West Virginia Board of Risk and Insurance Management (an Enterprise Fund of the State of West Virginia)

Financial Statements, Required Supplementary Information and Other Supplementary Information

Years Ended June 30, 2018 and 2017

DIXON HUGHES GOODMAN LLP

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DIXON HUGHES GOODMAN LLP

Independent Auditors' Report

Board of Directors and Management
West Virginia Board of Risk and Insurance Management
Charleston, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the West Virginia Board of Risk and Insurance Management (BRIM), an enterprise fund of the State of West Virginia, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise BRIM'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 conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BRIM, an enterprise fund of the State of West Virginia, as of June 30, 2018 and 2017, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 3 to the financial statements, during the year ended June 30, 2018, BRIM adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 85, *Omnibus 2017*. As a result of adopting these standards, BRIM restated net position as of July 1, 2017, to record the net OPEB liability. 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 Management's Discussion and Analysis on pages 4 to 9 and the required supplementary information on pages 60 to 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 Financial Information
Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise BRIM's basic financial statements. The accompanying schedules on pages 68 through 75 listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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.

DIXON HUGHES GOODMAN LLP

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we also have issued our report dated October 12, 2018, on our consideration of BRIM'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 the 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 BRIM's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

Charleston, West Virginia
October 12, 2018

Management's Discussion and Analysis
(in thousands)

Management's Discussion and Analysis (in thousands)

Overview of the financial statements

Management of the West Virginia Board of Risk and Insurance Management (BRIM) provides this Management's Discussion and Analysis for readers of BRIM's financial statements. This narrative overview of the financial activities of BRIM is for the years ended June 30, 2018, 2017, and 2016. BRIM provides property and casualty insurance to the State of West Virginia (the State) agencies and Senate Bill 3 (SB3) entities, which include boards of education and governmental and nonprofit organizations. BRIM also administers a coal mine subsidence reinsurance program that makes available to the general public dwelling insurance covering damage caused by the collapse of underground coal mines.

As an enterprise fund, BRIM's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for governmental entities. The three basic financial statements presented are as follows:

- *Statement of Net Position* - This statement presents information reflecting BRIM's assets, liabilities and net position and is categorized into current and noncurrent assets and liabilities. For purposes of the financial statements, current assets and liabilities are those assets and liabilities with immediate liquidity or that are collectible or becoming due within 12 months of the statement's date.

  The statement of net position reports a separate financial statement element called *deferred outflows of resources.* This financial statement element represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense) until that time. The statement of net position reports a separate financial statement element called *deferred inflows of resources.* This financial statement element represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time.

- *Statement of Revenues, Expenses and Changes in Net Position* - This statement reflects the operating and nonoperating revenues and expenses for the operating year. Operating revenues primarily consist of premium income with major sources of operating expenses being claims loss and loss adjustment expense and general and administrative expenses. Nonoperating revenues primarily consist of investment income and funds transferred in/out as a result of various legislation.

- *Statement of Cash Flows* - The statement of cash flows is presented on the direct method of reporting, which reflects cash flows from operating, noncapital financing and investing activities. Cash collections and payments are reflected on this statement to arrive at the net increase or decrease in cash and cash equivalents for the year.

Effective July 1, 2017, BRIM 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*. BRIM determined that it was not practical to restate all periods presented and has recorded the cumulative effect of the decrease to beginning net position of implementing this change of $58 as of July 1, 2017, which is the net other postemployment benefits (OPEB) liability of $15, less deferred inflows of resources related to OPEB plan contributions of $73 as of that date.

(in thousands)

Financial highlights

The following tables summarize the statements of net position and changes in net position as of and for the years ended June 30, 2018, 2017, and 2016:

	2018	2017	2016	Change 2018-2017 Amount	Change 2018-2017 Percent	Change 2017-2016 Amount	Change 2017-2016 Percent
Cash and cash equivalents	**$ 40,594**	$ 36,459	$ 25,946	$ 4,135	11.3%	$ 10,513	40.5%
Advance deposits with carrier/trustee	**201,377**	193,352	210,152	8,025	4.2	(16,800)	(8.0)
Receivables	**2,777**	1,914	1,874	863	45.1	40	2.1
Total current assets	**244,748**	231,725	237,972	13,023	5.6	(6,247)	(2.6)
Noncurrent investments	**151,588**	144,341	132,322	7,247	5.0	12,019	9.1
Total assets	**396,336**	376,066	370,294	20,270	5.4	5,772	1.6
Total deferred outflows of resources	**482**	458	387	24	5.2	71	18.5
Estimated unpaid claims and claims adjustment expense	**50,453**	47,713	50,819	2,740	5.7	(3,106)	(6.1)
Unearned premiums	**10,022**	9,174	8,300	848	9.2	874	10.5
Agent commissions payable	**1,406**	1,279	1,100	127	9.9	179	16.3
Accrued expenses	**411**	418	1,025	(7)	0.9	(607)	(59.2)
Total current liabilities	**62,292**	58,584	61,244	3,708	6.3	(2,660)	(4.3)
Estimated unpaid claims and claims adjustment expense, net of current portion	**116,548**	117,206	117,616	(658)	(0.6)	(410)	(0.3)
Compensated absences	**122**	107	91	15	14.0	16	17.6
Net pension liability	**331**	766	467	(435)	(56.8)	299	64.0
Net other post-employment benefits liability	**512**	496	-	16	3.2	-	-
Total noncurrent liabilities	**117,513**	118,575	118,174	(1,062)	(0.9)	(401)	(0.3)
Total liabilities	**179,805**	177,159	179,418	2,646	1.5	(2,259)	(1.3)
Total deferred inflows of resources	**402**	37	304	365	986.5	(267)	(87.8)
Net position:							
Restricted	**66,865**	61,063	57,123	5,802	9.5	3,940	6.9
Unrestricted	**149,747**	138,265	133,836	11,482	8.3	4,429	3.3
Net position	**$ 216,612**	$ 199,328	$ 190,959	$ 17,284	8.7%	$ 8,369	4.4%

	2018	2017	2016	Change 2018-2017 Amount	Change 2018-2017 Percent	Change 2017-2016 Amount	Change 2017-2016 Percent
Premiums	**$ 78,951**	$ 71,368	$ 65,293	$ 7,583	10.6%	$ 6,075	9.3%
Less excess coverage	**(6,518)**	(6,681)	(6,909)	163	(2.4)	228	(3.3)
Net operating revenues	**72,433**	64,687	58,384	7,746	12.0	6,303	10.8
Claims and claims adjustment expense	**57,393**	59,149	63,753	(1,756)	(3.0)	(4,604)	(7.2)
General and administrative	**4,410**	4,200	3,905	210	5.0	295	7.6
Total operating expenses	**61,803**	63,349	67,658	(1,546)	(2.4)	(4,309)	(6.4)
Operating income (loss)	**10,630**	1,338	(9,274)	9,292	694.5	10,612	114.4
Nonoperating revenues:							
Investment income	**6,712**	9,841	7,413	(3,129)	(31.8)	2,428	32.8
SB 602 re-appropriation	**-**	(2,810)	-	2,810	100.0	(2,810)	(100.0)
Total nonoperating revenues, net	**6,712**	7,031	7,413	(319)	(4.5)	(382)	(5.2)
Changes in net position	**17,342**	8,369	(1,861)	8,974	107.2	10,230	549.7
Total net position - beginning	**199,328**	190,959	192,820	8,369	4.4	(1,861)	1.0
Cumulative effect of adoption of GASB 75	**(58)**	-	-	(58)	(100.0)	-	0.0
Total net position - beginning of year restated	**199,270**	190,959	192,820	8,310	4.4	(1,861)	1.0
Total net position - end	**$ 216,612**	$ 199,328	$ 190,959	$ 17,284	8.7%	$ 8,369	4.4%
Total revenues	**$ 79,145**	$ 71,718	$ 65,797	$ 7,427	10.4%	$ 5,921	9.0%
Total expenses	**$ 61,803**	$ 63,349	$ 67,658	$ (1,546)	(2.4)%	$ (4,309)	(6.4)%

- Total assets increased by $20,270 in 2018 and by $5,772 in 2017. The increase in 2018 is the result of improved operations results and an increase in both cash and advance deposits with the carrier/trustee. The increase in 2017 was the net result of additional cash on hand and an increase in noncurrent investments that was tempered by a decrease in deposits with the carrier/trustee.

- Total liabilities increased by $2,645 in 2018 and decreased by $2,259 in 2017. An increase in unpaid claims and unearned premium are the primary components of this increase for the current year. In 2017, a decrease in the estimated incurred but not recorded claims total resulted in outstanding claims liabilities decreasing versus 2016.

- Several factors contributed to the $17,284 improvement in total net position for 2018 and the $8,369 improvement in total net position for 2017. In 2018, premium revenue increased, claims expense decreased and investment income all contributed to the improvement. BRIM implemented GASB 75 in 2018 that resulted in an adjustment reducing the net position at the beginning of the year by $101. In 2017, revenue improved due to premium increases, claims expense decreased and investment income helped offset the transfer of $2,810 from the Patient Injury Compensation Fund by order of Senate Bill (SB602). Although net premium revenue improved, the increase in claims expense and smaller investment returns reduced the net position for 2016. Also included within the net position category are restricted positions totaling $66,867 in 2018, $61,063 in 2017 and $57,123 in 2016. This is comprised primarily of funds that provide mine subsidence coverage to the general public per the West Virginia State Code. A much smaller portion of restricted funds had previously provided medical malpractice tail coverage for the House Bill 601 Program in 2016. The remaining funds for the House Bill 601 Program were transferred to the Patient Injury Compensation Fund in July of 2016.

- Total net operating revenues increased by $7,746 in 2018 and increased by $6,303 in 2017. The increase in projected claims losses in recent years has required BRIM to increase premium rates to policyholders for both 2018 and 2017.

- Total operating expenses decreased by $1,546 in 2018 and decreased by $4,309 in 2017. Claims and claims adjustment expense decreased in both 2018 and 2017 while G&A expenses increased slightly for both years.

- Net nonoperating revenues decreased by $319 in 2018 and decreased by $382 in 2017. Year over year investment returns for 2018 deteriorated by $3,129 but improved by $2,428 for 2017. A State reappropriation of $2,810 to the Patient Injury Fund, as required by SB602, resulted in the next decrease in net nonoperating revenues for FY2017.

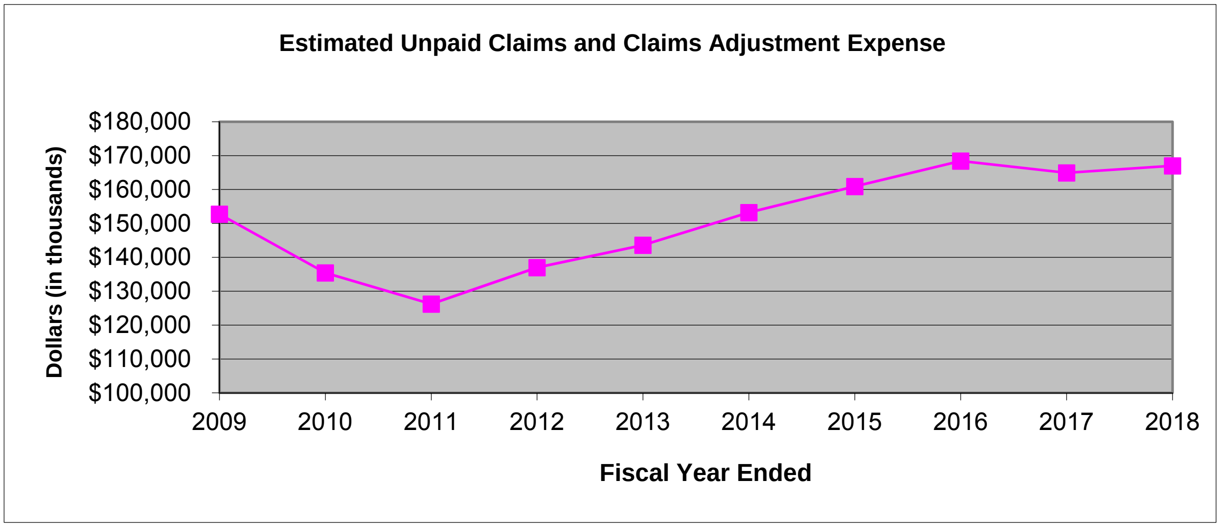
- Total revenues and total expenses from 2018 to 2017 and from 2017 to 2016 have fluctuated due to alterations in premium rates, the changes in the retained loss estimates, the variations in annual investment market returns and the impact of SB602. See the analysis of these individual components, as previously discussed, for additional information.

Overall analysis

The overall net position of BRIM improved 8.7% from the prior year compared with an increase of 4.4% from 2016 to 2017. Reserves increased in 2018 and investment earnings decreased over 2017. The effect of the increase in premium revenue along with the decrease in claims and claims adjustment expense, resulted in an increase of net position for the current year, reflecting a net position total of $216,612 at June 30, 2018. BRIM continues to adhere to a comprehensive financial stability and rating plan.

Unpaid Claims Liability

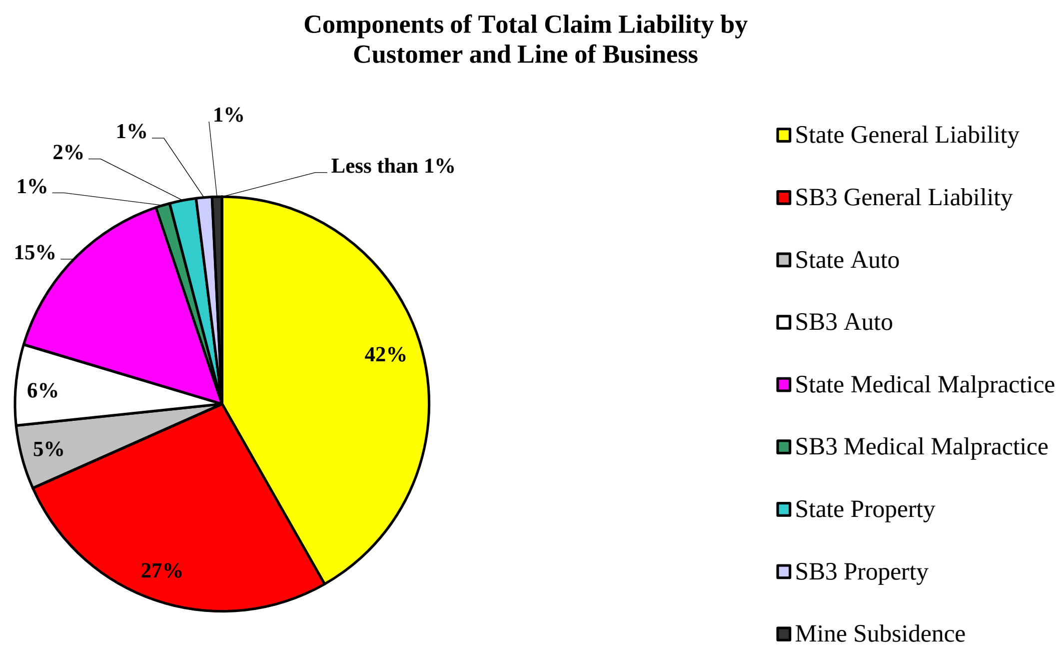
BRIM's most significant number on its statements of net position is the liability for estimated unpaid claims and claims adjustment expense. This liability consists of two parts: claims of which BRIM is aware that have been reserved and incurred but not reported (IBNR) claims, which are projected by an independent actuary. For 2018, year over year actual reserves decreased by $2,430 while the projected IBNR total increased by $4,512. From fiscal year 2017 to 2018, the liability for unpaid claims increased from $164,919 to $167,001. The chart below shows the estimated unpaid claims and claims adjustment expense liability for fiscal years 2009 through 2018.



