



JOINT COMMITTEE ON GOVERNMENT AND FINANCE

OCTOBER 2020

REPORTS SUMMARY

WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor



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

304-347-4870

October 26, 2020

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

- West Virginia Lottery as of September 30, 2020:
Gross profit year to date was \$123.2 million. Gross profit for fiscal year 2020 was \$126.1 million.
- West Virginia Unemployment Compensation Fund as of September 30, 2020:
Total disbursements were \$ 476.1 million higher than in fiscal year 2020. Overall ending trust fund balance was \$200 million lower on September 30, 2020 than on September 30, 2019.
- General Revenue Fund as of September 30, 2020
The general revenue collections ended the third month of fiscal year 2021 at 108% of the estimate for the year.
- State Road Fund as of September 30, 2020:
The state road fund collections ended the third month of fiscal year 2021 at 99% of the estimate for the year.

LOTTERY

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

MEMORANDUM

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

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

Date: October 23, 2020

Re: Review of West Virginia Lottery Financial Information
As of September 30, 2020

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for September 30, 2020, from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. The results are as follows:

Lottery Revenues:

Gross lottery revenues are receipts from on-line games, instant games, table games and video lottery. These gross receipts totaled \$278.9 million for July - September of fiscal year 2020-2021. Table games accounted for \$5.8 million of this total. Historic Resort Hotel video lottery accounted for \$2.3 million of total gross receipts. Gross lottery revenue has decreased by less than 1% when compared with July - September of fiscal year 2019-2020. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July - September was \$123.2 million; for July - September of last fiscal year it was \$126.1 million. Expressed as a percentage, gross profit is 2.3% lower for fiscal year 2021 than for fiscal year 2020.

Lottery continued

Operating Transfers to the State of West Virginia:

A total of \$118,520,000.00 has been accrued to the state of West Virginia for fiscal year 2020-2021. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. Amount owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.

A schedule of cash transfers follows:

State Lottery Fund:

Bureau of Senior Services	\$42,094,000.00
Community and Technical College	\$1,498,000.00
Department of Education	\$11,167,000.00
Library Commission	\$6,809,000.00
Higher Education-Policy Commission	\$4,296,000.00
Tourism	\$3,981,000.00
Department of Natural Resources	\$2,036,000.00
Division of Culture and History	\$2,434,000.00
General Revenue Fund	\$0.00
Economic Development Authority	\$2,998,000.00
School Building Authority	\$5,400,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$82,713,000.00

Lottery continued

Excess Lottery Fund

Economic Development Fund	\$6,305,000.00
Higher Education Improvement Fund	\$4,500,000.00
General Purpose Fund	\$11,351,000.00
Higher Education Improvement Fund	\$5,064,000.00
State Park Improvement Fund	\$263,000.00
School Building Authority	\$5,698,000.00
Refundable Credit	\$865,000.00
WV Racing Commission	\$349,000.00
WV DHHR	\$0.00
Teacher's Retirement Savings	\$0.00
Division of Human Services	\$17,000,000.00
WV Lottery Statutory Transfers	\$10,656,000.00
Economic Development Authority	\$1,317,000.00
General Revenue Fund	\$0.00
Office of Technology	\$0.00
Excess Lottery Surplus	\$0.00
WV Infrastructure Council Fund	\$8,784,000.00
Total State Excess Lottery Revenue Fund	\$72,152,000.00

Total Budgetary Distributions:	\$154,865,000.00
Veterans Instant Ticket Fund	\$134,000.00
Pension Plan	\$3,000.00
TOTAL TRANSFERS	*\$155,002,000.00

Lottery continued

* CASH BASIS

Total Accrued last FY 2020:	\$115,331,000.00
Total Cash Distributions FY 2021:	\$155,002,000.00
Applied to FY 2020:	\$115,331,000.00
Applied to FY 2021:	\$39,671,000.00
Accrued for FY 2021 as of September 30:	\$78,849,000.00

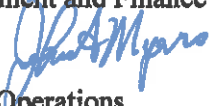


P.O. BOX 2067
CHARLESTON, WV 25327

JOHN A. MYERS
DIRECTOR

PHONE: 304.558.0500
wvlottery.com

MEMORANDUM

TO: Joint Committee on Government and Finance
FROM: John A. Myers, Director 
RE: Monthly Report on Lottery Operations
Month Ending September 30, 2020

DATE: October 15, 2020

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

Financial statements of the Lottery for the month ending September 30, 2020 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$91,303,095 for the month of September.

Transfers of lottery revenue totaling \$71,256,925 made for the month of September to the designated state agencies per Senate Bill 160, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 12 on pages 20 and 21 of the attached financial statements.

The number of traditional and limited retailers active as of September 30, 2020 was 1,507 and 1,216 respectively.

