365)
Total accumulated depreciation	(10,122)	(58)	-	(10,180)
Total capital assets, net	$ 196	$ (50)	$ -	$ 146

(in thousands)

7. Unpaid Claims Liabilities

As discussed in Note 2, the PEIA establishes a liability for both reported and unreported insured events, which includes an estimate of future payments of losses. The following represents changes in those aggregate liabilities for the PEIA for the years ended June 30:

	2020	2019
Claims payable, beginning of year	**$ 64,897**	$ 67,605
Incurred claims expenses:		
Provision for insured events of the current year	**541,610**	532,325
Increase (decrease) in provision for insured events of prior years	**(3,750)**	(3,010)
Total incurred claims expense	**537,860**	529,315
Payments:		
Claim payments, net of rebates, attributable to insured events of:		
Current year	**462,582**	484,495
Prior years	**66,809**	47,528
Total payments, net	**529,391**	532,023
Claims payable, end of year	**$ 73,366**	$ 64,897

The above payments are net of pharmacy rebates earned of $87,032 and $66,750 for the years ended June 30, 2020, and 2019, respectively.

8. Other Postemployment Benefits (OPEB)

Plan description

PEIA participates in the West Virginia Other Postemployment Benefit Plan (the Plan) a cost-sharing, multiple employer, defined benefit other postemployment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education and other government entities as set forth in the West Virginia Code Section 5-16D-2 (the Code). The financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The Plan is administered by a combination of the PEIA and the RHBT staff. Plan benefits are established and revised by the PEIA and the RHBT management with approval of the Finance Board. The Finance Board is comprised of nine members. Finance Board members are appointed by the Governor, serve a term of four years and are eligible for reappointment. The State Department of Administration cabinet secretary serves as Chairman of the Board. Four members represent labor, education, public employees and public retirees. Four remaining members represent the public-at-large.

The Plan had approximately 43,272 policyholders and 63,861 covered lives at June 30, 2019.

The PEIA currently has approximately 18 employees eligible to receive RHBT benefits.

Active employees who retire are eligible for the PEIA health and life benefits, provided they meet the minimum eligibility requirements of the applicable State retirement system and if their last employer immediately prior to retirement: is a participating employer under the Consolidated Public Retirement Board (CPRB) and, as of July 1, 2008 forward, is a participating employer with the PEIA. Active employees who, as of July 1, 2008, have ten years or more of credited service in the CPRB and whose employer at the time of their retirement does participate with CPRB, but does not participate with the PEIA will be eligible for PEIA retiree coverage provided: they otherwise meet all criteria under this heading and their employer agrees, in writing, upon a form prescribed by the PEIA, that the employer will pay to the PEIA the non-participating retiree premium on behalf of the retiree or retirees, or that the retiree agrees to pay the entire unsubsidized premium themselves. Active employees who are members of the

Teacher's Defined Contribution Retirement plan must be either: 55 years of age and have 12 or more years of credited service; or be at least 60 years of age with five years of service; and their last employer immediately prior to retirement must be a participating employer under that, or the CPRB system to qualify to continue PEIA insurance benefits upon retirement. Employees who participate in non-State retirement systems but are CPRB system affiliated, contracted, or approved (such as TIAA-CREF and similar plans), or are approved, in writing, by the PEIA Director must, in the case of education employees, meet the minimum eligibility requirements of the State Teacher's Retirement System and in all other cases meet the minimum eligibility requirements of the Public Employees Retirement System to be eligible for PEIA benefits as a retiree.

For additional financial information, which may be used for disclosure by participating employers, please refer to the audited financial statements of the RHBT. The RHBT audited financial statements and actuarial reports can be found on the PEIA website at www.peia.wv.gov. If you have any questions about this report or need additional information, contact the Chief Financial Officer, Jason Haught, at (304) 558-7850, ext. 52642 or the RHBT Controller, Jennifer Priddy, at (304) 558-7850, ext. 52681. You can also submit your questions in writing to West Virginia Public Employees Insurance Agency, 601 57th Street, SE Suite 2, Charleston, WV 25304.

Benefits provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

The medical and prescription drug insurance is provided through two options:

- Self-Insured Preferred Provider Benefit Plan – primarily for non-Medicare-eligible retirees and spouses
- External Managed Care Organizations – primarily for Medicare-eligible retirees and spouses

Contributions

Contributions into the RHBT include paygo, retiree leave conversion billings and other matters, including billing adjustments. Paygo premiums are established by the Finance Board annually. All participating employers are required by statute to contribute to the RHBT this premium at the established rate for every active policyholder per month. Paygo rates were $168, $183 and $177 for the years ending June 30, 2020, 2019, and 2018 respectively. Other contributions such as retiree leave conversion differ by agency and are only recorded as utilized by plan participants. The PEIA's contributions to the RHBT were $60, $64 and $65 for the fiscal years ended June 30, 2020, 2019 and 2018, respectively.