Results by Line of Business for BRIM

BRIM's lines of business are comprised of the State (state agencies), SB3 (for nonprofits, boards of education and other governmental units) and mine subsidence (for home and business owners).

The following chart shows the breakdown by customer and line of business of the total estimated claim liability number, which is $167,001. As demonstrated in the chart, the largest claim volume for BRIM relates to general liability for the State agencies and SB3 programs and the State agencies' medical malpractice coverage.



There is no long-term debt activity.

Economic factors and next year's rates

Management's Plan to Maintain Net Position by Line of Business

BRIM has had no deficiency in net position for the programs it has overseen for several years. Previously, however, a deficiency arose, primarily due to adverse claim development in the general liability and medical malpractice lines of business for the State and SB3. The following paragraphs describe the essential plans that BRIM continues to follow to ensure that all lines of business remain fiscally solvent and that the individual programs are financially sound.

Risk Management

BRIM continues pursuing an aggressive risk management plan to help identify the risks underlying the adverse losses that occurred in earlier years. Processes are in place to allow for better organization and for proper documentation of activities. BRIM has been working on ways to increase and improve communications, both within the agency and with its customers, and has been promoting interaction within the agency with regard to loss control utilization. In conjunction with the underwriting department, a system of credits and surcharges is in place, based on loss control efforts and cooperation, or lack thereof, on the part of BRIM's insurers.

Investment Returns

Investment income decreased this fiscal year after the increases of 2017. The market conditions in 2018 were more favorable for stocks and less beneficial for fixed income holdings than 2017, with overall investment returns being lower in 2018. The decrease in 2018 was due to improvements in the equities market that was offset by the losses incurred in the fixed income markets. Conversely, fixed income was the primary driver for the returns in 2017. All BRIM funds held by the West Virginia Investment Management Board (WVIMB) inure to the benefit of program participants. BRIM reinvests the investment earnings on funds held by the WVIMB and occasionally withdraws monies from these funds, as needed, for operating and short-term cash requirements. BRIM had no withdrawals from the WVIMB in 2018 or 2017.

Premium Determination Process

BRIM has properly maintained premiums across all lines of business for the past several years based on relevant exposure data, claims loss history and investment returns. Charging proper premiums, consistent with the commercial industry, has enabled BRIM to adequately cover losses. Although fiscal years 2018 and 2017 benefited from prior years' reserve releases, both 2017 and 2016 saw overall net increases in retained claims reserves. If projected claims losses increase over the next several fiscal years, it may require continued premium increases to allow for a sufficient level of funding to adequately sustain the operation of all programs and to help ensure that no premium deficiency develops.

In addition, BRIM adopted a net assets reserve policy in 2014. The policy calculates a ratio of premiums to net position for comparison to other similar agencies. A range was established to assist BRIM's board in assessing BRIM's overall financial condition.

Requests for information

This financial report is designed to provide BRIM's customers, governing officials, legislators, citizens and taxpayers with a general overview of BRIM's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Office of the Chief Financial Officer at (304) 766-2646.

Financial Statements
(in thousands)

West Virginia Board of Risk and Insurance Management
Statements of Net Position
June 30, 2018 and 2017
(in thousands)

	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 26,926**	$ 26,291
Advance deposits with insurance company and trustee	**201,377**	193,352
Receivables	**1,899**	1,271
Restricted cash and cash equivalents	**13,668**	10,168
Restricted receivables:		
Premiums due from other entities	**878**	643
Total current assets	**244,748**	231,725
Noncurrent assets:		
Equity position in investment pools	**96,094**	91,500
Restricted investments	**55,494**	52,841
Total noncurrent assets	**151,588**	144,341
Total assets	**396,336**	376,066
Deferred outflows of resources:		
Pension	**438**	458
Other post-employment benefits	**44**	-
Total deferred outflows of resources	**482**	458
LIABILITIES		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	**50,453**	47,713
Unearned premiums	**10,022**	9,174
Agent commissions payable	**1,406**	1,279
Accrued expenses and other liabilities	**411**	418
Total current liabilities	**62,292**	58,584
Estimated unpaid claims and claims adjustment expense, net of current portion	**116,548**	117,206
Compensated absences	**122**	107
Net pension liability	**331**	766
Net post-employment benefits liability	**512**	496
Total noncurrent liabilities	**117,513**	118,575
Total liabilities	**179,805**	177,159
Deferred inflows of resources:		
Pension	**329**	37
Other post-employment benefits	**73**	-
Total deferred inflows of resources	**402**	37
Net position:		
Restricted by State code for House Bill 601 Program and mine subsidence coverage	**66,865**	61,063
Unrestricted	**149,747**	138,265
Net position	**$ 216,612**	$ 199,328

See accompanying notes.

West Virginia Board of Risk and Insurance Management
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2018 and 2017
(in thousands)

	2018	2017
Operating revenues:		
Premiums	**$ 78,951**	$ 71,368
Less excess coverage/reinsurance premiums	**(6,518)**	(6,681)
Net operating revenues	**72,433**	64,687
Operating expenses:		
Claims and claims adjustment expense	**57,393**	59,149
General and administrative	**4,410**	4,200
Total operating expenses	**61,803**	63,349
Operating income	**10,630**	1,338
Nonoperating revenues (expenses):		
Investment income	**6,712**	9,841
Senate Bill 602 reappropriation	**-**	(2,810)
Net nonoperating revenues	**6,712**	7,031
Increase in net position	**17,342**	8,369
Total net position, beginning of year	**199,328**	190,959
Cumulative effect of adoption of accounting principle	**(58)**	
Total net position, beginning of year, as restated	**199,270**	190,959
Total net position, end of year	**$ 216,612**	$ 199,328

See accompanying notes.

West Virginia Board of Risk and Insurance Management
Statements of Cash Flows
Years Ended June 30, 2018 and 2017
(in thousands)

	2018	2017
Operating activities:		
Receipts from customers	**$ 72,418**	$ 65,668
Payments to employees	**(1,595)**	(1,413)
Payments to suppliers	**(2,752)**	(2,887)
Payments to claimants	**(55,311)**	(62,665)
Deposits to advance deposit with insurance company and trustee	**(64,543)**	(47,695)
Withdrawals from advance deposit with insurance company and trustee	**56,453**	64,493
Net cash provided by operating activities	**4,670**	15,501
Noncapital financing activities:		
Senate Bill 602 reappropriation	**-**	(2,810)
Net cash used in noncapital financing activities	**-**	(2,810)
Investing activities:		
Purchase of investments	**(13,357)**	(20,650)
Sale of investments	**11,757**	18,887
Net investment earnings	**1,065**	(415)
Net cash used in investing activities	**(535)**	(2,178)
Net increase in cash and cash equivalents	**4,135**	10,513
Cash and cash equivalents, beginning of year	**36,459**	25,946
Cash and cash equivalents, end of year	**$ 40,594**	$ 36,459
Cash and cash equivalents consist of:		
Cash and cash equivalents	**$ 26,926**	$ 26,291
Restricted cash and cash equivalents	**13,668**	10,168
	$ 40,594	$ 36,459

See accompanying notes.

(in thousands)

	2018	2017
Reconciliation of operating loss to net cash used in operating activities:		
Operating income	**$ 10,630**	$ 1,338
Adjustments to reconcile operating loss to net cash used in operating activities:		
Pension and OPEB expense	**46**	84
(Decrease) increase in advanced deposits	**(8,025)**	16,800
(Increase) Decrease in premiums receivable, net	**(864)**	108
Increase (decrease) in estimated liability for unpaid claims and claims adjustment expense	**2,082**	(3,516)
Decrease in other liabilities	**135**	(64)
Increase in unearned premiums	**848**	874
Deferred outflows of resources - pension and OPEB contributions	**(182)**	(123)
Total adjustments	**(5,960)**	14,163
Net cash provided by operating activities	**$ 4,670**	$ 15,501
Noncash activities:		
Increase in fair value of investments	**$ 5,648**	$ 12,019

See accompanying notes.

Notes to Financial Statements
(in thousands)

Notes to Financial Statements
(in thousands)

1. General *(Amounts Referenced in this Note Related to Insurance Coverages are Actual Dollars)*

The West Virginia Board of Risk and Insurance Management (BRIM) was established in 1957 to provide for the development of the State of West Virginia's (the State and primary government) property and liability self-insurance program. Approximately 170 State agencies participate in the program. Beginning in 1980, county boards of education were authorized to participate in the liability portion of this program, with 55 county boards currently participating in the program. In fiscal year 1987, Senate Bill 3 (SB3) was enacted, allowing local governmental entities and nonprofit organizations to participate in the entire program. There are approximately 900 such entities participating in the program. In 1982, legislation was also enacted requiring BRIM to establish and administer a coal mine subsidence reinsurance program that makes available to the general public dwelling insurance covering damage up to a specific maximum caused by the collapse of underground coal mines.

BRIM operates under the authority granted by the Legislature in Chapter 29, Article 12, and Chapter 33, Article 30 of the West Virginia Code and the provisions of Executive Order 12-86. BRIM is an agency of the State operating within the Department of Administration and is governed by a five-person board of directors appointed by the Governor. Accordingly, BRIM is reported as an enterprise fund of the State, operating as a single business segment and is included in the State's Comprehensive Annual Financial Report.

BRIM uses a "modified" paid retrospective rating plan for its liability insurance program. Under the current plan, BRIM annually pays a "premium" deposit into a trust fund in the amount of the estimated losses for the current policy year. As claims are reported, they are paid from the trust funds established by the "premium" deposit. When paid losses exceed the amount of the "premium" deposit, including earnings, BRIM pays into the trust account an additional "premium" deposit estimated to be sufficient to fund any estimated remaining claims and claims adjustment expenses expected to be paid during the ensuing 12-month period. These payments are calculated through retrospective rating adjustments made subsequent to the current policy year. Therefore, the "premiums" paid by BRIM are advance deposits and BRIM is not indemnified by the insurance company for any losses. Under this plan, the insurance company is compensated for its claim-handling services by a fixed fee negotiated on a yearly basis.

From January 1, 1971 through June 30, 1976, the liability coverage provided by BRIM was limited to $25 thousand per occurrence on general liability, automobile liability and medical malpractice claims. From July 1, 1976 through June 30, 1980, the liability coverage provided by BRIM was limited to $100 thousand per occurrence. From July 1, 1982 through June 30, 1985, the liability coverage provided by BRIM was limited to $6 million per occurrence. Since July 1, 1985, the liability coverage provided by BRIM is limited to a $1 million indemnity per occurrence. In addition, the county boards of education are covered by an excess insurance policy providing up to $5 million of coverage in excess of the underlying $1 million limit. These limits only apply to incur indemnity claim losses. BRIM pays all allocated loss adjustment expenses, which are the costs incurred in the reporting, investigation, adjustment, defense and settlement of claims that are attributable to a specific, individual claim.

Prior to July 1, 1990, BRIM retained the first $25 thousand of loss per event on property insurance claims. Losses in excess of $25 thousand per event were also retained within an annual aggregate limit. From July 1, 1990 through June 30, 1991, the exposure retained by BRIM was $1 million per event. From July 1, 1991 through June 30, 1996, the exposure retained by BRIM was $2 million per event. Since July 1, 1996, the exposure retained by BRIM is $1 million per event. BRIM has obtained excess coverage, through insurance companies, covering losses in excess of $1 million, up to $400 million per occurrence, subject to various sublimits for particular types of claims as specified in the policy. With the passage of House Bill 532 in March 2015, BRIM is required to retain the first $1.5 million of medical malpractice liability for the state's medical schools and their related practice plans beginning July 1, 2015.

The retained limit of $1.5 million is indexed for inflation each year. On July 1, 2018 and 2017, the retained limit increased slightly.

In 1985, the coal mine subsidence program was legislatively expanded to include all types of building structures, and the maximum amount of insurance available was increased from $50 thousand to $75 thousand per structure. Additional legislation passed in March 2016 further expanded the amount of insurance available beginning October 1, 2016, from $75,000 up to $200,000 per structure.

In December 2001, the West Virginia Legislature passed House Bill 601, which authorized BRIM to provide medical malpractice and general liability coverage to private health care providers (the House Bill 601 Program). On July 1, 2004, all physicians novated to the newly formed West Virginia Physicians' Mutual Insurance Company (WVPMIC). BRIM maintained the hospital and facilities in the House Bill 601 Program that did not novate to WVPMIC. However, all policies were terminated as of June 30, 2004, and the program was in runoff mode only for existing claims and for any claims that may be submitted on any tail policies that were purchased. In 2015, BRIM transferred potential claims/IBNR run-off to a third-party for $750. In July 2016, the remaining balance of the House Bill 601 funds of $2.8 million were transferred to the Patient Injury Compensation Fund, which is discussed in the following paragraph.

In March 2004, the West Virginia Legislature passed House Bill 4740, creating a PICF. The purpose of this fund is to provide fair and reasonable compensation to claimants in medical malpractice actions for any portion of economic damages awarded that is uncollectible as a result of previously enacted tort reforms. This fund provides relief to claimants whose damages were limited because of caps for trauma care or as a result of joint and several liabilities. The capitalization of the fund comes from the State's tobacco settlement fund. The activity for this fund is not reflected in BRIM's financial statements. BRIM serves as third-party administrator for this fund and, accordingly, the activity for this fund is reflected in the State's financial statements. Senate Bill 602 passed in March 2016 and closed the Medical Liability Fund. All remaining funds were transferred to the Patient Injury Compensation Fund in July 2016. Therefore, there is no continuation of services previously provided by the Medical Liability Fund. This legislation also closed compensation to any claimants who filed with the Patient Injury Fund on or after July 1, 2016. Additional funding to pay any compensable claims filed as of June 30, 2016 was established by creation of assessments imposed on medical liability claims awards and settlements and fees charged to licensed physicians and hospitals.