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

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

JAM
Attachment

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

WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

September 30, 2020

WEST VIRGINIA LOTTERY

TABLE OF CONTENTS

	Page
STATEMENT OF NET POSITION.....	3
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION.....	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 – 23
SCHEDULE OF NET REVENUES.....	24

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

ASSETS	September 30, 2020	June 30, 2020
Current Assets:		
Cash and cash equivalents	\$ 97,796	\$ 132,073
Accounts receivable	38,149	152,449
Inventory	1,109	539
Other assets	2,074	2,167
Total Current Assets	<u>139,128</u>	<u>287,228</u>
Capital assets	61,552	61,552
Less accumulated depreciation and amortization	<u>(17,258)</u>	<u>(16,844)</u>
Net Capital Assets	<u>44,294</u>	<u>44,708</u>
Total Noncurrent Assets	<u>44,294</u>	<u>44,708</u>
Total Assets	<u>\$ 183,422</u>	<u>\$ 331,936</u>
Deferred outflows of resources	<u>\$ 1,355</u>	<u>\$ 1,355</u>
Total assets and deferred outflows	<u>\$ 184,777</u>	<u>\$ 333,291</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 78,849	\$ 115,331
Estimated prize claims	15,836	123,916
Accounts payable	1,707	2,382
Other accrued liabilities	<u>30,889</u>	<u>34,166</u>
Total Current Liabilities	<u>127,281</u>	<u>275,795</u>
Deferred inflows	<u>\$ 1,907</u>	<u>1,907</u>
Net Position:		
Net Investment in capital assets	44,294	44,708
Unrestricted	<u>11,295</u>	<u>10,881</u>
Total Net Position	<u>55,589</u>	<u>55,589</u>
Total net position, liabilities, and deferred inflows	<u>\$ 184,777</u>	<u>\$ 333,291</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2020
(In Thousands)
-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	FY 2021	FY 2020	FY 2021	FY 2020
Lottery revenues				
On-line games	\$ 4,998	\$ 5,078	\$ 15,274	\$ 15,301
Instant games	13,515	9,626	39,726	30,501
Racetrack video lottery	32,845	40,530	99,793	126,230
Limited video lottery	36,822	31,551	114,859	97,934
Table games	1,968	3,289	5,824	8,809
Historic resort	550	681	2,262	1,736
Sports Wagering	376	391	735	614
Interactive Wagering	230	-	409	-
	<u>91,304</u>	<u>91,146</u>	<u>278,882</u>	<u>281,125</u>
Less commissions				
On-line games	343	331	1,062	1,041
Instant games	946	674	2,781	2,135
Racetrack video lottery	18,020	22,236	54,750	69,255
Limited video lottery	18,043	15,460	56,281	47,988
Table games	834	1,395	2,468	3,737
Historic resort	359	336	1,164	912
	<u>38,545</u>	<u>40,432</u>	<u>118,506</u>	<u>125,068</u>
Less on-line prizes	1,599	2,120	7,709	7,223
Less instant prizes	9,149	6,449	26,904	20,422
Less ticket costs	122	92	373	288
Less vendor fees and costs	544	944	2,143	1,989
	<u>11,414</u>	<u>9,605</u>	<u>37,129</u>	<u>29,922</u>
Gross profit	<u>41,345</u>	<u>41,109</u>	<u>123,247</u>	<u>126,135</u>
Administrative expenses				
Advertising and promotions	262	455	819	1,541
Wages and related benefits	847	870	2,601	2,652
Telecommunications	42	55	168	133
Contractual and professional	555	529	1,424	1,366
Rental	7	-	36	39
Depreciation and amortization	138	140	414	419
Other administrative expenses	139	221	438	572
	<u>1,990</u>	<u>2,270</u>	<u>5,900</u>	<u>6,722</u>
Other Operating Income	<u>1,084</u>	<u>392</u>	<u>3,272</u>	<u>2,726</u>
Operating Income	<u>40,439</u>	<u>39,231</u>	<u>120,619</u>	<u>122,139</u>
Nonoperating income (expense)				
Investment income	(71)	259	225	1,134
Distributions to municipalities and counties	(722)	(618)	(2,251)	(1,920)
Distributions -capital reinvestment	(27)	(20)	(73)	(59)
Distributions to the State of West Virginia	(39,619)	(38,852)	(118,520)	(121,294)
	<u>(40,439)</u>	<u>(39,231)</u>	<u>(120,619)</u>	<u>(122,139)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	55,589	55,621	55,589	55,621
Net position, end of period	<u>\$ 55,589</u>	<u>\$ 55,621</u>	<u>\$ 55,589</u>	<u>\$ 55,621</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2020
(In Thousands)
-Unaudited-

	2021	2020
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 396,454	\$ 284,383
Cash payments for:		
Personnel costs	(2,601)	(2,652)
Suppliers	(3,922)	(4,314)
Other operating costs	(263,620)	(153,831)
Cash provided by operating activities	<u>126,311</u>	<u>123,586</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(155,002)	(123,604)
Distributions to municipalities and counties	(2,330)	(1,931)
Distributions to racetrack from racetrack cap. reinv. fund	(3,582)	(5,541)
Cash used in noncapital financing activities	<u>(160,914)</u>	<u>(131,076)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>-</u>	<u>-</u>
Cash flows from investing activities:		
Investment earnings received	<u>326</u>	<u>1,126</u>
Increase (decrease) in cash and cash equivalents	(34,277)	(6,364)
Cash and cash equivalents - beginning of period	132,073	190,837
Cash and cash equivalents - end of period	<u>\$ 97,796</u>	<u>\$ 184,473</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 120,619	\$ 122,139
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	414	419
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	114,300	532
(Increase) decrease in inventory	(570)	(53)
(Increase) decrease in other assets	(8)	(10)
Increase (decrease) in estimated prize claims	(108,080)	86
Increase (decrease) in accounts payable	(675)	(240)
Increase (decrease) in other accrued liabilities	311	713
Cash provided by operating activities	<u>\$ 126,311</u>	<u>\$ 123,586</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 1 - LEGISLATIVE ENACTMENT

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

COMPENSATED ABSENCES – The Lottery has accrued \$813,247 and \$654,712 at June 30, 2020 and 2019, respectively, for estimated obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. Employees fully vest in all earned but unused vacation. To the extent that accumulated sick leave is expected to be converted to benefits on termination or retirement, the Lottery participates in another postemployment benefits plan.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS

At September 30, 2020 the carrying amounts of deposits (overdraft) with financial institutions were \$489 thousand with a bank balance (overdraft) of \$527 thousand. Of this balance \$250 thousand was covered by federal depository insurance with the remaining balance collateralized with securities held by the State of West Virginia’s agent in the State’s name.