Members retired before July 1, 1997, pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired between July 1, 1997 and June 30, 2010, pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010, pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below:

- Members hired before July 1, 1988, may convert accrued sick or leave days into 100% of the required retiree healthcare contribution.
- Members hired from July 1, 1988, to June 30, 2001, may convert accrued sick or leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and annual leave days per month for single healthcare coverage and three days of unused sick and annual leave days per month for family healthcare coverage.

(in thousands)

OPEB liabilities, OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

During fiscal year 2017, the PEIA along with other State of West Virginia agencies participating in OPEB adopted the provisions of GASB Statement No. 75 and GASB Statement No. 85. At June 30, 2020 and 2019, the PEIA reported a liability of $595 and $699, respectively, within other noncurrent liabilities in the accompanying statements of net position, for its proportionate share of the net OPEB liability. The net pension liability reported at June 30, 2020 was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. For fiscal year 2019, the net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to the measurement date of June 30, 2018.The PEIA's proportion of the net OPEB liability each year is based on the PEIA's share of contributions to the OPEB plan relative to the contributions of all employers participating in the RHBT for the respective year. At June 30, 2020, the PEIA's proportionate share was 0.0358%, which was an increase of 0.0032% from its proportionate share as of June 30, 2019.

For the year ended June 30, 2020 and 2019, the PEIA recognized OPEB expense of $15 and $61, respectively.

The PEIA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30:

	2020		2019	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Net difference between expected and actual earnings on OPEB plan investments	**$ 4**	**$ 9**	$ -	$ 13
Difference between expected and actual experience	**-**	**69**	-	10
Reallocation of opt- out employer change in proportionate share	**-**	**16**	-	-
Changes in proportion and differences between PEIA's contributions and proportionate share of contributions	**80**	**60**	36	94
Changes in assumptions	**-**	**121**	-	70
PEIA's contributions made subsequent to the measurement date	**60**	**-**	64	-
Total	**$ 144**	**$ 275**	$ 100	$ 187

Employer contributions to the RHBT made during the fiscal year, subsequent to the net OPEB liability measurement date are recorded as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the following year.

The net difference between projected and actual investment earnings on OPEB Plan investments are recognized in OPEB expense using a systematic and rational method over a closed five-year period. Differences between actual and expected experience relating to OPEB amounts and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB Plan determined as of the beginning of the measurement period. The average of the expected remaining lives is 4.6370 years.

(in thousands)

These other amounts reported as deferred inflows and outflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30,	OPEB Expense
2020	$ (81)
2021	$ (71)
2022	$ (34)
2023	$ (6)

OPEB Contributions by Non-employer Contributing Entities in a Special Funding Situation

The State of West Virginia is a non-employer contributing entity that provides funding through SB 419, effective July 1, 2012, amended by West Virginia Code §11-21-96. The State provides a supplemental pre-funding source dedicating $30M annually to the RHBT Fund from annual collections of the Personal Income Tax Fund and dedicated for payment of the unfunded liability of the RHBT. The $30 million transferred pursuant to the Code shall be transferred until the Governor certifies to the Legislature that an independent actuarial study has determined that the unfunded liability of RHBT has been provided for in its entirety or July 1, 2037, whichever date is later. This funding is to the advantage of all RHBT contributing employers.

The State of West Virginia is a non-employer contributing entity that provides funding through West Virginia State Code §11B-2-32. The Financial Stability Fund is a plan to transfer an annual amount of $5 million of the RHBT from special revenue funds to be used to lower retiree premiums, to help reduce benefit cuts, to help reduce premium increases or any combination thereof. The $5 million transferred pursuant to this Code shall be transferred annually to the RHT through June 30, 2020. This funding is to the advantage of all RHBT Contributing Employers.

For the years ended June 30, 2020 and 2019, the PEIA recognized revenue of $36 and $44, respectively, for support provided by the State as a special funding situation.

At June 30, 2020, the PEIA reported a liability for its proportionate share of the WV OPEB Plan's net OPEB liability that reflected a reduction for the State of WV OPEB support provided to PEIA. The amount recognized PEIA as its proportionate share of the net OPEB liability, the related State of WV support, and the total portion of the net OPEB liability that was associated with PEIA was as follows.

	2020	2019
PEIA's proportionate share of the net OPEB liability:		
State of WV's special funding proportionate share of the net OPEB	**$ 595**	$ 699
Liability associated with PEIA	**121**	144
Total portion of the net OPEB liability associated with PEIA	**$ 716**	$ 843

(in thousands)

Actuarial assumptions

The net OPEB liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Wage inflation	4.00%
Investment rate of return	7.15%, net of OPEB plan investment expense, including inflation
Asset valuation method	Market value
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll over a 20- year closed period
Salary increases	Dependent upon pension system. Rating from 3.00% to 6.50%, including inflation
Retirement age	Experience-based table of rates that are specific to type of eligibility condition
Aging factors	Based on the 2013 SOA Study “Health Care Costs- From Birth to Death”
Mortality	Post-Retirement: RP-2000 Health Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2014 Healthy Annuitant Mortality Table projected with scale MP-2016 on a fully generational basis for Troopers A and B. Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with a Scale AA on a fully generational basis for PERS and TRS. RP-2014 Employee Mortality Table projected with Scale MP-2016 on a fully generational basis for Troopers A and B.
Healthcare cost and trend rates	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year ended 2020, 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
Expenses	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015.