In the normal course of business, BRIM seeks to reduce the loss that may arise from catastrophes or other events that cause unfavorable operating results by reinsuring levels of risk in various areas of exposure with other insurance enterprises or reinsurers. Reinsurance permits recovery of a portion of losses from reinsurers; however, it does not discharge the primary liability of BRIM as direct insurer of the risks insured. BRIM does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers.

The funding of the property and liability insurance premiums for the State agencies comes from direct premium assessments on those agencies. SB3 entities are charged a premium to participate in the program. Under the mine subsidence line of business, the ceding insurers pay BRIM a reinsurance premium.

Pursuant to the West Virginia Code, BRIM submits a detailed budgetary schedule of administrative expenses to the secretary of the Department of Administration prior to the beginning of each fiscal year. The fundamental purpose of budgetary control is to plan for the expected level of operations and to provide management with a tool to control deviation from such plan. The budgetary schedule is prepared on a modified cash basis, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (GAAP). Expenditures related to the general revenue appropriation amount, if any, are monitored by the State's budgetary review process in total on an unclassified basis. Each year's appropriation lapses at year-end. The remaining operations of BRIM are subject to a nonappropriated budgetary review process.

GAAP defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable or other organizations for which the nature and significance of their relationship with the State's financial statements would cause them to be misleading. BRIM has considered whether it has any component units as defined by GAAP and has determined that no such organizations meet the criteria set forth above.

2. Summary of Significant Accounting Policies

Basis of accounting

As an enterprise fund, BRIM's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with GAAP. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. In its accounting and financial reporting, BRIM follows the pronouncements of the Governmental Accounting Standards Board.

BRIM distinguishes operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with BRIM's principal ongoing operations. The principal operating revenues and expenses of BRIM relate to premium revenues and claims and administrative expenses. Premium contributions received covering future contract periods are deferred and recognized over the related contract period. Net investment earnings and finance charges are reported as nonoperating revenues.

The financial statements of BRIM 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 BRIM. They do not purport to, and do not, present fairly the financial position of the State of West Virginia as of June 30, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in conformity with GAAP.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from management's estimates.

Cash and cash equivalents

Cash equivalents are short-term investments with original maturities of 90 days or less. Cash and cash equivalents principally consist of interest-earning deposits in an investment pool maintained by the West Virginia Board of Treasury Investments (BTI). Such funds are available to BRIM with overnight notice.

Restricted cash and cash equivalents are cash and cash equivalents that are to be used for specific lines of business (i.e., mine subsidence coverage provided to the general public) based on restrictions provided in the State Code.

Advance deposits with insurance company and trustee

Advance deposits with the insurance company consist of monies on deposit that are utilized to fund claims and claims adjustment expenses as they are paid by the insurance company.

BRIM deposits monies with the Bank of New York (BNY), as trustee, to hold as advance deposits in an escrow account for BRIM liability claims. The monies held in escrow are invested in specific money market funds and short-term guaranteed or investment-grade fixed-income securities that are identified as "qualified assets" in the escrow agreement. The funds held in escrow, together with their earnings, will be used to fund the payment of the claims and claims adjustment expenses related to these liability claims. As an escrow agent, BNY periodically transfers monies from the escrow account to the insurance company administering these claims in order to reimburse the insurance company for payments that it has issued on these claims and claims adjustment expenses on BRIM's behalf.

Investments

BRIM invests in certain West Virginia Investment Management Board (WVIMB) investment pools. Some of these pools invest in longer-term securities and are subject to market fluctuation because of changes in interest rates. Investments are reported by WVIMB at fair value and are accounted for by BRIM accordingly, with changes in the fair value included in investment income. Income from these investments is prorated to BRIM at rates specified by WVIMB based on the balance of BRIM's deposits maintained in relation to the total deposits of all State agencies participating in the pool.

Restricted investments are investments that are to be used for specific lines of business (i.e., mine subsidence coverage provided to the general public) based on restrictions provided in the State Code.

Fair value measurements

BRIM measures certain investments at fair value for financial reporting purposes. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. BRIM categorizes fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the Unites States of America.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1 inputs – Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs – Unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

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 judgement, and considers factors specific to the investment.

Fair value of the securities BRIM 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 processed are valued at fair value as determined in accordance with the WVIMB's established procedures.

Compensated absences

Employees fully vest in all earned but unused annual leave, and BRIM 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 BRIM or be converted into a greater retirement benefit under the State of West Virginia Public Employees Retirement System (PERS).

Unpaid claims and claims adjustment expense

Utilizing an external actuary, management establishes the unpaid claims and claims adjustment expense liability based on estimates of the ultimate cost of claims, including future claims adjustment expenses, that have been reported but not settled and of claims that have been incurred but not reported (IBNR). Such estimates are based on industry statistical loss reserve information as well as BRIM historical data, including case-basis estimates of losses reported, actuarial projections of loss development of IBNR claims and estimates of expenses for investigation and adjustment of all incurred and unadjusted losses (and estimates of expected salvage and subrogation receipts are deducted from the estimated liability). The length of time for which such costs must be estimated varies depending on the coverage involved. In the event a reinsurer is unable financially to satisfy an obligation, BRIM is responsible for such liability.

Management believes the estimate for unpaid claims and claims adjustment expense is a reasonable best estimate of BRIM's ultimate losses and loss adjustment expenses to be incurred to discharge BRIM's obligations. However, because actual claims costs depend on such complex factors as actual outcomes versus industry statistical information utilized in the estimation process, inflation, changes in doctrines of legal liability and damage awards, the process used in computing estimates of claims liability does not necessarily result in an exact amount, particularly for coverages such as general liability and medical malpractice. For instance, medical malpractice claims have a long payout period and claims may not be known for several years. Accordingly, BRIM's actual incurred losses and loss adjustment expenses may vary significantly from the estimated amounts reflected in BRIM's financial statements. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors; such adjustments are included in current operations. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. The claims and claims adjustment expense category on the statements of revenues, expenses, and changes in net position includes estimated incurred claim costs, allocated loss adjustment expenses and unallocated claims adjustment expenses.

Premium deficiency is defined as the amount by which expected claims costs (including IBNR claims) and all expected claims adjustment expenses exceed related unearned premiums. BRIM has estimated that a premium deficiency does not exist; however, the ultimate amount of incurred losses and loss adjustment expenses may vary significantly from the estimated amounts used in management's determination. In making this determination, management has taken into consideration anticipated investment income using an assumed 4% discount rate.

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 of resources related to pension in the statements of net position were composed of $138 and $123 for the years ending June 30, 2018 and 2017, respectively, related to employer contributions to the PERS made during the current fiscal year subsequent to the measurement date. Deferred outflows of resources related to pension also consist of other amounts related to differences between projected and actual earnings on pension plan investments, differences between expected and actual experience related to pension, and changes in proportion and differences between BRIM's contributions and proportionate share of contributions. Deferred outflows of resources related to other post-employment benefits in the statements of net position were composed of $44 for the year ending June 30, 2018, related to employer contributions to RHBT made during the current fiscal year subsequent to the measurement date.

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 of resources related to pension 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 between BRIM's contributions and proportionate share of contributions, differences in assumptions and differences between projected and actual earnings on pension plan investments related to pension. Deferred inflows of resources related to other-post employment benefits relate to differences between expected and actual experience, net differences between expected and actual earnings on OPEB plan investments, and changes in proportion and differences between employer contributions and proportionate share of contributions.

Receivables and premium income

Receivables represent the amount outstanding for premiums from the insured covered under BRIM's insurance program. Management maintains an allowance for doubtful accounts to reserve for estimated losses based on the length of time the amount has been past due.

Unearned premiums

Unearned premiums included premium revenues collected for future periods. These revenues will be recognized in the operating periods in which they are earned.

Restricted net position

Restricted net position is net position that is to be used for mine subsidence coverage provided to the general public based on restrictions provided in the State Code. When an expense is incurred for which both restricted and unrestricted net positions are available, BRIM first utilizes restricted net position for such purpose.

Reclassifications

Certain reclassifications have been made to the June 30, 2017, financial statement presentation to correspond to the current period's presentation. Such reclassifications had no impact on previously reported increase in net position or change in net position.

Subsequent events

In preparing these financial statements, BRIM has evaluated events and transactions for potential recognition or disclosure through October 12, 2018, the date the financial statements were available for issuance.

3. Adoption of New Accounting Pronouncements and Restatement of Beginning Net Position

Effective July 1, 2017, BRIM 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.* As summarized below, a cumulative effect adjustment of $58 has been recorded to decrease net position previously reported at the beginning of fiscal year 2017. BRIM determined that it was not practical to restate the prior year financial statements as the information was not provided by the West Virginia Retiree Health Benefit Trust Fund (RHBT), which administers this cost-sharing multiple-employer plan. These statements reclassified some items previously reported as expenses as deferred outflows and now requires BRIM to record the net OPEB liability and a more comprehensive measure of OPEB expense.

(in thousands)

Net Position at the Beginning of the Year Required Statement:

Net Position beginning of year, as previously reported	$ 199,328
Total cumulative effect adjustment	(58)
Net Position at June 30, 2017, restated	$ 199,270

BRIM's net OPEB liability recorded as of June 30, 2018 is $512. Employer contributions to the RHBT made during the current fiscal year subsequent to the pension liability measurement date are recorded as deferred outflows of resources. As of June 30, 2018, BRIM reported deferred outflows of resources relating to these payments of $44. Additionally, differences between expected and actual experience and the net difference between expected and actual earnings on OPEB Plan investments are required to be recorded as deferred inflows and amortized over the average remaining service lives of 4.714 and 5 years, respectively. BRIM's change in proportion and difference between employer contributions and proportionate share of contributions was recognized as a deferred inflow as of June 30, 2018 and is amortized over 5 years. For the fiscal year ended June 30, 2018, BRIM reported deferred inflows of resources of $73.

See Note 7 for additional OPEB disclosures.

4. Deposit and Investment Risk Disclosures

BRIM is mandated by statute to have its cash and investments managed by the WVIMB and BTI. However, BRIM currently does not have specific policies addressing limitations on specific risk types, such as credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk.

Cash equivalents

WEST VIRGINIA MONEY MARKET POOL

BRIM participates in BTI'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 BTI does not place limitations on 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, BRIM measures its investment in this pool at amortized cost that approximates fair value of $39,197 and $35,200 at June 30, 2018 and June 30, 2017, respectively. These deposits are reported as cash and cash equivalents. Investment income earned is pro-rated to BRIM at rates specified by the BTI based on the balance of the deposits maintained in relation to the total deposits of all state agencies participating in the pool. Such funds are available to BRIM with overnight notice. BTI's audited financial statements, including the West Virginia Money Market Pool, are available on their website www.wvbti.com.

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 WV Money Market Pool has been rated AAAm by Standard & Poor's. A fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's.

(in thousands)

The BTI limits the exposure to credit risk in the West Virginia Money Market Pool by requiring all corporate bonds to be rated A+ by Standard and Poor's (or its equivalent) or higher. Commercial paper must be rated at least A-1 by Standard and Poor's and P-1 by Moody's. The pool must have at least 15% of its assets in U.S. Treasury 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 (WAM) of the investments of the West Virginia 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 the WAM for the various asset types in the West Virginia Money Market Pool:

	June 30, 2018		June 30, 2017	
Investment Type	**Fair Value**	**WAM Days**	**Fair Value**	**WAM Days**
Repurchase agreements	**$ 228**	**3**	$ 111	3
U.S. Treasury notes	**90**	**73**	98	44
U.S. Treasury bills	**252**	**69**	70	88
Commercial paper	**1,869**	**36**	1,065	36
Certificates of deposit	**664**	**29**	330	41
Corporate bonds and notes	**18**	**21**	9	79
Money market funds	**143**	**3**	100	3
Total rated investments	**$ 3,264**		$ 1,783	

BRIM's amount invested in the West Virginia Money Market Pool of $39,197 is included in cash and cash equivalents at June 30, 2018, and $35,200 at June 30, 2017, representing approximately 1% of total investments in this pool.

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

	Credit Rating		2018		2017	
Security Type	**Moody's**	**S&P**	**Carrying Value**	**Percent**	**Carrying Value**	**Percent**
Commercial paper	P-1	A-1+	**$ 473**	**14.50%**	$ 358	20.10 %
	P-1	A-1	**1,351**	**41.39**	706	39.60
	P-2	A-1	**45**	**1.37**	-	-
Corporate bonds and notes	P-1	A-1	**18**	**0.55**	-	-
	Aa3	AA-	**-**	**-**	6	0.35
	A1	A	**-**	**-**	3	0.18
U.S. agency bonds	Aaa	AA+	**-**	**-**	-	-
U.S. Treasury notes	Aaa	AA+	**90**	**2.77**	98	5.49
U.S. Treasury bills	P-1	A-1+	**252**	**7.72**	70	3.92
Negotiable CDs	P-1	A-1+	**206**	**6.30**	174	9.76
	P-1	A-1	**458**	**14.04**	156	8.78
Money market funds	Aaa	AAAm	**143**	**4.38**	100	5.61
Repurchase agreements (underlying securities):						
U.S. Treasury notes	Aaa	AA+	**228**	**6.98**	-	-
	P-1	A-1	**-**	**-**	50	2.80
	NR	A-1	**-**	**-**	61	3.41
			$ 3,264	**100.00**%	$1,782	100.00 %

(in thousands)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the WV 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, 2018 and 2017, 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 WV 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 BTI. The BTI 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 WV Money Market's Pool does not hold securities subject to foreign currency risk.

Investments

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD INVESTMENT POOLS

BRIM invests, along with other agencies, in the following WVIMB investment pools: Domestic Equity Pool, International Equity Pool, International Nonqualified Equity Pool, Short-Term Fixed Income Pool, Total Return Fixed Income Pool, Core Fixed Income Pool, Hedge Fund, and the Treasury Inflation Protection Securities (TIPS).

Investment Objectives

This fund's investment objective is to achieve a total rate of return of at least 4.9% per annum, net of fees.

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 Board of Risk and Insurance Management Fund. (Policy targets have been established on a fair value basis.)