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

	<u>September 30, 2020</u>	<u>June 30, 2020</u>
Deposits with financial institutions	\$ 489	\$ 498
Cash on hand at the Treasurer's Office	15,107	15,589
Investments with BTI reported as cash equivalents	82,200	111,440
	<u>\$ 97,796</u>	<u>\$ 127,527</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 4 – CAPITAL ASSETS

A summary of capital asset activity for the month ended September 30, 2020 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2020	Additions	Deletions	Historical Cost At September 30, 2020
Construction in Progress	\$ 629	\$ -	\$ -	\$ 629
Buildings	48,243	-	-	48,243
Land	1,681	-	-	1,681
Equipment	10,999	-	-	10,999
	<u>\$ 61,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,552</u>
Accumulated Depreciation:				
	Historical Cost At June 30, 2020	Additions	Deletions	Historical Cost At September 30, 2020
Buildings	\$ 8,932	\$ 308	\$ -	\$ 9,240
Equipment	7,912	106	-	8,018
	<u>\$ 16,844</u>	<u>\$ 414</u>	<u>\$ -</u>	<u>\$ 17,258</u>

NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY

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

Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the total prize pool less the amount of prizes won in each state. Lesser prizes are paid directly to the winners by each member lottery. The prize pool for POWERBALL®, LOTTO AMERICA®, and MEGA MILLIONS® is 50% of each drawing period's sales, with minimum jackpot levels. The Lottery's revenues and expenses from MUSL games participation for the month ended September 30, 2020 and fiscal year-to-date is as follows:

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,622,829	\$ 5,167,011
Lotta America	369,420	1,153,499
Mega Millions	948,342	2,744,207
Total	\$ 2,940,591	\$ 9,064,717

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 814,690	\$ 2,593,997
Lotta America	(619,157)	576,830
Mega Millions	474,182	1,372,185
Total	\$ 669,715	\$ 4,543,012

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

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

At September 30, 2020, the Lotteries share of the prize reserve fund balances were as follows:

<u>Game</u>	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 121,889,347	\$ 1,551,961
Lotto America	4,264,072	317,294
Mega Millions	90,566,755	952,989
Total	\$ 216,720,174	\$ 2,822,244

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

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

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$18,168,256 at September 30, 2020, of which the Lottery's share was \$1,419,078.

NOTE 6 - RACETRACK VIDEO LOTTERY

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

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

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

A summary of racetrack video lottery revenues for the month ended September 30, 2020 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2021	2020	2021	2020
Total credits played	\$ 382,494	\$ 454,519	\$ 1,137,045	\$ 1,409,862
Credits (prizes) won	(343,898)	(406,968)	(1,020,761)	(1,263,249)
Promotional credits played	(5,751)	(7,021)	(16,491)	(20,383)
MWAP Contributions	-	-	-	-
Gross terminal income	32,845	40,530	99,793	126,230
Administrative costs	(1,314)	(1,621)	(3,992)	(5,049)
Net Terminal Income	31,531	38,909	95,801	121,181
Less distribution to agents	(18,020)	(22,236)	(54,750)	(69,255)
Racetrack video lottery revenues	<u>\$ 13,511</u>	<u>\$ 16,673</u>	<u>\$ 41,051</u>	<u>\$ 51,926</u>

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

	September 30, 2020	Year-to-Date
State Lottery Fund	\$ 9,459	\$ 28,740
State Excess Lottery Revenue Fund	4,052	12,311
Capital Reinvestment Fund	-	-
Total nonoperating distributions	<u>\$ 13,511</u>	<u>\$ 41,051</u>

NOTE 7 - LIMITED VIDEO LOTTERY

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

**WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-**

NOTE 7 - LIMITED VIDEO LOTTERY (continued)

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

A summary of limited video lottery revenues for the month ended September 30, 2020 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2021	2020	2021	2020
Total credits played	\$ 476,020	\$ 404,570	\$ 1,481,121	\$ 1,252,994
Credits (prizes) won	(439,198)	(373,019)	(1,366,262)	(1,155,060)
Gross terminal income	\$ 36,822	\$ 31,551	\$ 114,859	\$ 97,934
Administrative costs	(736)	(631)	(2,297)	(1,959)
Gross Profit	36,086	30,920	112,562	95,975
Commissions	(18,043)	(15,460)	(56,281)	(47,988)
Municipalities and Counties	(722)	(618)	(2,251)	(1,920)
Limited video lottery revenues	\$ 17,321	\$ 14,842	\$ 54,030	\$ 46,067

NOTE 8 – TABLE GAMES

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

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

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

**WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-**

NOTE 8 – TABLE GAMES (continued)