Certain assumptions have been changed since the prior actuarial valuation as of June 30, 2017 and a measurement date of June 30, 2018 as reflected in the footnote *Reconciliation of the Total OPEB Liability between Valuation Dates.* The net effect of assumptions changes was approximately $236 million. The assumption changes that most significantly impacted the Total OPEB Liability were and approximate $11.8 million decrease in the per capita claims costs for Pre-Medicare and Medicare, as well as an approximate $224.2 million decreased due to capped subsidy costs implemented in December 2019. Certain other assumption changes were noted but did not materially impact the Total OPEB Liability.

The long-term expected rate of return of 7.15% on OPEB plan investments was determined by combination of an expected long-term rate of return of 7.50% for long term assets invested with the WV Investment Management

(in thousands)

Board and an expected short-term rate of return of 3.00% for assets invested with the WV Board of Treasury Investments. Long-term prefunding assets are invested with the WVIMB. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge funds, 10% real estate invested. Short term assets used to pay current year benefits and expenses are invested with WVBTI.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions, ("CMA"), and a 10-year forecast of nominal geometric returns by major asset class were provided by the Plan's investment advisors, including the West Virginia Investment Management Board ("WVIMB"). The projected nominal return for the Money Market Pool held with the West Virginia Board of Treasury Investments ("WVBTI") was established based on WVIMB assumed inflation of 2.0% plus a 25 basis point spread.

The target allocation and estimates of annualized long-term expected real returns assuming a 10-year horizon are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real return
Global Equity	49.5%	4.8%
Core plus fixed income	13.5	2.1
Core real estate	9.0	4.1
Hedge fund	9.0	2.4
Private equity	9.0	6.8
Cash and cash equivalents	10.0	0.3
Total allocation	100.0%	

Real returns by asset class, as shown in the above table, were estimated using a static inflation assumption of 2.0%. Consequently, real returns may not reflect the potential volatility of inflation by asset class.

Single Discount rate

A single discount rate of 7.15% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.15% and a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date to the extent benefits are effectively financed on a pay-as-you-go basis. The long-term municipal bond rate used to develop the single discount rate was 3.62% as of the beginning of the year and 3.13% as of the end of the year. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Future pre-funding assumptions include a $30 million annual contribution from the State through 2037. Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 2033, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates. The discount rate used to measure the total OPEB liability did not change for the June 30, 2018 valuation from the June 30, 2017 valuation.

(in thousands)

Sensitivity of the PEIA's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the PEIA's proportionate share of the net OPEB liability calculated using the discount rate of 7.15%, as well as what the PEIA's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

	1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
PEIA's proportionate share of net OPEB liability	$ 710	$ 595	$ 498

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.

The following presents PEIA's proportionate share of the net OPEB liability of the Plan, as well as what the PEIA's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	$ 479	$ 595	$ 734

9. Pension Plan

Plan description

All full-time PEIA employees are eligible to participate in the State's Public Employees' Retirement System (PERS), a multiple-employer defined benefit cost-sharing public employee retirement system administered by the West Virginia Consolidated Public Retirement Board (CPRB). Chapter 5, Article 10 of the West Virginia Code assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees. Benefits under PERS include deferred retirement, early retirement, death and disability benefits and have been established and may be amended by action of the State Legislature. The CPRB issues a publicly available financial report that includes financial statements for PERS that may be obtained at www.wvretirement.com.

Benefits provided

Employees are eligible for normal retirement at age 60 with five or more years of credited service, or at least age 55 with age and service equal to 80 or greater. For all employees hired on or after July 1, 2015, qualification for normal retirement is age 62 with 10 years of service or at least age 55 with 30 or more years of service. The straight-life annuity retirement benefit, established by State statute, is equivalent to 2% of the employee's final average salary multiplied by years of service. Final average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. For all employees hired on or after July 1, 2015, average salary is the average of the five consecutive highest annual earnings out of the last 15 years of earnings. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired on or after July 1, 2015 who have separated from employment with a participating PERS agency prior to retirement, the retirement age increases to age 64.

Contributions

While contribution rates are legislatively determined, actuarial valuations are performed to assist PERS and the State Legislature in determining contribution rates. Current funding policy requires employer contributions of 10%, 10% and 11% for the years ended June 30, 2020, 2019 and 2018, respectively. Beginning February 7, 2012, new hires are required to pay the employee's contribution of 4.5%. For all employees hired on or after July 1, 2015 the employee contribution increased to 6.0%. The PEIA's contributions to the plan were $167, $148 and $139 for the fiscal years ended June 30, 2020, 2019 and 2018, respectively.