Asset Class	Base Allocation	Strategic Allocation
Domestic equity	10%	15%
International equity	10%	15%
Fixed income	80%	35%
TIPS	0%	10%
Hedge funds	0%	20%
Cash	0%	5%
Combined total	100%	100%

(in thousands)

Asset Value

Investments at cost, and as reported at fair value (actual asset allocation), are summarized as follows at June 30:

	2018		2017	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Domestic Equity	**$ 19,202**	**$ 22,317**	$ -	$ -
Large cap domestic	**-**	**-**	14,893	17,678
Non-large cap domestic	**-**	**-**	3,370	3,514
International equity	**13,482**	**14,604**	12,539	16,347
International nonqualified	**6,986**	**7,495**	5,946	7,180
Total return fixed income	**35,789**	**35,032**	34,635	35,730
Core fixed income	**15,781**	**15,310**	15,573	15,178
Hedge fund	**32,003**	**33,820**	26,170	27,778
TIPS (Treasury Inflation Protection Securities)	**15,067**	**15,381**	13,865	13,776
Short-term fixed income	**7,629**	**7,629**	7,160	7,160
Total investments	**$ 145,941**	**$ 151,588**	$ 134,151	$ 144,341

Investment income is comprised of the following for the years ended June 30:

	2018	2017
Investment income:		
Interest income including realized gains/losses on sale of securities	**$ 2,147**	$ 1,971
Unrealized gain on investments	**4,565**	7,870
Total investment income	**$ 6,712**	$ 9,841

Asset class risk disclosures

DOMESTIC EQUITY POOL

On July 1, 2017, the WVIMB created the Domestic Equity Pool (Pool) to invest in U.S. equities of small-, mid-, and large-cap growth and value stocks. On July 1, 2017, the assets and liabilities of $3,546,187 from the Large Cap Domestic Equity Pool and $720,632 from the Non-Large Cap Domestic Equity Pool, were transferred in-kind to the Pool.

Investment disclosures reported previously under the Large Cap Domestic Equity Pool and Non-Large Cap Domestic Equity Pools on June 30, 2017 have been consolidated into one Domestic Equity Pool for reporting as of June 30, 2018. Prior year disclosures related to the Large Cap and Non-Large Cap Domestic Equity Pools will immediately follow the 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. Assets are managed by AJO, BlackRock (inception date April 4, 2018), INTECH Investment Management, LLC, State Street Global Advisors (through April 2, 2018), and Westfield Capital Management.

BRIM's amount invested in the domestic equity pool of $22,317 at June 30, 2018 represents approximately 0.5% of total investments in this pool.

Credit and Interest Rate Risk

The Pool's 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 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.

(in thousands)

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, 2018:

Rating	Fair Value
AAA	$ 47,082
AA	5,064
A	5,288
BBB	7,219
Not applicable	110,807
Total securities lending collateral	$ 175,460

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, 2018, the money market mutual fund has a weighted average maturity (WAM) of 39 days. The WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2018, the WAM for securities lending collateral was 2 days.

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, 2018, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk
At June 30, 2018, the Pool held no securities that were subject to custodial credit risk. 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.

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

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 thousands)

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.

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, 2018:

Assets	Level 1	Level 2	Level 3	Total
Commingled equity fund	$ 1,924,392	$ -	$ -	$ 1,924,392
Common stock	2,533,416	-	-	2,533,416
Securities lending collateral	-	175,460	-	175,460
Money market mutual funds	55,540	-	-	55,540
Total	$ 4,513,348	$ 175,460	$ -	$ 4,688,808

LARGE CAP DOMESTIC EQUITY POOL

On July 1, 2017, the WVIMB created the Domestic Equity Pool to invest in U.S. equities of small-, mid- and large-cap growth and value stocks. On July 1, 2017, the assets and liabilities from the Large Cap Domestic Equity Pool and the Non-Large Cap Domestic Equity Pool, were transferred in-kind to the Pool.

As of June 30, 2017, the Pool's objective is to equal or exceed, net of external investment management fees, the S&P 500 Stock Index over three- to five-year periods. Assets were managed by INTECH Investment Management, LLC (INTECH) and State Street Global Advisors (SSgA).

BRIM's amount invested in the Large Cap Domestic Equity Pool of $17,678 at June 30, 2017, represents approximately 0.5%% of total investments in this pool.

Credit Risk and Interest Rate Risk

The Pool is exposed to credit risk from certain investments made with cash collateral for securities loaned. This risk is 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 Pool is exposed to interest rate risk from certain investments made with cash collateral for securities loaned. The weighted average maturity for investments made with cash collateral for securities loaned is not to exceed 90 days.

(in thousands)

The following table provides the weighted average credit ratings and weighted average maturities (WAM) as of June 30, 2017:

Investment Type	Moody's	S&P	(Days)	Fair Value	Percent of Total Investment
Common stock	N/A	N/A	N/A	$ 3,490,823	94.0 %
Money market mutual fund	Aaa	AAA	N/A	34,740	0.9
Repurchase agreements	Aaa	AA	3	110,335	3.0
Time deposits	A-1	P-1	3	76,236	2.1
Total investments				$ 3,712,134	100.0 %

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, 2017, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk
At June 30, 2017, the Pool held no securities that were subject to custodial credit risk. Repurchase agreements, when held, are collateralized to a minimum of 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 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 the fair value hierarchy levels as of June 30, 2017:

Assets	Level 1	Level 2	Level 3	Total
Common stock	**$ 3,490,823**	**$ -**	**$ -**	**$ 3,490,823**
Investments made with cash collateral for securities loaned	**-**	**186,571**	**-**	**186,571**
Money market mutual funds	**34,740**	**-**	**-**	**34,740**
Total	**$ 3,525,563**	**$ 186,571**	**$ -**	**$ 3,712,134**

Liabilities	Level 1	Level 2	Level 3	Total
Futures	**$ (65)**	**$ -**	**$ -**	**$ (65)**

NON-LARGE CAP DOMESTIC EQUITY POOL

On July 1, 2017, the WVIMB created the Domestic Equity Pool to invest in U.S. equities of small-, mid- and large-cap growth and value stocks. On July 1, 2017, the assets and liabilities from the Large Cap Domestic Equity Pool and the Non-Large Cap Domestic Equity Pool, were transferred in-kind to the Pool.

As of June 30, 2017, the pool invested in the equities of small to mid-sized companies and its objective is to exceed, net of external investment management fees, the Russell 2500 Index over three- to five-year periods. Assets were managed by AJO and Westfield Capital Management (Westfield).

BRIM's amount invested in the non-large cap domestic pool of $3,514 at June 30 2017, represents approximately 0.5%, of total investments in this pool.

(in thousands)

Credit Risk and Interest Rate Risk
The Pool is exposed to credit risk from certain investments made with cash collateral for securities loaned. This risk is 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 Pool is exposed to interest rate risk from certain investments made with cash collateral for securities loaned. The weighted average maturity for investments made with cash collateral for securities loaned is not to exceed 90 days.

The following table provides the weighted average credit ratings and weighted average maturities (WAM) as of June 30, 2017:

Investment Type	Moody's	S&P	(Days)	Fair Value	Percent of Total Investment
Common stock	N/A	N/A	N/A	$ 717,579	76.1 %
Money market mutual fund	Aaa	AAA	N/A	13,317	1.4
Repurchase agreements	Aaa	AA	3	125,660	13.3
Time deposits	A-1	P-1	3	86,826	9.2
Total investments				$ 943,382	100.0 %

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, 2017, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk
At June 30, 2017, the Pool held no securities that were subject to custodial credit risk. Repurchase agreements, when held, are collateralized to a minimum of 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 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 the fair value hierarchy levels as of June 30, 2017:

Assets	Level 1	Level 2	Level 3	Total
Common stock	$ 717,579	$ -	$ -	$ 717,579
Investments made with cash collateral for securities loaned	-	212,486	-	212,486
Money market mutual fund	13,317	-	-	13,317
Total	$ 730,896	$ 212,486	$ -	$ 943,382

Redemption Provisions
The Pool is restricted to the following redemption provisions: daily.

(in thousands)

INTERNATIONAL EQUITY POOL

This pool invests in the equities of international companies. Assets are managed by Acadian Asset Management, LLC (Acadian), 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 three- to five-year periods.

BRIM's amount invested in the International Equity Pool of $14,337 and $16,347 at June 30, 2018 and 2017, respectively, represents approximately 0.5% and 0.5%, respectively, of total investments in this pool.

Credit Risk and Interest Rate Risk

The Pool's 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 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.

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, 2018:

Rating	Fair Value
AAA	$ **20,359**
AA	**2,190**
A	**2,287**
BBB	**3,122**
Not applicable	**47,916**
Total securities lending collateral	**$ 75,874**

As of June 30, 2018, the money market mutual fund has a weighted average maturity (WAM) of 39 days. The WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2018, the WAM for securities lending collateral was 2 days.

The following table provides the weighted average credit ratings and weighted average maturities (WAM) as of June 30, 2017:

Investment Type	Moody's	S&P	(Days)	Fair Value	Percent of Total Investment
Common stock	N/A	N/A	N/A	$ 2,958,970	93.2 %
Money market mutual funds	Aaa	AAA	N/A	38,306	1.2
Preferred stock	N/A	N/A	N/A	67,086	2.1
Repurchase agreements	Aaa	AA	3.0	63,972	2.0
Rights	N/A	N/A	N/A	2,562	0.1
Time deposits	A-1	P-1	3.0	44,201	1.4
Total investments				$ 3,175,097	100.0 %

As of June 30, 2017, the Pool was exposed to interest rate risk from certain investments made with cash collateral for securities loaned. The weighted average maturity for investments made with cash collateral for securities loaned is not to exceed 90 days.

(in thousands)

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, 2018 and 2017, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2018 and 2017, the Pool held no securities that were subject to custodial credit risk. 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 percent 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.

Foreign Currency Risk

The Pool has equity investments, cash and foreign currency spot contracts that are exposed to foreign currency risks.

The amounts at fair value (in U.S. dollars) of equity investments, cash and foreign currency spot contracts as of June 30, 2018 are as follows:

	2018			
Currency	**Equity Investments**	**Cash**	**Foreign Currency Spot Contracts**	**Total**
Australian Dollar	$ 90,582	$ 1	$ -	$ 90,583
Brazil Real	98,891	494	(20)	99,365
British Pound	275,749	493	115	276,357
Canadian Dollar	110,687	226	-	110,913
Chilean Peso	4,661	-	-	4,661
Czech Koruna	3,051	-	-	3,051
Danish Krone	19,525	9	1	19,535
Egyptian Pound	1,733	-	-	1,733
Emirati Dirham	-	10	-	10
Euro Currency Unit	434,429	4,008	80	438,517
Hong Kong Dollar	356,625	5,338	(1)	361,962
Hungarian Forint	6,907	28	-	6,935
Indian Rupee	79,014	12,993	-	92,007
Indonesian Rupiah	15,318	93	-	15,411
Israeli Shekel	12,605	27	-	12,632
Japanese Yen	402,074	5,651	(40)	407,685
Malaysian Ringgit	28,119	1,284	(2)	29,401
Mexican Peso	47,526	140	-	47,666
New Taiwan Dollar	100,384	855	-	101,239
New Zealand Dollar	357	5	-	362
Norwegian Krone	25,384	307	(4)	25,687
Pakistan Rupee	2,949	-	-	2,949
Philippine Peso	6,761	5,082	-	11,843
Polish Zloty	4,150	73	(34)	4,189
Qatari Riyal	1,249	40	-	1,289
Singapore Dollar	15,955	207	2	16,164
South African Rand	46,338	10	(55)	46,293
South Korean Won	209,540	1,846	(1)	211,385
Swedish Krona	39,199	129	1	39,329
Swiss Franc	85,297	62	6	85,365

(in thousands)

(continued)

Currency	Investments	Cash	Spot Contracts	Total
Thailand Baht	**53,440**	**2**	**(9)**	**53,433**
Turkish Lira	**24,459**	**16**	**(6)**	**24,469**
Total	**2,602,958**	**39,429**	**33**	**2,642,420**
U.S. Dollar	**337,370**	**-**	**-**	**337,370**
Total	**$ 2,940,328**	**$ 39,429**	**$ 33**	**$ 2,979,790**

Currency	2017 Investments	2017 Cash	2017 Total
Australian Dollar	$ 86,903	$ 3,905	$ 90,808
Brazil Real	107,336	1,305	108,641
British Pound	268,603	8,426	277,029
Canadian Dollar	114,239	77	114,316
Chilean Peso	14,919	-	14,919
Czech Koruna	7,352	108	7,460
Danish Krone	11,750	(1)	11,749
Egyptian Pound	1,605	-	1,605
Emirati Dirham	6,060	10	6,070
Euro Currency Unit	463,410	6,309	469,719
Hong Kong Dollar	332,332	9,785	342,117
Hungarian Forint	6,749	58	6,807
Indian Rupee	93,581	1,604	95,185
Indonesian Rupiah	33,767	59	33,826
Israeli Shekel	13,482	35	13,517
Japanese Yen	371,110	2,302	373,412
Malaysian Ringgit	26,081	508	26,589
Mexican Peso	47,583	263	47,846
New Taiwan Dollar	75,661	2,418	78,079
New Zealand Dollar	6,060	7	6,067
Norwegian Krone	19,812	598	20,410
Pakistan Rupee	3,848	-	3,848
Philippine Peso	10,603	2	10,605
Polish Zloty	13,957	-	13,957
Qatari Riyal	99	32	131
Singapore Dollar	18,722	445	19,167
South African Rand	56,807	30	56,837
South Korean Won	218,594	1,856	220,750
Swedish Krona	37,428	(1)	37,427
Swiss Franc	109,989	1,566	111,555
Thailand Baht	54,069	(6)	54,063
Turkish Lira	55,190	96	55,286
Total	$ 2,688,001	$ 41,796	$ 2,729,797

The table above excludes cash and securities held by the pool that are denominated in U.S. dollars. The fair value of the U.S. dollar denominated cash and investments is $487,320, or 15.1% for the year 2017.

(in thousands)

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:

	2018			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Common stock	**$ 2,875,697**	**$ -**	**$ -**	**$ 2,875,697**
Investments made with cash collateral for securities loaned	**-**	**75,874**	**-**	**75,874**
Preferred stock	**61,720**	**-**	**-**	**61,720**
Rights	**2,911**	**-**	**-**	**2,911**
Money market mutual fund	**26,558**	**-**	**-**	**26,558**
Total	**$ 2,966,886**	**$ 75,874**	**$ -**	**$ 3,042,760**

	2017			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Common stock	$ 2,958,970	$ -	$ -	$ 2,958,970
Foreign currency contracts	-	32	-	32
Investments made with cash collateral for securities loaned	-	108,173	-	108,173
Preferred stock	67,086	-	-	67,086
Rights	2,562	-	-	2,562
Money market mutual fund	38,306	-	-	38,306
Total	$ 3,066,924	$ 108,205	$ -	$ 3,175,129

Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Foreign currency contracts	$ -	$ (90)	$ -	$ (90)

SHORT-TERM FIXED INCOME POOL

The main objective of this Pool is to maintain sufficient liquidity to fund withdrawals by the participant plans and to invest cash contributions until such time as the money can be transferred to other asset classes without sustaining capital losses. JP Morgan Investment Advisors, Inc. (JPM) manages the Pool. The Pool's investment objective, net of external investment fees, is to meet or exceed the Citigroup ninety-day T-bill Index.