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

The cash transferred to the State Excess Lottery Revenue Fund in the current month is included in Note 11- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended September 30, 2020 were \$5,623,330 and \$16,640,570, respectively. The following table shows the month and year totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2021	2020	2021	2020
Table Games Privilege Tax	\$ 1,968	\$ 3,289	\$ 5,824	\$ 8,809
Interest on Table Games Fund	-	6	2	19
Administrative costs	(169)	(282)	(499)	(755)
Total Available for Distribution	<u>1,799</u>	<u>3,013</u>	<u>5,327</u>	<u>8,073</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	126	211	374	566
Thoroughbred & Greyhound Development Funds	101	169	300	453
Racing Association Pension Plan	50	83	147	222
Municipalities/ Counties	<u>557</u>	<u>932</u>	<u>1,647</u>	<u>2,496</u>
Total Distributions	<u>834</u>	<u>1,395</u>	<u>2,468</u>	<u>3,737</u>
Excess Lottery Fund	<u>\$ 965</u>	<u>\$ 1,618</u>	<u>\$ 2,859</u>	<u>\$ 4,336</u>

**WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-**

NOTE 9 – HISTORIC RESORT HOTEL

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

Historic Resort Video Lottery

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

A summary of historic resort hotel video lottery revenues for the month ended September 30, 2020 and fiscal year-to-date follows (in thousands):

	2021	2020	2021	2020
Total credits played	\$ 9,679	\$ 9,422	\$ 26,943	\$ 22,157
Credits (prizes) won	(9,000)	(8,787)	(24,977)	(20,450)
Promotional credits played	(105)	(203)	(401)	(458)
Gross terminal income	574	432	1,565	1,249
Capital reinvestment	(27)	(20)	(73)	(59)
Excess Lottery Fund	(5)	(4)	(14)	(11)
Administrative costs	(31)	(23)	(85)	(67)
Hotel commissions	(243)	(183)	(662)	(528)
Net terminal income	268	202	731	584
Historic Resort Hotel Fund	171	129	465	372
Human Resource Benefit Fund	97	73	266	212

**WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-**

NOTE 9 – HISTORIC RESORT HOTEL (continued)

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the month and year ended September 30, 2020 were (\$69,978) and \$1,991,167, respectively.

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

	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Table games privilege tax	\$ (24)	\$ 249	\$ 697	\$ 487
Administrative Costs	3	(32)	(90)	(63)
Total Available for Distribution	(21)	217	607	424
Historic Resort Hotel Fund	(18)	181	508	354
Human Resource Benefit Fund	(3)	36	99	70

Historic Resort Hotel Fund

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

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

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

	<u>Current Month</u>	<u>Year-to-Date</u>
Historic Resort Hotel Video Lottery	\$ 171	\$ 465
Historic Resort Table Games	(18)	508
Interest on Historic Resort Hotel Fund	-	1
Historic Resort Hotel Fund Net Income	153	974
Municipalities/ Counties	22	137
Excess Lottery Fund	131	837
Total Distributions	<u>\$ 153</u>	<u>\$ 974</u>

**WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-**

NOTE 10— SPORTS WAGERING

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

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

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

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

The Sports Wagering adjusted gross wagering receipts for the month and year-to-date periods ended September 30, 2020 were \$3,756,971 and \$7,349,924, respectively. The following table shows the month and year-to-date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2021	2020	2021	2020
Sports Wagering Privilege Tax	\$ 376	\$ 391	\$ 735	\$ 614
Interest on Sports Waging Fund	-	-	-	-
Administrative Costs	(56)	(59)	(110)	(92)
Total Available for Distribution	320	332	625	522

**WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-**

NOTE 11– INTERACTIVE WAGERING

Interactive Wagering legislation passed in 2019 per House Bill 2934. Each racetrack and historic resort hotel licensee is subject to a privilege tax of fifteen percent (15%) of adjusted gross interactive gaming receipts which will be deposited weekly into the Interactive Wagering Fund.

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

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

In each fiscal year, the Lottery Commission shall deposit one-quarter of a percent of the net profit into each of the four special funds established by the Racing Commission, pursuant to §29-22A-10 and §29-22C-27 to be used for payment into the pension plan for the employees of the licensed racing associations in this state.

After the reduction for administrative expenses and the pension plans for the racing associations, the net profit shall be deposited into the State Lottery Fund.

The Interactive Wagering adjusted gross interactive gaming receipts for the month and year-to-date periods ended September 30, 2020 were \$1,533,562 and \$2,729,020 respectively. The following table shows the month and year-to-date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2021	2020	2021	2020
Interactive Wagering Privilege Tax	\$ 230	\$ -	\$ 409	\$ -
Interest on Interactive Wagering Fund	-	-	-	-
Administrative Costs	(34)	-	(61)	-
Total Available for Distribution	196	-	348	-

A summary of Interactive Gaming Fund related distributions is as follows (in thousands):

	Current Month	Year-to-Date
Pensions	2	3
Lottery Fund	194	345
Total Distributions	\$ 196	\$ 348

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 12- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA

The Lottery periodically distributes surplus funds, exclusive of amounts incurred and derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the legislation. For the year ending June 30, 2021 the State Legislature budgeted \$127,795,650 of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. With regard to the State Lottery Fund, legislation stipulates that debt service payments be given a priority over all other transfers in instances where estimated profits are not sufficient to provide for payment of all appropriated distributions. Debt service payments of \$1,800,000, \$1,000,000, and \$500,000 per month for the first ten months of each fiscal year currently have such priority. Transfers made pursuant to the State Excess Lottery Revenue Fund have similar requirements; currently payments are \$6,539,842 per month for the first ten months of each fiscal year. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. For the month ended September 30, 2020 the Lottery has accrued additional distributions of \$78,849,281. The Lottery is a non-appropriated state agency and therefore does not have a legally adopted annual budget.