(in thousands)

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2020 and 2019, the PEIA reported a liability of $224 and $239, respectively, within other noncurrent liabilities in the accompanying statements of net position, for its proportionate share of the net pension liability. The net pension liability reported at June 30, 2020 was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to the measurement date of June 30, 2019. The PEIA's proportion of the net pension liability was based on the PEIA's share of contributions to the pension plan relative to the contributions of all employers participating in PERS for the year ended June 30, 2019. At June 30, 2020, the PEIA's proportionate share was 0.1046%, which was an increase of 0.0122% for its proportionate share measured as of June 30, 2019.

For the years ended June 30, 2020 and 2019, the PEIA recognized pension expense of $115 and $35, respectively.

At June 30, 2020 and 2019, the PEIA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020		2019	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Difference between expected & actual experience	**$ 9**	**$ 20**	$ 12	$ 1
Changes in proportion and differences between employer contributions and proportionate share of contributions	**38**	**15**	171	171
Change in assumption	**-**	**41**	-	-
Net difference between projected and actual investment earnings on pension plan investment	**-**	**81**	-	140
PEIA's contributions made subsequent to the measurement date	**167**	**-**	148	-
Total	**$ 214**	**$ 157**	$ 331	$ 312

Employer contributions to the PERS made during the fiscal year, subsequent to the pension liability measurement date, are recorded as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the following year. The net difference between projected and actual investment earnings on pension plan investments is amortized over a five-year period. All other deferred outflows of resources and deferred inflows of resources relating to pension amounts reported in the financial statements are amortized and included in pension expense over the average remaining service life, rounded to the nearest whole year, of four years.

(in thousands)

These other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense
2021	$ (19)
2022	$ (112)
2023	$ (8)
2024	$ 30

Actuarial assumptions and methods

The total pension liabilities for financial reporting purposes were determined by actuarial valuation as of July 1, 2018 and rolled forward to June 30, 2019, using the actuarial assumptions and methods described, as follows:

Actuarial cost method	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Fair Value
Amortization method	Level dollar, fixed period
Amortization period	Through fiscal year 2035
Investment rate of return	7.50%
Projected salary increases	State: 3.1%-5.3%, Non-State: 3.35-6.5%
Inflation rate:	3.00%
Discount rate	7.50%
Mortality rates	Active-100% of Pub-2010 General Employees table, below median, headcount weighted, projected with scale MP-2018. Retired Healthy Males- 108% of Pub 2010 General Retiree Male Table, below-median, headcount weighted, projected with scale MP-2018. Retired Healthy Females-122% of Pub-2010 General Retiree Female Table, below median, headcount weighted, projected with scale MP-2018 Disabled Males- 118% of Pub-2010 Genera/ Teachers Disabled Male table, below median, headcount weighted, projected with scale MP-2018. Disabled Females-118% of Pub-2010 General/ Teachers Disabled Female table, below median, headcount weighted, projected with scale MP-2018.
Withdrawal rates	State: 2.28-45.63%, Non-State: 2.50-35.88%
Disability rates	0.005-0.054%
Retirement rates	12-100%
Date range in most recent experience study	2013-2018

Mortality rates were based on 110% of the RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis for healthy males, 101% of RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis for healthy females, 96% of RP-2000 Disabled Annuitant table, projected with Scale AA on a fully generational basis for disabled males and 107% of RP-2000 Disabled Annuitant table, projected with Scale AA on a fully generational basis for disabled females.

(in thousands)

The actuarial assumptions used in the valuations were based on the results from an actual experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of long-term geometric rates of return for each major asset class included in the system's target asset allocation as of June 30, 2019 are summarized below:

Asset Class	Long-Term Expected Rate of Return
Domestic equity	5.8%
International equity	7.7%
Fixed Income	3.3%
Real estate	6.1%
Private equity	8.8%
Hedge funds	4.4%

Discount rate

The discount rate used to measure the total pension liability was 7.5%. The projections of cash flows used to determine the discount rate assumed that employer contributions will continue follow the current funding policies. Based on those assumptions, the fiduciary net position of each defined pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities of each plan.

Sensitivity of the PEIA's proportionate share of the net pension liability to changes in the discount rate

The following presents the proportionate share of the net pension liability of the PEIA, calculated using the discount rate of 7.5%, as well as what the PEIA's net pension liability would be if it were calculated using a discount rate that is 1 percentage - point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

Net Pension Liability		
1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
$ 1,047	$ 224	$ (471)

10. Litigation

PEIA is engaged in various legal actions that it deems to be in the ordinary course of business. The ultimate outcome of these matters is unknown. PEIA believes that it has adequately provided for probable costs of current litigation, as these legal actions are resolved, however, PEIA could realize positive and/or negative impact to financial performance in the period in which these legal actions are ultimately decided.