BRIM's amount invested in the Short-Term Fixed Income Pool of $7,629 and $7,160 at June 30, 2018 and 2017, respectively, represented approximately 3.5% and 3.3%, respectively, of total investments in this Pool.

Credit Risk and Interest Rate 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 IMB 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, 2018.

(in thousands)

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, 2018:

Investment Type	Carrying Value	WAM (Days)
Commercial paper	$ 22,171	26
Repurchase agreement	40,000	2
U.S. government agency bonds	106,794	46
U.S. Treasury bonds	49,326	79
Total investments	$ 218,291	

The following tables provide information on the weighted average credit ratings and the weighted average maturities (WAM) of the Pool's investments as of June 30, 2017:

Investment Type	Moody's	S&P	(Days)	Carrying Value	Percent of Total Investment
Commercial paper	P-1	A-1	23	$ 36,775	16.8 %
Repurchase agreements	Aaa	A	3	50,000	22.9
U.S. Government agency issues	P-1	A-1	9	88,415	40.5
U.S. Treasury bonds	P-1	A-1	60	42,873	19.7
Total rated investments				$ 218,063	100.0 %

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, 2018 and 2017, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2018 and 2017, the Pool held no investments that were subject to custodial credit risk. Repurchase agreements are collateralized at 102% 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 fair value hierarchy levels as of June 30:

	2018			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Commercial paper	**$ -**	**$ 22,171**	**$ -**	**$ 22,171**
Repurchase agreement	**-**	**40,000**	**-**	**40,000**
U.S. Government agency bonds	**-**	**106,794**	**-**	**106,794**
U.S. Treasury bonds	**-**	**49,326**	**-**	**49,326**
Total	**$ -**	**$ 218,291**	**$ -**	**$ 218,291**

(in thousands)

	2017			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Commercial paper	$ -	$ 36,775	$ -	$ 36,775
Repurchase agreement	-	50,000	-	50,000
U.S. Government agency bonds	-	88,415	-	88,415
U.S. Treasury bonds	-	42,873	-	42,873
Total	$ -	$ 218,063	$ -	$ 218,063

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*). The Pool 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.

BRIM's amount invested in the International Nonqualified Pool of $7,761 and $7,180 at June 30, 2018 and 2017, respectively, represents approximately 3.6% and 3.6%, 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, 2018 and 2017 was $215,417 and $201,799, 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.

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.

BRIM's amount invested in the Total Return Fixed Income Pool of $35,033 and $35,644, at June 30, 2018 and 2017, respectively, represented approximately 1.5% and 1.5%, respectively, of total investments in the Pool.

Credit Risk and Interest Rate 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,

(in thousands)

and reports the rating indicative of the greatest degree of risk. The money market mutual fund has the highest credit rating.

The following tables provides credit ratings of the Pool's fixed income investments as of June 30, 2018:

Rating	Fair Value
AAA	$ 22,196
AA	889,097
A	104,870
BBB	587,744
BB	314,638
B	296,262
CCC	12,274
CC	3,716
C	403
D	3,982
Withdrawn	85
Not rated	38,996
Total securities lending collateral	$ 2,274,263

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.

The following table provides credit ratings of the Pool's securities lending collateral investments as of June 30, 2018:

Rating	Fair Value
AAA	$ 41,003
AA	4,410
A	4,605
BBB	6,287
Not applicable	96,503
Total securities lending collateral	$ 152,808

(in thousands)

The following table provides credit ratings of the Pool's rated assets as of June 30, 2017:

Investment Type	Moody's	S&P	Fair Value	Percent of Total Investment
Common stock	A	N/A	$ 14	0.0 %
Corporate asset backed issues	Ba	AA	32,078	1.3
Corporate ABS residual	N/A	N/A	5,034	0.2
Corporate CMO	Baa	BB	46,766	1.9
Corporate preferred security	Ba	BB	10,436	0.4
Foreign asset backed issues	Baa	BBB	17,436	0.7
Foreign corporate bonds	Baa	BBB	285,298	11.3
Foreign government bonds	Baa	BBB	244,812	9.7
Investments in other funds	N/A	N/A	319,061	12.7
Money market mutual fund	Aaa	AAA	63,965	2.5
Municipal bonds	A	A	47,351	1.9
Options contracts purchased	N/A	N/A	2,098	0.1
Repurchase agreements	Aaa	AA	119,844	4.8
Time deposits	P-1	A-1	82,806	3.3
U.S. corporate bonds	Baa	BBB	460,676	18.1
U.S. Government agency bonds	Aaa	AA	11,630	0.5
U.S. Government agency CMO	Aaa	AA	51,865	2.1
U.S. Government agency CMO interest-only	Aaa	AA	3,796	0.2
U.S. Government agency MBS	Aaa	AA	289,155	11.5
U.S. Government agency TBAs	Aaa	AA	17,294	0.7
U.S. Treasury bonds	Aaa	AA	361,886	14.4
U.S. Treasury inflation protected securities	Aaa	AA	42,269	1.7
Total Investments			$ 2,515,570	100.0 %

The Pool is 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, 2018, the money market mutual fund has a weighted average maturity (WAM) of 39 days. The WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2018, the AM for securities lending collateral was 2 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 percent 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.

(in thousands)

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

	2018		2017	
Investment Type	**Fair Value**	**Effective Duration (Years)**	**Fair Value**	**Effective Duration (Years)**
Commingled bond funds	**$ 304,379**	**2.5**	$ -	0.0
Common stock	**-**	**0.0**	14	N/A
Corporate asset backed issues	**36,072**	**0.9**	32,078	2.0
Corporate ABS residual	**5,487**	**2.8**	5,034	N/A
Corporate CMO	**71,666**	**1.0**	46,766	0.9
Corporate preferred securities	**-**	**0.0**	10,436	0.1
Foreign asset backed issues	**19,588**	**1.6**	17,436	0.5
Foreign corporate bonds	**296,352**	**5.6**	285,298	6.6
Foreign government bond	**263,976**	**5.3**	244,812	5.3
Investments in other funds	**-**	**0.0**	319,061	2.4
Money market mutual funds	**-**	**0.0**	63,965	N/A
Municipal bonds	**44,629**	**9.6**	47,351	9.0
Options contracts purchase	**-**	**0.0**	2,098	N/A
Repurchase agreement	**10,000**	**0.0**	119,844	0.0
Time deposits	**-**	**0.0**	82,806	0.0
U.S. corporate bonds	**401,582**	**6.9**	460,676	7.0
U.S. Government agency bonds	**2,721**	**1.3**	11,630	0.7
U.S. Government agency CMO	**51,608**	**1.4**	51,865	1.4
U.S. Government agency CMO interest-only	**5,664**	**2.8**	3,796	1.8
U.S. Government agency MBS	**326,082**	**3.7**	289,155	3.0
U.S. Government agency TBA	**8,974**	**6.4**	17,294	5.4
U.S. Treasury bonds	**407,697**	**8.5**	361,886	7.8
U.S. Treasury inflation-protected securities	**17,786**	**17.2**	42,269	13.9
Total investments	**$ 2,274,263**		$ 2,515,570	5.0

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 $525,141 and $463,424 of these securities at June 30, 2018 and 2017, respectively, representing approximately 23% and 18% 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, 2018 and 2017, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk

At June 30, 2018 and 2017, 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. Investments in commingled funds are held in an account in the name of the WVIMB. All remaining securities are held by the WVIMB's custodian in the name of the WVIMB.

(in thousands)

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 $84,695 and $87,411, or 28.0% and 27.0%, respectively, of the commingled investment pools hold substantially all of their investments in foreign currencies as of June 30, 2018 and 2017. This represents approximately 3.0% and 3.0%, respectively, of the value of the Pool's securities at June 30, 2018 and 2017.

The amounts at fair value (in U.S. dollars) of investments and cash denominated in foreign currencies as of June 30, 2018, are as follows:

	2018			
Currency	**Foreign Fixed Income**	**Foreign Equity Investments**	**Cash**	**Total**
Argentine Peso	$ 8,328	$ -	$ 824	$ 9,152
Azerbaijani Manat	640	-	-	640
Brazil Real	26,048	-	12	26,060
Colombian Peso	5,376	-	-	5,376
Deutsche Mark	1,390	-	-	1,390
Dominican Peso	1,771	-	-	1,771
Egyptian Pound	3,671	-	1,129	4,800
Euro Currency Unit	-	-	9,688	9,688
British Pound	-	-	1,174	1,174
Georgian Lari	2,085	-	-	2,085
Ghana Cedi	2,758	-	-	2,758
Indonesian Rupiah	1,756	-	-	1,756
Indian Rupee	581	-	-	581
Japanese Yen	50,279	-	194	50,473
Kenyan Shilling	2,784	-	-	2,784
Kazakhstani Tenge	1,758	-	-	1,758
Mexican Peso	41,777	-	3,600	45,377
New Zealand Dollar	-	-	797	797
Peruvian Nuevo Sol	1,726	-	-	1,726
Russian Ruble	27,247	-	-	27,247
Swedish Krona	-	-	1,021	1,021
Turkish Lira	3,916	-	-	3,916
Ugandan Shilling	736	-	-	736
Uruguayan Peso	8,218	-	-	8,218
South African Rand	6,174	14	-	6,188
Total foreign denominated investments	199,019	14	18,439	217,472
U.S. Dollar	380,897	-	25,524	406,421
Total	$ 579,916	$ 14	$ 43,963	$ 623,893

(in thousands)

The table below shows the amounts at fair value (in U.S. dollars) of the securities and cash denominated in foreign currencies as of June 30, 2017:

	2017			
Currency	**Investments**	**Cash**	**Total**	**Percent of Total Investments and Cash**
Argentine Peso	$ 10,274	$ 455	$ 10,729	0.4 %
Australian Dollar	-	1,207	1,207	0.0
Azerbaijani Manat	652	-	652	0.0
Brazil Real	22,496	1	22,497	0.9
Canadian Dollar	7,653	-	7,653	0.3
Colombian Peso	5,003	-	5,003	0.2
Deutsche Mark	1,932	-	1,932	0.1
Euro Currency Unit	-	7,865	7,865	0.3
British Pound	4,800	61	4,861	0.2
Georgian Lari	1,678	-	1,678	0.1
Ghana Cedi	2,791	-	2,791	0.1
Indian Rupee	620		620	0.0
Japanese Yen	49,484	921	50,405	2.0
Kenyan Shilling	2,338	40	2,378	0.1
Mexican Peso	39,783	1,014	40,797	1.6
New Zealand Dollar	-	1,251	1,251	0.0
Peruvian Nuevo Sol	1,440	-	1,440	0.1
Russian Ruble	3,637	861	4,498	0.2
Swedish Krona	-	704	704	0.0
Turkish Lira	4,445	-	4,445	0.2
Ugandan Shilling	1,907	-	1,907	0.1
Uruguayan Peso	7,767	-	7,767	0.3
South African Rand	5,882	-	5,882	0.2
Total	$ 174,582	$ 14,380	$ 188,962	7.4 %

The table above excludes investments and cash held by the Pool that are denominated in U.S. dollars. The market value of the U.S. dollar denominated investments and cash is $2,346,267. This represents approximately 93.0% of the value of the Pool's investments and cash.

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 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)

	2018			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Corporate asset backed issues	$ -	$ 36,072	$ -	$ 36,072
Corporate ABS residual	-	5,487	-	5,487
Corporate CMO	-	71,666	-	71,666
Corporate preferred security	10,886	-	-	10,886
Foreign asset backed issues	-	19,588	-	19,588
Foreign corporate bonds	-	296,352	-	296,352
Foreign currency forward contracts	-	4,057	-	4,057
Foreign equity investments	14	-	-	14
Foreign government bonds	-	263,976	-	263,976
Future contracts	1,631	-	-	1,631
Money market mutual fund	33,322	-	-	33,322
Municipal bonds	-	44,629	-	44,629
Options contracts purchased	1,887	6,106	-	7,993
Repurchase agreement	-	10,000	-	10,000
Securities lending collateral	-	152,808	-	152,808
Swaps	-	1,599	-	1,599
U.S. corporate bonds	-	401,582	-	401,582
U.S. Government agency bond	-	2,721	-	2,721
U.S. Government agency CMO	-	51,608	-	51,608
U.S. Government agency CMO interest-only	-	5,664	-	5,664
U.S. Government agency MBS	-	326,082	-	326,082
U.S. Government agency TBAs	-	8,974	-	8,974
U.S. Treasury bonds	-	407,697	-	407,697
U.S. Treasury inflation protected securities	-	17,786	-	17,786
Total	$ 47,740	$ 2,134,454	$ -	2,182,194
Commingled debt funds				304,379
Total				$ 2,486,573

Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Foreign currency forward contracts	$ -	$ (642)	$ -	$ (642)
Future contracts	(5,673)	-	-	(5,673)
Options contracts written	(2,363)	(18)	-	(2,381)
Security sold short	-	(489)	-	(489)
Swaps	-	(7,413)	-	(7,413)
Total	$ (8,036)	$ (8,562)	$ -	$ (16,598)

The Pool's investments in commingled debt funds were measured at the NAV as of June 30, 2018. 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.

(in thousands)

Assets	2017 Level 1	Level 2	Level 3	Total
Common stock	$ 14	$ -	$ -	$ 14
Corporate asset backed issues	-	32,078	-	32,078
Corporate ABS residual	-	5,034	-	5,034
Corporate CMO	-	46,766	-	46,766
Corporate preferred security	10,436	-	-	10,436
Foreign asset backed issues	-	17,436	-	17,436
Foreign corporate bonds	-	285,298	-	285,298
Foreign currency forward contracts	-	911	-	911
Foreign government bonds	-	244,812	-	244,812
Future contracts	7,290	-	-	7,290
Investments made with cash collateral for securities loaned	-	202,650	-	202,650
Money market mutual fund	63,965	-	-	63,965
Municipal bonds	-	47,351	-	47,351
Options contracts purchased	2,098	-	-	2,098
Swaps	-	6,482	-	6,482
U.S. corporate bonds	-	460,676	-	460,676
U.S. Government agency bond	-	11,630	-	11,630
U.S. Government agency CMO	-	51,865	-	51,865
U.S. Government agency CMO interest-only	-	3,796	-	3,796
U.S. Government agency MBS	-	289,155	-	289,155
U.S. Government agency TBAs	-	17,294	-	17,294
U.S. Treasury bonds	-	361,886	-	361,886
U.S. Treasury inflation protected securities	-	42,269	-	42,269
Total	$ 83,803	$ 2,127,389	$ -	2,211,192
Investments in other funds				319,061
Total				$ 2,530,253

Liabilities	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	$ -	$ (794)	$ -	$ (794)
Future contracts	(1,236)	-	-	(1,236)
Options contracts written	(538)	-	-	(538)
Swaps	-	(1,483)	-	(1,483)
Total	$ (1,774)	$ (2,277)	$ -	$ (4,051)

Redemption Provisions
The Pool is restricted to the following redemption provisions: daily.