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

<u>BUDGETARY DISTRIBUTIONS</u>	<u>September 30, 2020</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 499	\$ 1,498
Bureau of Senior Services	21,144	42,094
Department of Education	1,936	11,167
Library Commission	1,181	6,809
Higher Education-Policy Commission	746	4,296
Tourism	690	3,981
General Revenue	-	-
Natural Resources	353	2,036
Division of Culture & History	422	2,434
Economic Development Authority	999	2,998
School Building Authority	1,800	5,400
Total State Lottery Fund	<u>\$ 29,770</u>	<u>\$ 82,713</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 2,102	\$ 6,305
Higher Education Improvement Fund	1,500	4,500
General Purpose Account	5,866	11,351
Higher Education Improvement Fund	2,617	5,064
State Park Improvement Fund	136	263
School Building Authority	1,899	5,698
Refundable Credit		865
WV Racing Commission	180	349
WV Department of Health and Human Resources		
Teacher's Retirement Savings		
Division of Human Services	17,000	17,000
WV Lottery Statutory Transfers	5,507	10,656
Economic Development Authority	439	1,317
General Revenue Fund		
Office of Technology		
Excess Lottery Surplus		
West Va. Infrastructure Council	4,210	8,784
Total State Excess Lottery Revenue Fund	<u>\$ 41,456</u>	<u>\$ 72,152</u>
Total Budgetary distributions:	<u>\$ 71,226</u>	<u>\$ 154,865</u>
Veterans Instant Ticket Fund	\$ 31	\$ 134

Other Interactive Gaming distributions

Pension Plan	<u>\$ 2</u>	<u>\$ 3</u>
Total Other Interactive Gaming distributions	<u>\$ 2</u>	<u>\$ 3</u>
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 71,259	\$ 155,002
Accrued nonoperating distributions, beginning	(110,489)	(115,331)
Accrued nonoperating distributions, end	<u>78,849</u>	<u>78,849</u>
	<u>\$ 39,619</u>	<u>\$ 118,520</u>

**WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-**

NOTE 13 – LEASES

The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases. Rental expense for the fiscal year-to-date ended September 30, 2020 and September 30, 2019 approximated \$36,115 and \$38,622 respectively.

The Lottery leases office space under the terms of a non-cancellable operating lease to various tenants. Rental revenues for the fiscal year-to-date ended September 30, 2020 and September 30, 2019 approximated \$263,238 and \$253,951 respectively.

NOTE 14 – COMMITMENTS

For the years ended June 30, 2020 and 2019 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2020 and 2019, \$8,073,287 and \$8,535,120, respectively, are included in unrestricted net position and net investment in capital assets for this purpose.

NOTE 15 - RETIREMENT BENEFITS

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

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

Covered employees hired prior to July 1, 2015 are required to contribute 4.5% of their salary to the PERS. Covered employees hired on or after July 1, 2015 will contribute 6.0% of their salary to the PERS Tier II. The Lottery is required to contribute 13.5% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, for the month ending September 30, 2020 and fiscal year-to-date are as follows (in thousands):

	September 30, 2020	Year-to-Date
Employee contributions	\$ 29	\$ 106
Lottery contributions	61	219
Total contributions	\$ 90	\$ 325

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 16 - RISK MANAGEMENT

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

WORKERS' COMPENSATION INSURANCE

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

PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)

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

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

BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)

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

**SCHEDULE OF REVENUES AND NET REVENUES OF THE
 LOTTERY FUND AND EXCESS LOTTERY FUND
 FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2020
 (In Thousands)**

	Current Month		FISCAL YEAR	
	Actual	Projected	Actual	Projected
Gross Revenues				
Instant games	13,515	7,500	39,726	22,500
On-line games	4,998	5,033	15,274	15,099
Racetrack video lottery	32,845	36,704	99,793	117,673
Limited video lottery	36,822	29,041	114,859	85,206
Racetrack table games	1,968	2,351	5,824	7,504
Historic resort	550	406	2,262	1,201
Sports wagering	376	439	735	1,323
Interactive wagering	230	-	409	-
Total gross revenues	91,304	81,474	278,882	250,506
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,536	871	4,508	2,612
On-line games	2,359	1,444	4,380	4,333
Racetrack Video Lottery	8,909	10,571	28,202	33,890
Sports wagering	319	167	624	501
Interactive wagering	496	-	1,189	-
Total Lottery Fund net revenues	13,619	13,053	38,903	40,835
Excess Lottery Fund				
Racetrack Video Lottery	4,052	4,526	12,316	14,515
Limited Video Lottery	17,264	13,661	54,800	40,081
Limited Video Lottery Fees	640	-	846	-
Racetrack table games	966	1,153	2,858	3,680
Historic resort	137	157	851	462
Total Excess Lottery Fund Net Revenues	23,059	19,497	71,671	58,738
Total Net Revenues	36,678	32,550	110,574	99,573

GENERAL REVENUE

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

304-347-4870

Memorandum

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

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

Date: October 16, 2020

Re: Status of General Revenue Fund and State Road Fund as of
September 30, 2020 (FY 21)

We have reviewed the cash flow of the West Virginia general revenue fund as of September 30, 2020 which is the third month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 108% of the estimate for the fiscal year. Total collections were \$90.4 million above the estimate for the fiscal year.

Personal Income Tax collections were \$22.4 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$15.2 million above the estimate for the year.

Severance Tax was \$5.8 million above the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$43.3 million above the estimate for the fiscal year.