Required Supplementary Information
(in thousands)

West Virginia Public Employees Insurance Agency
Ten-Year Claims Development Information
Year Ended June 30
(in thousands)

The table below illustrates how PEIA's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by PEIA as of the end of each of the years presented. The rows of the table are defined as follows: (1) This line shows the total of each fiscal year's earned and ceded premiums, administrative fees, other operating income, State appropriations, and investment income net of fees. (2) This line shows each fiscal year's other operating costs of PEIA including overhead and unallocated claims expense not allocable to individual claims. (3) This line shows PEIA's incurred and ceded claims and allocated claims adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage occurred (called accident year). (4) These lines show the cumulative amounts paid as of the end of successive years for each accident year. (5) This line shows the most current estimate of losses assumed by reinsurers for each accident year. (6) These lines show how each accident year's incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known. (7) This line compares the latest re-estimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual accident years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature accident years. The columns of the table show data for successive accident years.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1) Premiums, investment, and other revenues:										
Earned	$ 576,731	$ 570,677	$ 582,682	$ 596,117	$ 577,572	$ 562,179	$ 652,785	$ 632,930	$ 641,618	**$ 647,938**
Ceded	41,970	42,713	42,318	40,233	41,321	39,315	42,961	44,457	47,942	**51,664**
Net earned	534,761	527,964	540,364	555,884	536,251	522,864	609,824	588,473	593,676	**596,274**
2) Unallocated expenses	24,472	22,560	22,482	25,250	28,553	22,747	18,199	18,580	19,169	**26,223**
3) Estimated incurred claims and allocated claims adjustment expense, end of accident year:										
Incurred	513,971	543,786	521,187	556,002	597,072	596,267	585,418	557,883	580,267	**593,274**
Ceded	41,970	42,713	42,318	40,233	41,321	39,315	42,961	44,457	47,942	**51,664**
Net incurred	472,001	501,073	478,869	515,769	555,751	556,952	542,457	513,426	532,325	**541,610**
4) Paid (cumulative) claims and allocated claims adjustment expense as of:										
End of accident year	420,768	444,524	436,560	471,415	474,120	500,897	480,228	460,173	484,495	**462,582**
One year later	475,499	491,427	489,742	528,128	532,549	571,120	535,595	507,701	551,304	
Two years later	475,818	491,264	490,133	528,128	532,549	571,120	535,595	507,701		
Three years later	475,818	491,264	490,133	528,128	532,549	571,120	535,595			
Four years later	475,818	491,264	490,133	528,128	532,549	571,120				
Five years later	475,818	491,264	490,133	528,128	532,549					
Six years later	475,818	491,264	490,133	528,128						
Seven years later	475,818	491,264	490,133							
Eight years later	475,818	491,264								
Nine years later	475,818									
5) Re-estimated ceded claims and expenses	54,952	52,720	52,720	40,233	51,599	51,176	48,953	44,457	47,942	**-**
6) Re-estimated net incurred claims and allocated claims adjustment expense:										
End of accident year	472,001	501,073	478,869	515,769	555,751	556,952	542,457	513,426	532,325	**541,610**
One year later	472,471	496,773	479,329	515,689	557,931	553,322	546,787	509,436	**529,555**	
Two years later	472,101	496,913	479,339	515,689	557,931	554,012	547,687	**508,636**		
Three years later	472,221	496,743	479,339	515,689	557,981	554,092	**547,507**			
Four years later	472,221	496,743	479,339	515,689	557,981	**554,092**				
Five years later	472,221	496,743	479,339	515,689	**557,981**					
Six years later	472,221	496,743	479,339	**515,689**						
Seven years later	472,221	496,743	**479,339**							
Eight years later	472,221	**496,743**								
Nine years later	**472,221**									
7) (Decrease) increase in estimated net incurred claims and allocated claims adjustment expense from end of accident year	220	(4,330)	470	(80)	2,230	(2,860)	5,050	4,790	(2,770)	**-**

Note: The above financial data is summarized for individual contract periods. Subsequent premium and related expense adjustments and reserve developments are recorded in the year incurred for fiscal year financial reporting but are included in the applicable contract year for purposes of the above schedule. Accordingly, components of change in net assets as determined on a contract-year basis will differ from that included in the PEIA's fiscal year financial statements.

See notes to required supplementary information.

West Virginia Public Employees Insurance Agency
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability in PERS
Last Six Fiscal Years
(in thousands except percentages)

	2020	2019	2018	2017	2016	2015
PEIA's proportionate (percentage) of the net pension liability	0.1046%	0.0924%	0.0919%	0.0983%	0.0945%	0.0994%
PEIA's proportionate share of the net pension liability	$ 224	$ 239	$ 397	$ 903	$ 528	$ 367
PEIA's covered payroll	$ 1,480	$ 1,264	$ 1,325	$ 1,415	$ 1,358	$ 1,394
PEIA's proportionate share of the net pension's liability as a percentage of its covered payroll	15.14%	18.91%	29.96%	63.82%	38.88%	26.33%
Plan fiduciary net position as a percentage of the total pension liability *	96.99%	96.33%	93.67%	86.11%	91.29%	93.98%

* This is the same percentage for all participant employers in the PERS plan.

Note: All amounts presented are as of the measurement date, which is one year prior to the fiscal year end date.

See notes to required supplementary information.