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.

BRIM's amount invested in the Core Fixed Income Pool of $15,310 and $15,140 at June 30, 2018 and 2017, respectively, and represented approximately 1.5% and 1.5%, respectively, of total investments in this Pool.

(in thousands)

Credit Risk and Interest Rate 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, and Fitch, and reports the rating indicative of the greatest degree of risk. The money market mutual fund has the highest credit rating.

The following table provides credit ratings for the Pool's fixed income investments as of June 30, 2018.

Rating	Fair Value
AAA	$ 54,135
AA	609,075
A	129,011
BBB	169,116
BB	10,953
B	1,877
CCC	1,091
C	4
D	193
Withdrawn	325
Not rated	51,231
Total fixed income investments	$ 1,027,011

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, and Fitch, and reports the rating indicative of the greatest degree of risk.

The following table provides credit ratings of the Pool's securities lending collateral investments as of June 30, 2018.

Rating	Fair Value
AAA	$ 20,620
AA	2,218
A	2,316
BBB	3,162
Not applicable	48,528
Total securities lending collateral	$ 76,844

(in thousands)

The following table provides credit ratings of the Pool's various asset types as of June 30, 2017.

	2017			
Investment Type	**Moody's**	**S&P**	**Fair Value**	**Percent of Total Investment**
Corporate asset backed issues	Aa	A	$ 102,422	9.3 %
Corporate CMO	A	A	41,600	3.8
Corporate CMO interest-only	B	NR	599	0.1
Corporate CMO principal-only	NR	AA	129	0.0
Foreign asset backed issues	Aaa	AAA	3,446	0.3
Foreign corporate bonds	A	A	52,706	4.8
Foreign government bonds	Aa	A	7,218	0.7
Money market mutual fund	Aaa	AAA	18,950	1.7
Municipal bonds	Aa	AA	9,013	0.8
Repurchase agreements	Aaa	AA	60,406	5.5
Time deposits	P-1	A-1	41,738	3.8
U.S. corporate bonds	A	A	226,894	20.7
U.S. Government agency bonds	Aaa	AA	22,596	2.1
U.S. Government agency CMO	Aaa	AA	114,552	10.5
U.S. Government agency CMO interest-only	Aaa	AA	3,635	0.3
U.S. Government agency CMO principal-only	Aaa	AA	7,159	0.7
U.S. Government agency MBS	Aaa	AA	166,711	15.2
U.S. Treasury bonds	Aaa	AA	215,469	19.7
U.S. Treasury inflation protected security	Aaa	AA	432	0.0
Total Investments			$ 1,095,675	100.0 %

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, 2018, the money market mutual fund has a weighted average maturity (WAM) of 39 days. The WAM for securities lending collateral investments is not to exceed 90 days. As of June 30, 2018, the WAM for securities lending collateral was 2 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, 2018 and 2017, the Pool held $469,549 and $440,253, respectively, of these securities. This represents approximately 46.0% and 40.0%, respectively, of the value of the Pool's securities.

(in thousands)

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

	2018		2017	
Investment Type	**Fair Value**	**Effective Duration (Years)**	**Fair Value**	**Effective Duration (Years)**
Corporate asset backed issues	**$ 137,199**	**2.0**	$ 102,422	2.5
Corporate CMO	**39,165**	**3.2**	41,600	2.6
Corporate CMO interest-only	**396**	**(6.5)**	599	(11.6)
Corporate CMO principal-only	**107**	**3.3**	129	6.8
Foreign asset backed issues	**3,499**	**3.6**	3,446	2.5
Foreign corporate bonds	**64,249**	**5.4**	52,706	5.3
Foreign government bonds	**5,887**	**8.2**	7,218	8.5
Money market mutual funds	**-**	**-**	18,950	N/A
Municipal bonds	**9,007**	**12.9**	9,013	13.6
Repurchase agreements	**-**	**-**	60,406	0.0
Time deposits	**-**	**-**	41,738	0.0
U.S. corporate bonds	**205,614**	**6.5**	226,894	6.1
U.S. Government agency bonds	**18,746**	**2.2**	22,596	2.8
U.S. Government agency CMO	**104,772**	**4.3**	114,552	3.8
U.S. Government agency CMO interest-only	**2,337**	**15.8**	3,635	11.2
U.S. Government agency CMO principal only	**5,683**	**6.7**	7,159	6.8
U.S. Government agency MBS	**176,391**	**4.3**	166,711	4.2
U.S. Treasury bonds	**253,524**	**8.8**	215,469	9.0
U.S. Treasury inflation protected security	**435**	**2.2**	432	3.3
Total	**$ 1,027,011**		$ 1,095,675	5.0

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, 2018 and 2017, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

Custodial Credit Risk
At June 30, 2018 and 2017, 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. 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.

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

(in thousands)

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:

	2018			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Corporate asset backed issues	**$ -**	**$ 137,199**	**$ -**	**$ 137,199**
Corporate CMO	**-**	**39,165**	**-**	**39,165**
Corporate CMO interest - only	**-**	**396**	**-**	**396**
Corporate CMO principal - only	**-**	**107**	**-**	**107**
Foreign assets backed issues	**-**	**3,499**	**-**	**3,499**
Foreign corporate bonds	**-**	**64,249**	**-**	**64,249**
Foreign government bonds	**-**	**5,887**	**-**	**5,887**
Money market mutual fund	**17,736**	**-**	**-**	**17,736**
Municipal bonds	**-**	**9,007**	**-**	**9,007**
Securities lending collateral	-	**76,844**	-	**76,844**
U.S. corporate bonds	**-**	**205,614**	**-**	**205,614**
U.S. Government agency bond	**-**	**18,746**	**-**	**18,746**
U.S. Government agency CMO	**-**	**104,772**	**-**	**104,772**
U.S. Government agency CMO interest-only	**-**	**2,337**	**-**	**2,337**
U.S. Government agency CMO principal-only	**-**	**5,683**	**-**	**5,683**
U.S. Government agency MBS	**-**	**176,391**	**-**	**176,391**
U.S. Treasury bonds	**-**	**253,524**	**-**	**253,524**
U.S. Treasury inflation protected securities	**-**	**435**	**-**	**435**
Total	**$ 17,736**	**$ 1,103,855**	**$ -**	**$ 1,121,591**

	2017			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Corporate asset backed issues	$ -	$ 102,422	$ -	$ 102,422
Corporate CMO	-	41,600	-	41,600
Corporate CMO interest - only	-	599	-	599
Corporate CMO principal - only	-	129	-	129
Foreign assets backed issues	-	3,446	-	3,446
Foreign corporate bonds	-	52,706	-	52,706
Foreign government bonds	-	7,218	-	7,218
Investments made with cash collateral for securities loaned	-	102,144	-	102,144
Money market mutual fund	18,950	-	-	18,950
Municipal bonds	-	9,013	-	9,013
U.S. corporate bonds	-	226,894	-	226,894
U.S. Government agency bond	-	22,596	-	22,596
U.S. Government agency CMO	-	114,552	-	114,552
U.S. Government agency CMO interest-only	-	3,635	-	3,635
U.S. Government agency CMO principal-only	-	7,159	-	7,159
U.S. Government agency MBS	-	166,711	-	166,711
U.S. Treasury bonds	-	215,469	-	215,469
U.S. Treasury inflation protected securities	-	432	-	432
Total	$ 18,950	$ 1,076,725	$ -	$ 1,095,675

(in thousands)

HEDGE FUND POOL

This Pool was established to hold the WVIMB's investments in hedge funds. 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 Funds Composite Index plus 100 basis points. The second benchmark is the Citigroup 90-Day Treasury Bill Index plus 400 basis points. Albourne America, LLC has been retained by the WVIMB to provide consulting services for this investment strategy.

BRIM's amount invested in the Hedge Fund Pool of $33,820 and $27,778 at June 30, 2018 and 2017, respectively, represented approximately 1.5% and 1.5%, respectively, of total investments in this Pool.

The Pool holds shares in hedge funds and shares of money market fund with the highest credit rating. As of June 30, 2018, the money market mutual fund has the highest credit rating and has a weighted average maturity of 39 days. 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, 2018 and 2017, the Pool was in compliance with this restriction and is not exposed to 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 for the year ended June 30, 2018 and 2017. The majority of the Pool's investments in hedge funds were valued using the net asset value (NAV) per share; as such, they have not been categorized in the fair value hierarchy for 2018 and 2017.

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

	2018			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Money market mutual fund	**$ 52,364**	**$ -**	**$ -**	**$ 52,364**
Hedge funds				**2,078,624**
Total				**$ 2,130,988**

	2017			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Money market mutual fund	$ 22	$ -	$ -	$ 22
Hedge funds				1,809,889
Total				$ 1,809,911

(in thousands)

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

	2018		
Hedge Fund Strategies	**Fair Value**	**Redemption Frequency**	**Redemption Notice Period**
Directional [(a)]	**$ 222,419**	**Mthly/Qtly**	**3 to 30 days**
Equity long/short [(b)]	**277,653**	**Mthly/Qtly/Every 3 yrs**	**30 to 60 days**
Event-driven [(c)]	**46,183**	**Qtly**	**65 days**
Long-biased [(d)]	**60,818**	**Mthly**	**90 days**
Multi-strategy [(e)]	**1,198,457**	**Mthly/Qtly/Annually**	**3 to 95 days**
Relative-value [(f)]	**273,094**	**Mthly**	**45 to 60 days**
Total investments measured at the NAV	**$ 2,078,624**		

	2017			
Hedge Fund Strategies	**Fair Value**	**Number of Funds**	**Redemption Frequency**	**Redemption Notice Period**
Directional [(a)]	$ 173,459	3	Mthly/Qtly	3 to 30 days
Equity long/short [(b)]	235,206	3	Mthly/Qtly/Every 3 yrs	30 to 60 days
Event-driven [(c)]	44,907	1	Qtly	65 days
Long-biased [(d)]	49,427	1	Mthly	90 days
Multi-strategy [(e)]	1,165,427	16	Mthly/Qtly/Annually	3 to 95 days
Relative-value [(f)]	141,463	2	Mthly	45 to 60 days
Total investments measured at the NAV	$ 1,809,889			

[(a)] Directional strategies employ various techniques to forecast the direction of segments of the market and then invest in ether long or short positions to take advantage of that. 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.

[(b)] An equity long/short strategy is an investing strategy, used primarily by hedge funds, that 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. Investments representing approximately 62% of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.

[(c)] Event-driven managers 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 sensitivities to equity markets, credit markets and company-specific developments. The sole fund in this investment strategy is subject to maximum withdrawal restrictions.

[(d)] 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.

(in thousands)

(e) 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 48% in 2018 and 62% in 2017 of the fair value of the investments in this strategy are subject to maximum withdrawal restrictions.

(f) Relative-value managers 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 36% in 2018 of the fair value of the instruments in this strategy are subject to maximum withdrawal restrictions.

TREASURY INFLATION PROTECTION SECURITIES (TIPS)

The Pool's objective is to match the performance of the Bloomberg Barclays U.S. Treasury Inflation Protection Index on an annualized basis over rolling three-year 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 the 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.

BRIM's amount invested in the TIPS Pool of $15,381 and $13,776 at June 30, 2018 and 2017, respectively, represented approximately 3.9% and 4.2% respectively, of total investments in this pool.

Credit Risk and Interest Rate 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. This 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 a 1 percent change in interest rates. As of June 30, 2018, the fund had an effective duration of 7.66 years. The following table provides the weighted average credit ratings and weighted average real modified duration as of June 30, 2017:

	2017			
Investment Type	**Moody's**	**S&P**	**Fair Value**	**Percent of Assets**
Money market mutual fund	Aaa	AAA	$ 128	0.0 %
Repurchase agreements	Aaa	AA	6,314	1.9
Time deposits	A-1	P-1	4,363	1.3
U.S. Treasury inflation-protected securities	Aaa	AA	326,866	96.8
Total rated investments			$ 337,671	100.0 %

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, 2018 and 2017, the Pool was in compliance with this restriction and is not exposed to concentration of credit risk.

(in thousands)

Custodial Credit Risk
At June 30, 2018 and 2017, 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. 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.

Foreign Currency Risk
None of the securities held by the Pool are exposed to 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:

	2018			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Commingled bond fund	**$ 391,265**	**$ -**	**$ -**	**$ 391,265**

	2017			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments made with cash collateral for securities loaned	$ -	$ 10,677	$ -	$ 10,677
Money market mutual fund	128	-	-	128
U.S. Treasury inflation-protected securities	-	326,866	-	326,866
Total	$ 128	$ 337,543	$ -	$ 337,671

Advanced deposits

INSURANCE COMPANY AND TRUSTEE

BRIM deposits monies with BNY, as trustee, to hold as advance deposits in an escrow account for BRIM liability claims. The monies held in escrow are invested in specific money market funds and short-term guaranteed or investment-grade fixed income securities that are identified as "qualified assets" in the escrow agreement. The BNY advance deposit balance at June 30, 2018 and 2017 of $201,377 and $193,352, respectively, are presented net of amounts due to AIG for claims funding. At June 30, 2018 and 2017, amounts payable to AIG were $2,917 and $2,364, respectively.

(in thousands)

The following table provides information on the weighted-average credit ratings of the cash liquidity pool's investments as of June 30:

	2018				2017			
Security Type	Moody's	S&P	Fair Value	Percent of Assets	Moody's	S&P	Fair Value	Percent of Assets
Corporate bonds and notes	Aa1	AA+	$ 1,009	0.50%	Aa1	AA+	$ 958	0.50 %
	Aa2	AA-	1,987	0.98	Aa2	AA-	964	0.50
	Aa2	AA-	-	0.00	Aa3	AA-	1,354	0.70
	Aa3	A+	2,011	0.99	Aa3	A+	-	0.00
	Aaa	AA+	-	0.00	Aaa	AA+	-	0.00
	Aaa	AAA	3,032	1.49	Aaa	AAA	1,903	0.94
			8,039	3.95			5,179	2.64
U.S. Treasury bonds and notes	Aaa	NR	182,423	89.71	Aaa	NR	171,906	88.10
	NR	NR	813	0.40	NR	NR	6,695	3.44
U.S. Agency-debenture	NR	NR	11,269	5.54	NR	NR	10,732	5.50
Money market funds	NR	NR	795	0.39	NR	NR	628	0.32
Total rated investments			$ 203,339	100.00%			$ 195,140	100.00 %

Concentration of Credit Risk
As per the Investment Guidelines, at the time of purchase, no more than 4.9% of its advance deposit assets can be held in securities issued by a single private corporation or association.