State Road Fund

The state road fund collections were 99% of the estimate for the fiscal year. Total collections were \$2 million below the estimate for the fiscal year.

Rainy Day and Personal Income Tax Reserve

Revenue Shortfall Reserve **Fund A** (Rainy Day Fund) had a cash balance of \$387,154,474.58 as of September 30, 2020.

Balance July 1, 2020	\$373,041,673.22
*Loan-General Revenue Fund 7-1-20	\$68,600,000.00
Loan Repaid 09/18/20	\$(68,600,000.00)
Fiscal year 20 Surplus	\$14,039,843.39
Earnings/(Loss)	\$72,957.97
Balance September 30, 2020	\$387,154,474.58

*\$68.6 million loan to state General Revenue Fund 7/1/2020 for beginning of the year cash flow, to be repaid within 90 days. Paid 09/18/20.

Revenue Shortfall Reserve **Fund B** (Tobacco Settlement Monies) had a cash balance of \$515,331,709.04 as of September 30, 2020.

Balance July 1, 2020	\$482,975,560.82
Earnings	\$32,356,148.22
Balance September 30, 2020	\$515,331,709.04

The **Personal Income Tax Reserve** Fund had a \$11,000,000.00 cash balance as of September 30, 2020.

Balance July 1, 2020	11,000,000.00
Balance September 30, 2020	11,000,000.00

**STATE OF WEST VIRGINIA
COMPARISON OF REVENUE
September 2019 vs September 2020**

GENERAL REVENUE FUND

	Actual Collections September 2019	Actual Collections September 2020	Actual Collections 3 Months Jul-Sept 2019	Actual Collections 3 Months Jul-Sept 2020	YTD \$ Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Personal Income Tax	\$ 226,744,767	\$ 193,982,000	\$ 503,562,539	\$ 614,485,773	\$ 110,923,234	22%
Consumer Sales Tax & Use Tax	125,820,229	129,313,000	330,292,886	350,728,088	20,435,202	6%
Severance Tax	33,911,290	18,572,000	59,254,076	22,614,472	(36,639,604)	-62%
Corporate Net Income Tax	43,723,708	38,385,000	50,247,844	105,767,685	55,519,841	110%
Insurance Tax	730,020	-172,000	30,903,608	27,753,943	(3,149,665)	-10%
Tobacco Products Tax	13,255,683	15,574,000	42,886,376	45,027,519	2,141,143	5%
Business and Occupation	13,827,389	10,467,000	35,446,361	31,669,283	(3,777,078)	-11%
Liquor Profit Transfers	2,030,700	2,085,050	6,468,382	6,055,077	(413,305)	-6%
Departmental Collections	1,251,342	1,713,246	4,381,315	4,177,933	(203,382)	-5%
Property Transfer Tax	949,537	1,369,795	3,297,022	3,852,149	555,127	17%
Property Tax	2,129,453	2,289,441	2,734,444	3,014,264	279,820	10%
Beer Tax and Licenses	620,382	675,000	2,003,341	2,178,751	175,410	9%
Miscellaneous Transfers	592,182	0	712,757	80,450	(632,307)	-89%
Interest Income	3,846,174	1,325,560	9,261,910	6,499,475	(2,762,435)	-30%
Refundable Credit Reimb Liability	-	0	392,980	864,956	471,976.00	0%
HB 102 - Lottery Transfers	5,726,086	5,865,919	10,751,460	11,350,660	599,200.00	0%
Miscellaneous	2,053,595	2,088,687	2,409,717	2,489,042	79,325	3%
Business Franchise Fees	33,794	40,000	163,559	166,957	3,398	2%
Estate & Inheritance Tax	-	-	-	-	-	0%
Liquor License Renewal	-	45,979	2,852,164	166,957	(2,685,207)	0%
Special Revenue Transfers	-	-	-	-	-	0%
Charter Tax	1,155	295	3,478	5,045	1,567	45%
Video Lottery Transfers	21,531	0	70,998	40,505	(30,493)	-43%
July-Dec Retro Rev Adj	-	-	-	-	-	0%
Cash Flow Transfer	(70,000,000)	-	-	68,600,000	68,600,000	0%
SUBTOTALS	\$ 407,269,017	\$ 423,619,972	\$ 1,098,097,217	\$ 1,307,588,984	\$ 209,491,767	
Less: Cash Flow Transfer	(70,000,000)	-	-	68,600,000	68,600,000	
Less: Special Revenue Transfer	-	-	-	-	-	
TOTALS	\$ 477,269,017	\$ 423,619,972	\$ 1,098,097,217	\$ 1,238,988,984	\$ 140,891,767	
Increase/Decrease over Prior Period		\$ (53,649,045)		\$ 140,891,767		
% Increase/Decrease over Prior Period		-11%		13%		

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
October 15, 2020

STATE OF WEST VIRGINIA
REVENUE COLLECTIONS
FISCAL YEAR 2021
as of September 30, 2020