West Virginia Public Employees Insurance Agency
Required Supplementary Information
Schedule of Contributions to PERS
Last Eight Fiscal Years
(in thousands except percentages)

	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	$ 167	$ 148	$ 139	$ 159	$ 191	$ 190	$ 193	$ 187
Contributions in relation to the statutorily required contribution	(167)	(148)	(139)	(159)	(191)	(190)	(193)	(187)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,670	$ 1,480	$ 1,264	$ 1,325	$ 1,415	$ 1,358	$ 1,394	$ 1,483
Contributions as a percentage of covered payroll	10%	10%	11%	12%	13%	14%	14%	13%

(in thousands)

Notes to Required Supplementary Information

1. Trend Information Presented

The accompanying schedules of the PEIA's proportionate share of the net pension liability and contributions to PERS are required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedules for those years for which information is available.

2. Plan Amendment

The PERS was amended to make changes that apply to new employees hired on or after July 1, 2015, as follows:

- For employees hired prior to July 1, 2015, qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. For employees hired on or after July 1, 2015, qualification for normal retirement is 62 with 10 years of service or at least age 55 with 30 or more years of service.
- The straight life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. For employees hired prior to July 1, 2015, average salary is the average of the three consecutive highest annual earnings out of the last 15 years of earnings. For all employees hired on or after July 1, 2015, average salary is the average of the five consecutive highest annual earnings out of the last 15 years of earnings.
- For employees hired prior to July 1, 2015, terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired on or after July 1, 2015, this age increases to 64.
- For all employees hired prior to July 1, 2015, employees are required to contribute 4.5% of annual earnings. All employees hired on or after July 1, 2015, are required to contribute 6% of annual earnings.

3. Changes in Assumptions

A summary of changes in key actuarial valuation assumptions utilized in the actuarial valuations are as follows:

	2018	2017
Projected salary increases:		
State	3.0 - 4.6%	3.0 - 4.6%
Non-state 3.0 - 4.6%	3.0 - 4.6%	3.0 - 4.6%
Inflation rate 3.0%	3.0%	3.0%
Mortality rates	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA
	Healthy femailes-101% or RP-2000 Non-Annuitant, Scale AA	Healthy femailes-101% or RP-2000 Non-Annuitant, Scale AA
	Disabled males - 96% of RP-2000 Disabled annuitant, Scale AA	Disabled males - 96% of RP-2000 Disabled annuitant, Scale AA
	Disabled females - 107% of RP-2000 Disabled annuitant, Scale AA	Disabled females - 107% of RP-2000 Disabled annuitant, Scale AA
Withdrawal rates:		
State	1.75 - 35.1%	1.75 - 35.1%
Non-state	2 - 35.8%	2 - 35.8%
Disability rates	0 - .675%	0 - .675%

(in thousands)

	2016	2015
Projected salary increases:		
State	3.0 - 4.6%	3.0 - 4.6%
Non-state		3.35 - 6.0%
Inflation rate		1.90%
Mortality rates	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA Healthy females-101% or RP-2000 Non-Annuitant, Scale AA Disabled males - 96% of RP-2000 Disabled annuitant, Scale AA Disabled females - 107% of RP-2000 Disabled annuitant, Scale AA	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA Healthy females-101% or RP-2000 Non-Annuitant, Scale AA Disabled males - 96% of RP-2000 Disabled annuitant, Scale AA Disabled females - 107% of RP-2000 Disabled annuitant, Scale AA
Withdrawal rates:		
State	1.75 - 35.1%	1.75 - 35.1%
Non-state	2 - 35.8%	2 - 35.8%
Disability rates	0 - .675%	0 - .675%

	2014
Projected salary increases:	
State	4.25 - 6.0%
Non-state	4.25 - 6.0%
Inflation rate	2.20%
Mortality rates	Healthy males -1983 GAM Healthy females -1971 GAM Disabled males -1971 GAM Disabled females – Revenue Ruling 96-7
Withdrawal rates:	
State	1 - 26%
Non-state	2 - 31.2%
Disability rates	0 - .8%

West Virginia Public Employees Insurance Agency
Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability in RHBT
Last Three Fiscal Years
(in thousands except percentages)

	2020	2019	2018
PEIA's proportionate (percentage) of the net OPEB liability	**0.0358%**	0.0326%	0.0307%
PEIA's proportionate share of the net OPEB liability	**$ 595**	$ 699	$ 755
State's proportionate share of the net OPEB Liability associated with PEIA	**121**	144	655
Total	**$ 716**	$ 843	$ 1,410
PEIA's covered-employee payroll	**$ 642**	$ 688	$ 688
PEIA's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	**93%**	102%	115%
Plan fiduciary net position as a percentage of the total OPEB liability *	**39.69%**	30.98%	25.10%

* This is the same percentage for all participant employers in the OPEB plan.

Note 1: All amounts presented are as of the measurement date, which is one year prior to the fiscal year end date.

Note 2: The accompanying schedules of PEIA's proportionate share of the net OPEB liability is required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedule for those years for which information is available.