Custodial Credit Risk
At June 30, 2018 and 2017, advanced deposits include no securities that were subject to custodial credit risk.

Interest Rate Risk
The following table provides the WAM for the various asset types in the advanced deposits as of June 30:

	2018		2017	
Investment Type	Fair Value	WAM Years	Fair Value	WAM Years
Corporate bonds and notes	$ 7,045	5.3	$ 5,179	5.3
U.S. Treasury bonds	184,230	3.9	178,601	3.8
U.S. Agency debenture	11,269	1.3	10,732	2.3
Money market funds	795	-	628	-
Total rated investments	$ 203,339		$ 195,140	

Foreign Currency Risk
None of the advanced deposits includes interest holds in foreign currency or interests valued in foreign currency.

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

	2018			
Assets	Level 1	Level 2	Level 3	Total
Corporate bonds and notes	$ 7,045	$ -	$ -	$ -
U.S. Treasury bonds	184,230	-	-	-
U.S. Agency debenture	11,269	-	-	-
Money market funds	795	-	-	-
Total	$ 203,339	$ -	$ -	$ -

(in thousands)

Assets	2017 Level 1	2017 Level 2	2017 Level 3	2017 Total
Corporate bonds and notes	$ 5,179	$ -	$ -	$ 5,179
U.S. Treasury bonds	178,601	-	-	178,601
U.S. Agency debenture	10,732	-	-	10,732
Money market funds	628	-	-	628
Total	$ 195,140	$ -	$ -	$ 195,140

The fair value tables above do not include cash and cash equivalents at June 30, 2018 and 2017 of $955 and $576, respectively.

5. Unpaid Claims and Claims Adjustment Expense Liability

BRIM establishes an estimated liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claims adjustment expenses. The following represents changes in the estimated liability for the fiscal and policy years ended June 30:

	2018	2017
Unpaid claims and claims adjustment expense liability at beginning of year	**$ 164,919**	$ 168,435
Incurred claims and claims adjustment expense:		
Provision for insured events of the current year	**72,033**	70,705
(Decrease) increase in provision for insured events of prior years	**(14,640)**	(11,556)
Total incurred claims and claims adjustment expense	**57,393**	59,149
Payments:		
Claims and claims adjustment expense attributable to insured events of the current year	**(11,846)**	(11,922)
Claims and claims adjustment expense attributable to insured events of prior years	**(43,465)**	(50,743)
Total payments	**(55,311)**	(62,665)
Total unpaid claims and claims adjustment expense liability at end of year	**$ 167,001**	$ 164,919

If the unpaid claims and claims adjustment expense liability were discounted using a 4% discount factor for 2018 and 2017 to take into consideration the time value of money, the result would be a decrease in the liability and an increase in net position of approximately $13,821 and $14,419 for fiscal years 2018 and 2017, respectively. The overall unpaid claim liability number includes a provision for allocated and unallocated claims adjustment expense.

6. Pension Plan

Plan description

All full-time BRIM employees are eligible to participate in 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, of 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 ten years of service or at lease age 55 with age and service equal to 80 or greater. 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 fifteen 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 11%, 12% and 13.5% for the years ended June 30, 2018, 2017 and 2016, respectively. As permitted by legislation, BRIM has elected to pay 100% of all costs relating to the Plan, including the employee's 4.5% contribution for employees hired on or before February 6, 2012. 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%. BRIM's contributions to the Plan were $138, $123 and $149 for the fiscal years ended June 30, 2018, 2017 and 2016, respectively.

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

The West Virginia Consolidated Public Retirement Board (WVCPRB) administers this cost-sharing multiple-employer plan. At June 30, 2018 and 2017, BRIM reported a liability of $331 and $766 for its proportionate share of the net pension liability. The net pension liability reported at June 30, 2018 was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, rolled forward to the measurement date of June 30, 2017. BRIM's proportion of the net pension liability was based on BRIM's share of contributions to the pension plan relative to the contributions of all employers participating in PERS for the year ended June 30, 2017. At June 30, 2018, BRIM's proportionate share was 0.0767%, which was a decrease of 0.0066% from its proportionate share as of June 30, 2017.

(in thousands)

For the years ended June 30, 2018 and 2017, BRIM recognized pension expense of $17 and $84, respectively. At June 30, 2018 and 2017, BRIM reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2018		2017	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Net difference between projected and actual earnings on pension plan investments	**$ -**	**$ 80**	$ 241	$ -
Differences between expected and actual experience	**29**	**-**	64	-
Difference in assumptions	**-**	**17**	-	37
Changes in proportion and differences between BRIM's contributions and proportionate share of contributions	**271**	**232**	30	-
BRIM's contributions made subsequent to the measurement date of June 30, 2017 and 2016	**138**	**-**	123	-
Total	**$ 438**	**$ 329**	$ 458	$ 37

Employer contributions to 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. 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 ending June 30:	
2019	$ (11)
2020	$ 42
2021	$ 9
2022	$ (69)

Actuarial assumptions and methods

The total pension liability in the actuarial valuations was determined using the following actuarial assumptions:

	2018	2017
Inflation	**1.9%**	3.0%
Salary increase	**3.0-6.0%, avg., including inflation**	3.0-6.0%, avg., including inflation
Investment rate of return	**7.5%, net of pension plan investment expense**	7.5%, net of pension plan investment expense

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, 2009 through June 30, 2014.

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, 2017 and 2016 are summarized below:

Asset Class	Long-Term Expected Rate of Return
Domestic equity	7.0%
International equity	7.7%
Core fixed income	2.7%
High-yield fixed income	5.5%
TIPS	2.7%
Real estate	7.0%
Private equity	9.4%
Hedge funds	4.7%

Discount rate

The discount rate used to measure the total pension liability was 7.5% for both valuations. The projection of cash flows used to determine the discount rate assumed that State contributions will continue to follow the current funding policy. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current system members. Therefore, the long-term expected rate of return on system investments was applied to all periods of projected benefit payments to determine the total pension liability. In the event of benefit payments that are not covered by the system's fiduciary net position, a municipal bond rate of 3.13% at June 30, 2017 and 2.71% at June 30, 2016 is to be used to discount the benefit payments not covered by the system's fiduciary net position. The municipal bond rate equals the S&P Municipal Bond 20 Year High Grade Index at the measurement date.

Sensitivity of BRIM'S proportionate share of the net pension liability to changes in the discount rate

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
BRIM's proportionate share of net pension liability	$ 916	$ 331	(164)

7. Other Post-Employment Benefits

Plan description

BRIM participates in the West Virginia Other Postemployment Benefit Plan (the Plan) is a cost-sharing, multiple employer, defined benefit other post-employment 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 West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by 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 43,000 policyholders and 63,000 covered lives at June 30, 2017.

BRIM currently has approximately 22 employees eligible to receive RHBT benefits.

Active employees who retire are eligible for 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 Public Employees Insurance Agency (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 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 PEIA, that the employer will pay to 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 that 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 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 RHBT this premium at the established rate for every active policyholder per month. Paygo rates were $135 for January 2017 through June 2017, $196 for the period July 2016 through December 2016, and $163 for the period July 2015 through June 2016. Other contributions such as retiree leave conversion differ by agency and are only recorded as utilized by plan participants. BRIM's contributions to RHBT were $44, $43 and $41 for the fiscal years ended June 30, 2018, 2017 and 2016, 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.

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

Effective July 1, 2017, BRIM 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.*

At June 30, 2018, BRIM reported a liability of $512 for its proportionate share of the net OPEB liability. The net pension liability reported at June 30, 2018 was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to the measurement date of June 30, 2017. BRIM's proportion of the net OPEB liability was based on BRIM's share of contributions to the OPEB plan relative to the contributions of all employers participating in RHBT for the year ended June 30, 2017. At June 30, 2018, BRIM's proportionate share was 0.0208%, which was a decrease of 0.0032% from its proportionate share as of June 30, 2017.

(in thousands)

For the year ended June 30, 2018, BRIM recognized OPEB expense of $30 At June 30, 2018, BRIM reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2018	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Net difference between expected and actual earnings on OPEB plan investments	$ -	$ 8
Differences between expected and actual experience	-	1
Changes in proportion and differences between BRIM's contributions and proportionate share of contributions	-	64
BRIM's contributions made subsequent to the measurement date of June 30, 2017	44	-
Total	$ 44	$ 73

Employer contributions to 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 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 4.7140 years.

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 ending June 30:	
2019	$ 19
2020	$ 19
2021	$ 19
2022	$ 16

Actuarial assumptions

The net OPEB liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	Dependent upon pension system ranging from 3.00% to 6.50%, including inflation
Investment rate of return	7.15%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.50% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend of 4.50%. Excess trend rate

(in thousands)

	of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll over a 21 year closed period
Remaining amortization period	21 years closed as of June 30, 2016

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2000 Healthy Annuitant Mortality Table projected to 2025 with scale BB for Troopers A and B. Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2000 Non-Annuitant Mortality Table projected to 2020 with Scale BB for Troopers A and B.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 − June 30, 2015.

The long-term expected rate of return of 7.15% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.50% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 3.0% for assets invested with the West Virginia Board of Treasury Investments.

Long-term pre-funding assets are invested with the WVIMB. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge fund and 10% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the WVBTI.

The long-term rates of return on OPEB plan investments are determined using a building block method in which estimates of expected future real rates of return (expected returns, net of OPEB 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 weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of long-term geometric rates are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Large Cap Domestic	17.0%
Non-Large Cap Domestic	22.0%
International Qualified	24.6%
International Non-Qualified	24.3%
International Equity	26.2%
Short-Term Fixed	0.5%
Total Return Fixed Income	6.7%
Core Fixed Income	0.1%
Hedge Fund	5.7%
Private Equity	19.6%
Real Estate	8.3%
Opportunistic Income	4.8%
Cash	0.0%

Discount rate

The discount rate used to measure the OPEB liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that RHBT contributions would be made at rates equal to the actuarially determined contribution rates, in accordance with prefunding and investment policies. 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.

(in thousands)

Sensitivity of BRIM'S proportionate share of the net OPEB liability to changes in the discount rate

The following presents BRIM's proportionate share of the net OPEB liability calculated using the discount rate of 7.15%, as well as what BRIM'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%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
BRIM's proportionate share of net OPEB liability	$ 596	$ 512	442

8. Lease Arrangement

In December 2011, the State renewed the lease arrangement on behalf of BRIM for office space occupied by BRIM with a monthly lease payment of $15 and a term beginning on January 1, 2012 and ending on December 31, 2016. On October 1, 2016, BRIM entered into a lease with the West Virginia Department of Administration for 13,364 square feet at the Albert Summers building located at 1124 Smith Street, Charleston, WV for an annual rental of $222. This lease expires on August 31, 2019.

Operating lease expense approximated $222 and $201 for the years ended June 30, 2018 and 2017, respectively, relating to these arrangements. Future minimum lease payments under these operating lease arrangements are as follows for years ending June 30:

2019	$ 222
2020	$ 37

9. Transactions With Primary Government and Component Units

Premium revenues derived from billings to State entities, which are funded by special revenue funds and component units of the primary government, approximated $45,516 and $41,304 for the years ended June 30, 2018 and 2017, respectively.

BRIM is required by Senate Bill 1002 to remit amounts equal to the gross premium tax attributable to premiums collected by BRIM. These amounts are to be placed in a separate account known as "the Premium Tax Savings Fund" (the Fund) maintained by the State Treasurer. The balance in this fund was $6,149 and $2,990 at June 30, 2018 and 2017, respectively. The Fund is not included in BRIM's financial statements, but is included in the general fund of the State.

10. Reinsurance *(Amounts Referenced in this Note Related to Insurance Coverages are Actual Dollars)*

BRIM has entered into two reinsurance agreements for excess coverage with unrelated insurance companies wherein the company assumes the liability over BRIM's limit for a ceded premium. BRIM obtains an excess policy from the commercial market, which gives boards of education a liability limit of up to $5 million in excess of BRIM's $1 million self-insured limit. BRIM also purchases an excess policy on all State and SB3 insured property over and above BRIM's $1 million self-insured limit. These reinsurance agreements have been accounted for as a transfer of risk in the accompanying financial statements; however, BRIM is not relieved of its primary obligation to the insureds in the reinsurance transaction. BRIM had $160 reinsurance recoveries for the fiscal year ended June 30, 2018, and $1,736 for the fiscal year ended June 30, 2017.

11. Risk Management *(Amounts Referenced in this Note Related to Insurance Coverages are Actual Dollars)*

BRIM is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to and illnesses of employees; medical liabilities; and natural disasters.

BRIM is a participant in the self-insured public entity risk pool it administers. Coverage is in the amount of $1 million per occurrence for general liability and property damage. Health insurance coverage for BRIM's employees is obtained through its participation in health insurance coverage offered by the West Virginia Public Employees Insurance Agency (PEIA). 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 and retired employees of the State and various related State and non-State agencies. BRIM has coverage for job-related injuries through a statewide workers' compensation policy with a third-party insurer.

There have been no significant reductions in insurance coverage from the prior year. Additionally, the amount of settlements has not exceeded insurance coverage in the past three years.