GENERAL REVENUE FUND

	MONTH ESTIMATES	ACTUAL MONTH COLLECTIONS	FINAL MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	ACTUAL YTD COLLECTIONS	YTD COLLECTIONS OVER ESTIMATES	YTD PERCENT COLLECTED
Personal Income Tax	\$ 196,000,000	\$ 193,982,000	\$ (2,018,000)	\$ 592,050,000	\$ 614,485,773	\$ 22,435,773	104%
Consumer Sales Tax & Use Tax	128,500,000	129,313,000	813,000	335,500,000	350,728,088	15,228,088	105%
Severance Tax	24,400,000	18,572,000	(5,828,000)	16,800,000	22,614,472	5,814,472	135%
Corporate Net Income Tax	27,000,000	38,385,000	11,385,000	62,500,000	105,767,685	43,267,685	169%
Insurance Tax	600,000	(172,000)	(772,000)	30,100,000	27,753,943	(2,346,057)	92%
Tobacco Products Tax	13,000,000	15,574,000	2,574,000	42,600,000	45,027,519	2,427,519	106%
Business and Occupation	12,200,000	10,467,000	(1,733,000)	33,700,000	31,669,283	(2,030,717)	94%
Liquor Profit Transfers	2,030,000	2,085,050	55,050	5,785,000	6,055,077	270,077	105%
Departmental Collections	1,300,000	1,713,246	413,246	4,500,000	4,177,933	(322,067)	93%
Property Transfer Tax	1,000,000	1,369,795	369,795	3,000,000	3,852,149	852,149	128%
Property Tax	2,340,000	2,289,441	(50,559)	2,810,000	3,014,264	204,264	107%
Beer Tax and Licenses	630,000	675,000	45,000	1,930,000	2,178,751	248,751	113%
Miscellaneous Transfers	1,100,000	-	(1,100,000)	1,230,000	80,450	(1,149,550)	7%
Interest Income	1,200,000	1,325,560	125,560	3,600,000	6,499,475	2,899,475	181%
Refundable Credit Reimb Liability	-	-	-	400,000	864,956	464,956	0%
HB 102 - Lottery Transfers	-	5,865,919	5,865,919	-	11,350,660	11,350,660	0%
Miscellaneous	2,200,000	2,088,687	(111,313)	2,530,000	2,489,042	(40,958)	98%
Business Franchise Fees	43,000	40,000	(3,000)	163,000	166,716	3,716	102%
Estate & Inheritance Tax	-	-	-	-	-	-	0%
Liquor License Renewal	46,000	45,979	(21)	9,418,000	166,957	(9,251,043)	2%
Special Revenue Transfers	-	-	-	-	-	-	0%
Charter Tax	-	295	295	-	5,045	5,045	0%
Video Lottery Transfers	-	-	-	-	40,505	40,505	0%
July-Dec Retro Rev Adj	-	-	-	-	-	-	0%
Cash Flow Transfer	-	(68,600,000)	(68,600,000)	-	-	-	0%
SUBTOTALS	\$ 413,589,000	\$ 355,019,971	\$ (58,569,029)	\$ 1,148,616,000	\$ 1,238,988,744	\$ 90,372,744	
Less: Cash Flow Transfer	-	68,600,000	68,600,000	-	-	-	
Less: Special Revenue Transfer	-	-	-	-	-	-	
TOTALS	\$ 413,589,000	\$ 423,619,971	\$ 10,030,971	\$ 1,148,616,000	\$ 1,238,988,744	\$ 90,372,744	

Percent of Estimates

102%

108%

Collections this day

\$ 22,111,838

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

October 02, 2020

**STATE OF WEST VIRGINIA
REVENUE COLLECTIONS
FISCAL YEAR 2021
as of September 30, 2020**

STATE ROAD FUND

	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES	YTD PERCENT COLLECTED
Motor Fuel Tax	\$ 36,000,000	\$ 30,722,000	\$ (5,278,000)	\$ 106,300,000	\$ 104,585,381	\$ (1,714,619)	98%
Sales/Privilege Tax	18,790,000	32,196,000	13,406,000	61,487,000	82,207,854	20,720,854	134%
Licenses & Registration	11,501,000	11,591,000	90,000	45,924,000	38,496,125	(7,427,875)	84%
Miscellaneous	500,000	256,000	(244,000)	14,584,000	834,000	(13,750,000)	6%
Highway Litter Control	85,000	128,000	43,000	416,000	578,941	162,941	139%
Federal Reimbursement	67,261,000	37,381,718	(29,879,282)	165,260,000	99,441,017	(65,818,983)	60%
SUBTOTALS	\$ 134,137,000	\$ 112,274,718	\$ (21,862,282)	\$ 393,971,000	\$ 326,143,317	\$ (67,827,683)	
Less: Federal Reimbursement	67,261,000	37,381,718	(29,879,282)	165,260,000	99,441,017	(65,818,983)	
TOTALS	\$ 66,876,000	\$ 74,893,000	\$ 8,017,000	\$ 228,711,000	\$ 226,702,300	\$ (2,008,700)	

Percent of Estimates

112%

99%

Collections this day

\$ 15,667,216

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of September 30, 2020 : \$ 387,154,474.58

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of September 30, 2020: \$ 515,331,709.04