West Virginia Public Employees Insurance Agency
Required Supplementary Information
Schedule of Contributions to RHBT
Last Five Fiscal Years
(in thousands except percentages)

	2020	2019	2018	2017	2016
Statutorily required contribution	**$ 60**	$ 64	$ 65	$ 63	$ 64
Contributions in relation to the statutorily required contribution	**(60)**	(64)	(65)	(63)	(64)
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -
Covered-employee payroll	**$ 641**	$ 662	$ 688	$ 655	$ 646
Contributions as a percentage of covered-employee payroll	**9%**	10%	9%	10%	10%

Note 1: The accompanying schedules of PEIA's contributions to PEIA is required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedule for those years for which information is available.

Other Supplementary Information
(in thousands)

West Virginia Public Employees Insurance Agency
Form 7, Deposits Disclosure
June 30, 2020
(in thousands)

		Carrying Amount	
Cash with State Treasurer	$	4,541	
Deposit in transit		-	
Cash in outside bank accounts		2,870	
Total carrying amount of deposits		7,411	
Cash equivalents (with BTI and Minnesota Life)		44,253	
Total cash	$	51,664	(1)(3)

(1) Agrees to audited statement of net position as follows:

Cash and cash equivalents	$	7,411	(2)
Equity position in investment pool – current		30,436	(2)
Equity position in investment pool – noncurrent and restricted		13,817	(2)
Total cash equivalents	$	51,664	(2)(3)

(2) Agrees to audited statement of cash flows.

(3) Agrees to footnote 4, cash and cash equivalents.

West Virginia Public Employees Insurance Agency
Form 8, Investments Disclosure
June 30, 2020
(in thousands)

Investment Pool	Amount Unrestricted	Amount Restricted	Amount Reported	Fair Value	
West Virginia Board of Treasury Investments (BTI):					
WV Money Market Pool	$ 30,436	$ 6,190	$ 36,626	$ 36,626	
Total equity position in investment pool with BTI	$ 30,436	$ 6,190	$ 36,626	$ 36,626	(2)(4)
Minnesota Life Insurance:					
Cash and cash equivalents	$ -	$ 7,627	$ 7,627	$ 7,627	(1)
West Virginia Investment Management Board (IMB) Investment Pools:					
Total return fixed income	$ 58,208	$ -	$ 58,208	$ 58,208	
Core fixed income	24,556	-	24,556	24,556	
TIPS	30,849	-	30,849	30,849	
Domestic equity	27,301	-	27,301	27,301	
International nonqualified	7,161	-	7,161	7,161	
Hedge fund	41,632	-	41,632	41,632	
Short-term fixed income	51,000	-	51,000	51,000	
International equity	19,679	-	19,679	19,679	
Total equity position in investment pools with IMB	$ 260,386	$ -	$ 260,386	$ 260,386	(1)

(1) Agrees to the audited statement of net position

(2) Agrees to audited statement of net position as follows:

Equity position in investment pool – current	$ 30,436	(1)
Equity position in investment pool – noncurrent and restricted	274,203	(1)
Total	$ 304,639	(3)

(3) Agrees to Form 8a.

(4) Amortized cost approximates fair value.

West Virginia Public Employees Insurance Agency
Form 8-A, Deposits and Investments Disclosure
June 30, 2020
(in thousands)

Reconciliation of cash and cash equivalents and investments as reported in the financial statements to the amounts disclosed in the footnotes:

Cash and cash equivalents as reported	$	7,411 [1][2]
Equity position in investment pools as reported	$	304,639 [3]

[1] Agrees to audited statement of net position.

[2] Agrees to Form 7.

[3] Agrees to Form 8.

West Virginia Public Employees Insurance Agency
Form 9, Accounts Receivable
June 30, 2020
(in thousands)

Total accounts receivable	$	70,260	[1]
Less allowance for doubtful accounts		(1,902)	[1]
Total accounts receivable, net	$	68,358	

[1] Agrees to audited statement of net position as follows:

Premium receivable:			
Due from State of West Virginia	$	2,088	[2]
Other, net		7,319	[2]
Accounts receivable:			
Appropriations due from State of West Virginia		5,000	[2]
Due from RHBT		6,457	[2]
Prescription rebates		40,924	[2]
Other		6,570	[2]
Total accounts receivable, net	$	68,358	
Allowance for doubtful accounts:			
Premium receivable – other	$	243	[2]
Provider refunds		1,659	[2]
	$	1,902	

[2] Agrees to the audited statement of net position.