Required Supplementary Information
(in thousands)

West Virginia Board of Risk and Insurance Management
Ten-Year Claims Development Information
Fiscal and Policy Year Ended June 30
(in thousands)

The table below illustrates how BRIM's earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by BRIM as of the end of each of the last ten years. The rows of the table are defined as follows: (1) This line shows the total of each fiscal year's premium revenues and investment revenues. (2) This line shows each fiscal year's other operating costs of BRIM including overhead and unallocated claims expense not allocable to individual claims. (3) This line shows BRIM's incurred claims and claims adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year). (4) This section of rows shows the cumulative amounts paid as of the end of successive years for each policy year. (5) This line shows the latest reestimated amount of losses assumed by reinsurers for each year. (6) This section of rows shows how each policy year's incurred claims increased or decreased as of the end of successive years. This annual reestimation 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 reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1) Premiums and investment revenues:										
Earned	$ 69,739	$ 83,088	$ 71,320	$ 64,361	$ 54,969	$ 69,172	$ 63,037	$ 72,706	$ 81,209	**$ 85,663**
Ceded	5,944	6,257	6,075	5,386	5,825	6,102	6,197	6,909	6,681	**6,518**
Net earned	63,795	76,831	65,245	58,975	49,144	63,070	56,840	65,797	74,528	**79,145**
2) Unallocated expenses, including administrative fees paid to third-party claims administrators	7,840	8,043	7,867	7,562	7,240	7,888	7,653	7,911	8,290	**8,507**
3) Estimated incurred claims and claims adjustment expense, end of policy year:										
Incurred	56,194	51,388	53,728	60,176	57,276	58,389	62,342	66,740	70,705	**72,629**
Ceded	300	-	-	2,312	-	-	-	-	-	**596**
Net incurred	55,894	51,388	53,728	57,864	57,276	58,389	62,342	66,740	70,705	**72,033**
4) Paid (cumulative) claims and claims adjustment expense as of:										
End of policy year	9,753	9,965	10,757	10,156	10,870	10,560	11,146	12,863	11,922	**11,846**
One year later	19,069	17,009	18,034	20,830	18,936	19,965	24,010	23,494	23,067	
Two years later	25,457	25,606	26,398	30,577	30,649	29,077	34,801	34,585		
Three years later	32,126	32,612	34,305	43,021	40,132	45,059	43,864			
Four years later	36,501	38,174	39,497	48,351	48,853	51,231				
Five years later	39,349	39,821	42,538	51,004	52,093					
Six years later	42,577	40,798	43,031	53,155						
Seven years later	44,018	41,554	43,383							
Eight years later	44,719	41,774								
Nine years later	44,838									
5) Reestimated ceded claims and expenses	300	-	-	248	-	-	-	2,782	-	**596**
6) Reestimated net incurred claims and allocated claims adjustment expense:										
End of policy year	55,894	51,388	53,728	57,864	57,276	58,389	62,342	66,740	70,705	**72,033**
One year later	48,432	46,571	52,844	58,812	56,883	57,772	65,545	64,655	65,589	
Two years later	46,176	47,102	50,289	61,106	63,767	61,216	62,727	62,537		
Three years later	45,328	46,116	48,480	62,460	61,150	61,249	59,235			
Four years later	44,112	44,171	47,980	57,109	58,836	59,741				
Five years later	46,551	43,567	46,321	56,003	58,016					
Six years later	45,424	42,762	44,680	56,093						
Seven years later	45,940	43,117	43,910							
Eight years later	45,498	42,302								
Nine years later	45,458									
7) (Decrease) increase in estimated net incurred claims and allocated claims adjustment expense from end of policy year	(11,788)	(13,592)	(7,478)	2,365	152	2,465	846	195	(5,116)	**-**

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 the change in net position as determined on a contract-year basis will differ from those included in BRIM's fiscal year financial statements.

West Virginia Board of Risk and Insurance Management
Reconciliation of Unpaid Claims and Claims Adjustment Expense Liability by Type of Contract
Fiscal and Policy Year Ended June 30
(in thousands)

The table below presents the changes in unpaid claims and claims adjustment expense liability for BRIM's lines of business:

	2018				**2017**			
	Liability	**Property**	**Mine Subsidence**	**Total**	**Liability**	**Property**	**Mine Subsidence**	**Total**
Unpaid claims and claims adjustment expense liability at beginning of fiscal year	**$ 159,676**	**$ 4,225**	**$ 1,018**	**$ 164,919**	$ 161,623	$ 5,895	$ 917	$ 168,435
Incurred claims and claims adjustment expense:								
Provision for insured events of the current fiscal year	**65,237**	**5,623**	**1,173**	**72,033**	64,169	5,690	846	70,705
(Decrease) increase in provision for insured events of prior fiscal years	**(12,667)**	**(1,816)**	**(158)**	**(14,641)**	(11,892)	788	(452)	(11,556)
Total incurred claims and claims adjustment expense	**52,570**	**3,807**	**1,015**	**57,392**	52,277	6,478	394	59,149
Payments:								
Claims and claims adjustment expense attributable to insured events of the current fiscal year	**9,927**	**1,613**	**306**	**11,846**	9,258	2,480	184	11,922
Claims and claims adjustment expense attributable to insured events of the prior fiscal years	**42,124**	**907**	**433**	**43,464**	44,966	5,668	109	50,743
Total claims and claims adjustment expense payments	**52,051**	**2,520**	**739**	**55,310**	54,224	8,148	293	62,665
Total unpaid claims and claims adjustment expense liability at end of the fiscal year	**$ 160,195**	**$ 5,512**	**$ 1,294**	**$ 167,001**	$ 159,676	$ 4,225	$ 1,018	$ 164,919

West Virginia Board of Risk and Insurance Management
Schedule of Proportionate Share of the Net Pension Liability in PERS
Last Four Fiscal Years
(in thousands except percentages)

	2018	2017	2016	2015
BRIM's proportionate (percentage) of the net pension liability	**0.0767%**	0.0833%	0.0836%	0.0994%
BRIM's proportionate share of the net pension liability	**$ 331**	$ 766	$ 467	$ 367
BRIM's covered-employee payroll	**$ 1,013**	$ 1,100	$ 878	$ 962
BRIM's proportionate share of the net pension's liability as a percentage of its covered-employee payroll	**32.68%**	69.64%	53.19%	38.15%
Plan fiduciary net position as a percentage of the total pension liability *	**93.67%**	86.11%	91.29%	93.98%

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

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

West Virginia Board of Risk and Insurance Management
Schedule of Contributions to PERS
Last Six Fiscal Years
(in thousands except percentages)

	2018	2017	2016	2015	2014	2013
Statutorily required contribution	**$ 138**	$ 123	$ 149	$ 127	$ 133	$ 129
Contributions in relation to the statutorily required contribution	**(138)**	(123)	(149)	(127)	(133)	(129)
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	**$ 1,275**	$ 1,013	$ 1,100	$ 878	$ 962	$ 1,014
Contributions as a percentage of covered-employee payroll	**10.82%**	12.14%	13.55%	14.00%	14.50%	14.00%

Notes to Required Supplementary Information – Schedule of Proportionate Share of the Net Pension Liability in PERS and Schedule of Contributions to PERS

1. Trend Information Presented

The accompanying schedules of BRIM'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 age and service equal to 80 or greater.
- 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 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 fifteen 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.

(in thousands)

3. Changes in Assumptions

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

	2016	2015	2014
Projected salary increases:			
State	3.0 - 4.6%	3.0 - 4.6%	4.25 - 6.0%
Non-state	3.35 - 6.0%	3.35 - 6.0%	4.25 - 6.0%
Inflation rate	3.0%	1.90%	2.20%
Mortality rates	Healthy males -110% of 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 females - 107% of RP-2000 Disabled annuitant, Scale AA	Healthy males -110% of 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 females - 107% of RP-2000 Disabled annuitant, Scale AA	Healthy males -11983 GAM Healthy femailes-1971 GAM Disabled males-1971 GAM Disabled females-Revenue Ruling 96.7
Withdrawal rates:			
State	1.75 - 35.1%	1.75 - 35.1%	1 - 26%
Non-state	2 - 35.8%	2 - 35.8%	2 - 31.2%
Disability rates	0 - .675%	0 - .675%	0 - .8%

West Virginia Board of Risk and Insurance Management
Schedule of Proportionate Share of the Net OPEB Liability in RHBT
As of and for the Year Ended June 30, 2018
(in thousands except percentages)

		2018
BRIM's proportionate (percentage) of the net OPEB liability		**0.0208%**
BRIM's proportionate share of the net OPEB liability	**$**	**512**
BRIM's covered-employee payroll	**$**	**812**
BRIM's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		**63.05%**
Plan fiduciary net position as a percentage of the total OPEB liability *		**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 BRIM'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 Board of Risk and Insurance Management
Schedule of Contributions to RHBT
Last Three Fiscal Years
(in thousands except percentages)

	2018	2017	2016
Statutorily required contribution	**$ 44**	$ 43	$ 41
Contributions in relation to the statutorily required contribution	**(44)**	(43)	(41)
Contribution deficiency (excess)	**$ -**	$ -	$ -
Covered-employee payroll	**$ 905**	$ 812	$ 870
Contributions as a percentage of covered-employee payroll	**5%**	5%	5%

Note 1: The accompanying schedules of BRIM’s contributions to RHBT 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 Board of Risk and Insurance Management
Combining Statement of Net Position
June 30, 2018
(in thousands)

	Other Lines of Business	Mine Subsidence	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 26,926	$ -	$ 26,926
Advance deposits with carrier/trustee	201,377	-	201,377
Receivables, net	1,899	-	1,899
Prepaid insurance:			
Restricted cash and cash equivalents	-	13,668	13,668
Restricted receivables, net	-	878	878
Total current assets	230,202	14,546	244,748
Noncurrent assets:			
Investments	96,094	-	96,094
Restricted investments	-	55,494	55,494
Total non current assets	96,094	55,494	151,588
Total assets	326,296	70,040	396,336
DEFERRED OUTFLOWS OF RESOURCES			
Pension	438	-	438
Other post-employment benefits	44	-	44
Total deferred outflows of resources	482	-	482
LIABILITIES			
Current liabilities:			
Estimated unpaid claims and claims adjustment expense	49,651	802	50,453
Unearned revenue	8,168	1,854	10,022
Agent commissions payable	1,406	-	1,406
Accrued expenses and other liabilities	390	21	411
Total current liabilities	59,615	2,677	62,292
Noncurrent liabilities:			
Estimated claims and claims adjustment expense, noncurrent	116,056	492	116,548
Compensated absences	115	7	122
Net pension liability	331	-	331
Net other post-employment benefits	512	-	512
Total noncurrent liabilities	117,014	499	117,513
Total liabilities	176,629	3,176	179,805
DEFERRED INFLOWS OF RESOURCES			
Pension	329	-	329
Other post-employment benefits	73	-	73
Total deferred inflows of resources	402	-	402
NET POSITION			
Restricted	-	66,865	66,865
Unrestricted	149,747	-	149,747
Net position	$ 149,747	$ 66,865	$ 216,612

West Virginia Board of Risk and Insurance Management
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2018
(in thousands)

	Other Lines of Business	Mine Subsidence	Total
Operating revenues:			
Premiums	$ 74,822	$ 4,129	$ 78,951
Less excess coverage/reinsurance premiums	(6,518)	-	(6,518)
Total operating revenues	68,304	4,129	72,433
Operating expenses:			
Claims and claims adjustment expense	56,376	1,016	57,393
General and administrative expense	4,266	144	4,410
Total operating expenses	60,642	1,160	61,803
Operating income (loss)	7,662	2,969	10,630
Nonoperating revenues (loss):			
Investment income (loss)	3,876	2,836	6,712
Payment in accordance with SB 602	-	-	-
Net nonoperating revenues	3,876	2,836	6,712
Increase in net position	$ 11,538	$ 5,805	$ 17,342

See auditors' report on other financial information.

West Virginia Board of Risk and Insurance Management
Form 7 - Deposits Disclosure
June 30, 2018
(in thousands)

			Fair Value	
Cash with Treasurer			$ 1,397	(1)

(1) Agrees to audited statement of cash flows as follows:

Cash with Treasurer			$ 1,397	(2)
Cash equivalents with BTI			39,197	(2)
			$ 40,594	(3)

(2) Agrees to Form 8-A

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

Cash and cash equivalents	$	26,926
Restricted cash and cash equivalents		13,668
	$	40,594

West Virginia Board of Risk and Insurance Management
Form 8 - Investments Disclosure
June 30, 2018
(in thousands)

Investment Pool	Amount Unrestricted		Amount Restricted		Amount Reported		Fair Value
BTI and WVIMB Investment Pools:							
Cash liquidity	$ 25,772	[1]	$ 13,425	[1]	$ 39,197	[3]	$ 39,197
Long-term	96,094	[1]	55,494	[1]	151,588	[3]	151,588
Total investments	$ 121,866	[1]	$ 68,919	[1]	$ 190,785		$ 190,785

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

Investments with BTI and WVIMB	$ 121,866	[1]	$ 68,919	
Less investments classified as cash equivalents	25,772		13,425	
Total investments	$ 96,094	[2]	$ 55,494	[2]

[2] Agrees to audited statement of net position

[3] Agrees to Form 8-A

West Virginia Board of Risk and Insurance Management
Form 8-A - Deposits and Investments Disclosure
June 30, 2018
(in thousands)

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

Deposits:			
Cash and cash equivalents as reported:			
Noncurrent – restricted	$	13,668	(1)
Unrestricted		26,926	(1)
Total cash and cash equivalents		40,594	
Less investments disclosed as cash equivalents		39,197	(2)(3)
Fair value of deposits as disclosed on Form 7	$	1,397	(2)
Investments:			
Investments as reported:			
Noncurrent – restricted	$	55,494	(1)
Noncurrent – unrestricted		96,094	(1)
Total investments		151,588	
Add investments disclosed as cash equivalents		-	
Fair value of investments as disclosed on Form 8	$	151,588	(3)

(1) Agrees to audited statement of net position

(2) Agrees to Form 7

(3) Agrees to Form 8

West Virginia Board of Risk and Insurance Management
Form 9 - Schedule of Receivables (Other Than State Agencies)
June 30, 2018
(in thousands)

		Amount	
Accounts receivable (other than State agencies):			
Total accounts receivable as of June 30, 2018	$	2,777	(1)
Less allowance for doubtful accounts		-	(2)
Net receivable	$	2,777	

(1) Derived from the audited statement of net position as follows:

Receivables	$	1,899	(2)
Restricted receivables		878	(2)
	$	2,777	

(2) Agrees to the audited statement of net position

West Virginia Board of Risk and Insurance Management
Form 10 - Schedule of Accounts Receivable From Other State Agencies
June 30, 2018
(in thousands)

Receivable From	Amount
Accounts receivable from other State agencies	$ 5 (1)
(1) Premiums due from other State agencies	$ 5
Premiums due from other entities	1,894
Total receivables	$ 1,899 (2)

(2) Agrees to audited statement of net position

West Virginia Board of Risk and Insurance Management
Form 13 - Schedule of Changes in Long-Term Obligations - Compensated Absences
June 30, 2018
(in thousands)

Type of Debt	Final Maturity Date	Balance as Reported June 30, 2017	Payments	Other Changes	Balance June 30, 2018
Compensated absences – annual leave	Varies	$ 107		$ 15	**$ 122** [1]

[1] Agrees to audited statement of net position

DIXON HUGHES GOODMAN LLP

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

Board of Directors and Management
West Virginia Board of Risk and Insurance Management
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 Board of Risk and Insurance Management (BRIM), which comprise the statement of net position as of June 30, 2018, and the related statements of revenues, expenses and changes in position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 12, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered BRIM'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 BRIM's internal control. Accordingly, we do not express an opinion on the effectiveness of BRIM'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 BRIM'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 effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dixon Hughes Goodman LLP

Charleston, West Virginia
October 12, 2018

DHG