(in thousands)

Agency	Total
Workforce WV/Payroll-05303	$ (3)
	(3)
WV PERS State	175
WV PERS Non-State	(133)
WV Teachers Retirement Board	(323)
Consolidated Retirement Bd/Judges Ret.	(7)
Separated Pre-Retirement	-
Deputy Sheriffs Retirement	(120)
Public Safety/Con.Pub.Emp.Ret.Bd.	(14)
	(422)
Adjutant General	2
Agriculture	1
Anthony Correctional Center	(13)
Architects, Board Of	(1)
Attorney General	(3)
Auditors Office	(1)
Board Of Funeral Service Examiners	(1)
Board Of Medicine	(2)
Bureau Of Senior Services	(2)
Culture And History	(3)
Department Of Education	(69)
Department Of Highways	(52)
Department Of Labor	(3)
Division Of Financial Institution	(1)
Division Of Protective Services	(1)
Dot Office Of Administrative Hearings	(6)
Environmental Protection, Department Of	1
Fire Commission	(2)
Forestry, Division Of	(24)
Health Dept	(58)
Homeland Security - Emergency Management	(8)
Hopemont State Hospital	(7)
House Of Delegates (Staff)	(8)
Human Rights Commission	(7)
Human Services, Dept Of	(15)
Huttonsville Correctional Center	(1)
Jackie Withrow Hospital	(1)
John Manchin Sr. Health Care	(1)
Joint Comm On Govt & Finance	1
Lakin State Hospital	(7)

(in thousands)

Agency		Total
Martinsburg Correctional Center		1
Mildred Mitchell-Bateman Hospital		(14)
Military Authority	$	(8)
Motor Vehicles		(1)
Mt Olive Correctional Facility		(2)
National Coal Heritage Area Authority		(1)
Natural Resources		5
Northern Correctional Facility		(3)
Off Of Miners Health,Safety & Training		1
Osteopathy, Board Of		1
Pruntytown Correctional Center		(2)
Public Safety		28
Public Service Commission		(58)
Public Transit		(1)
Real Estate Appraiser/Lic Cert Bd		(6)
Secondary Schools Activities Comm		5
Secretary Of State		(28)
Senate		(1)
Senate		(24)
Supreme Court / Judicial		1
Tax Dept		(1)
Tax Dept - Budget Office		(2)
Tourism, Division Of		(4)
Treasurer Of State's Office		(3)
Veterans Affairs		(86)
Welch Emergency Hospital		(25)
William R Sharpe Jr Hospital		(20)
Wv Board Of Barbers And C		(19)
Wv Center For Nursing		(3)
Wv Division Of Juvenile Services		4
Wv Enterprise Planning Board		(1)
Wv Massage Therapy Licensure Bd		(2)
Wv Office Of Tax Appeals		(1)
Wv School For The Deaf And Blind		(32)
Wv State Bd Of Examiners For Lpns		(20)
		(614)
Total primary government		(1,039)
Total component units		3,127
Due from State of West Virginia, net	$	2,088 [1]

[1] Agrees to the audited statement of net position

West Virginia Public Employees Insurance Agency
Form 11, Component Unit - A/R Balances
June 30, 2020
(in thousands)

Unit	Amount
Blue Ridge Community & Technical	$ (22)
Bluefield State College	(18)
Bridgevalley Community And Technical College	(11)
Clarksburg Harrison Reg Housing Auth	12
Concord College	(28)
Corrections/Denmar Facility, Dept Of	(1)
Corrections/Salem Corr,Dept Of	(3)
Corrections/St. Marys Corr, Dept Of	1
Department Of Corrections	(1)
Development Office	(1)
Dunbar Housing Authority	2
Eastern Wv Community & Technical College	(1)
Economic Development Authority	(1)
Educational Broadcasting	(13)
Fairmont State University	(1)
Glenville State College	(12)
Greenbrier Housing Authority	(1)
Higher Education Policy Commission	(3)
Huntington Wv Housing Authority	(1)
Kanawha Valley Ctc	(1)
Marshall University	31
Mountwest Community & Tec	(30)
New River Comm. & Tech.	(9)
Parkersburg Housing Authority	(3)
Pierpont Community & Technical College	(1)
Public Defender Corp 2nd Judicial Cir	8
Public Defender Corp/15th Judicial	6
Public Defender Corp/30th Jud Circuit	2
Public Defender/7th Judicial Circuit	5
Railroad Maintenance Authority	(6)
Randolph County Housing Authority	11
Reg Jail & Correctional Fac Auth	(1)
Rehabilitation Services, Division Of	(27)
School Building Authority	(6)
School Of Osteopathic Medicine	(8)
West Liberty State College	(8)
West Virginia Lottery Commission	(1)
West Virginia University	3,277
Wv Assoc. Of Rehabilitation Facilities	(1)
Wv Network For Educational Telecom	(2)
Wv Northern Community College	(3)
Wv Parkways Econ.Dev.& Tourism Auth.	1
Wv Southern Community College	(4)
Total component units	$ 3,127

DIXON HUGHES GOODMAN LLP

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Finance Board and Management
West Virginia Public Employees Insurance Agency
Charleston, West Virginia

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the West Virginia Public Employees Insurance Agency (PEIA), which comprise the statement of net position as of June 30, 2020, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended and the related notes to the financial statements and have issued our report thereon dated September 29, 2020.

Internal Control over Financial Reporting
In planning and performing our audit, we considered the PEIA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the PEIA's internal control. Accordingly, we do not express an opinion on the effectiveness of the PEIA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

DIXON HUGHES GOODMAN LLP

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the PEIA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dixon Hughes Goodman LLP

Charleston, West Virginia
September 29, 2020