SPECIAL INCOME TAX REFUND RESERVE FUND as of September 30, 2020: \$11,000,000.00

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

October 02, 2020

**STATE OF WEST VIRGINIA
COMPARISON OF REVENUE
SEPTEMBER 2019 vs SEPTEMBER 2020**

STATE ROAD FUND

	Actual Collections September 2019	Actual Collections September 2020	Actual Collections 3 Months Jul-Sept 2019	Actual Collections 3 Months Jul-Sept 2020	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Gasoline & Motor Carrier Rd Tax	\$ 40,996,789	\$ 30,722,000	\$ 126,378,105	\$ 104,585,381	\$ (21,792,724)	-17%
Privilege Tax	25,131,520	32,196,000	78,658,045	82,207,854	3,549,809	5%
Licenses & Registration	11,002,412	11,591,000	37,035,808	38,496,125	1,460,317	4%
Miscellaneous	1,049,119	256,000	4,667,845	834,000	(3,833,845)	-82%
Highway Litter Control	119,360	128,000	485,256	578,941	93,685	19%
Federal Reimbursement	26,451,479	37,381,718	94,882,688	99,441,017	4,558,329	5%
SUBTOTALS	<u>\$ 104,750,679</u>	<u>\$ 112,274,718</u>	<u>\$ 342,107,747</u>	<u>\$ 326,143,318</u>	<u>\$ (15,964,429)</u>	
Less: Federal Reimbursement	26,451,479	37,381,718	94,882,688	99,441,017	4,558,329	
TOTALS	<u>\$ 78,299,200</u>	<u>\$ 74,893,000</u>	<u>\$ 247,225,059</u>	<u>\$ 226,702,301</u>	<u>\$ (20,522,758)</u>	
 Increase/Decrease over Prior Period		\$ (3,406,200)		\$ (20,522,758)		
 % Increase/Decrease over Prior Period		-4.4%		-8.3%		

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
October 15, 2020

UNEMPLOYMENT COMPENSATION

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

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

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

Date: October 23, 2020

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the September 30, 2020 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of September 30, 2020 of fiscal year 2020-2021, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2020	\$ 14,817,993.79
Receipts July 1,2020 thru September 30, 2020	\$ 537,769,490.53
Disbursements July 1, 2020 thru September 30, 2020	\$ 530,071,825.14
Balance September 30, 2020	\$ 15,987,148.38

ITEMS OF NOTE:

Regular benefits paid for July - September 2020 were \$ 100.6 million more than July - September 2019.

Federal emergency benefits totaled -\$1,705 for July - September 2020. For July - September 2019, federal emergency benefits totaled -\$4,869.

Total disbursements were \$476.1 million more in July - September 2020 than the preceding July - September 2019.

Receipts as of July - September 2020, were \$469.1 million more than in July - September 2019. Overall ending trust fund balance was \$200 million lower on September 30, 2020 than on September 30, 2019.

Seasonally adjusted unemployment rates for September 2020 were 8.6 percent for West Virginia and 7.9 percent nationally.

Since September 2019, employment has decreased by 45,600. Employment declines included 4,000 in educational and health services, 1,600 in construction, 6,700 in trade, transportation, and utilities, 13,200 in leisure and hospitality, 1,600 in financial activities, 300 in manufacturing, 800 in other services, 6,300 in professional and business services, 3,300 in mining and logging, 7,200 in government, and 600 in information.

October 15, 2020

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

RE: Monthly Status Report

Dear Mr. Spencer:

Please find attached, the Monthly Status Report for the Joint Committee on Government and Finance, Unemployment Compensation Trust Fund for the month of September 2020.

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

Sincerely,



Scott Adkins
Acting Commissioner

SSA/ml

Enclosure

pc: Jim Justice

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING JULY 2019 AND JULY 2020**

	JULY 2019	AUGUST 2019	SEPTEMBER 2019	JULY 2020	AUGUST 2020	SEPTEMBER 2020	THREE MONTH TOTAL VARIANCE *	
Balance Forward	<u>\$137,218,046.89</u>	<u>\$220,676,905.60</u>	<u>\$225,112,243.68</u>	<u>\$10,247,920.99</u>	<u>\$25,258,862.53</u>	<u>(\$11,435,797.23)</u>	<u>(\$558,936,209.88)</u>	
Add Receipts:								
1 Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1 Bond Assessment
2 Regular Contributions:	\$31,247,111.67	\$16,218,809.84	\$1,183,155.79	\$23,518,031.08	\$18,529,347.28	\$3,883,159.83	(\$2,718,539.11)	2 Regular Contributions
3 Federal Emergency Benefits (EUC08)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	3 Federal Emergency Benefits (EUC08)
4 Federal Share Extended Benefits (EB)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	4 Federal Share Extended Benefits (EB)
5 Federal Additional Compensation - FPUC	\$0.00	\$0.00	\$0.00	\$186,796,622.76	\$25,473,577.35	\$23,939,628.62	\$236,209,828.73	5 Temp Federal Additional Comp (FPUC)
6 Pandemic Unemployment Assistance PUA	\$0.00	\$0.00	\$0.00	\$7,617,829.00	\$7,398,963.00	\$13,988,061.58	\$28,953,185.98	6 Pandemic Unemployment Assistance PUA
7 UCFE (Federal Agencies)	\$86,766.91	\$48,048.19	\$51,667.60	\$79,253.76	\$128,189.02	\$91,019.42	\$163,647.10	7 UCFE (Federal Agencies)
8 EUISAA	\$0.00	\$0.00	\$0.00	(\$1,122,939.23)	(\$104,614.45)	(\$424,834.09)	(\$1,652,387.77)	8 EUISAA
9 LOAN Advance/PEUC/EB	\$0.00	\$0.00	\$0.00	\$54,596,670.64	\$28,888,447.78	\$51,094,334.69	\$134,579,453.11	9 LOAN Advance/PEUC/EB
11 Treasury Interest Credits	\$0.00	\$0.00	\$1,327,053.20	\$0.00	\$0.00	\$113,362.54	(\$1,213,690.66)	11 Treasury Interest Credits
12 UCX (Military Agencies)	\$53,063.19	\$39,422.76	\$49,995.37	\$140,168.58	\$99,494.69	\$88,852.87	\$186,034.82	12 UCX (Military Agencies)
13 Temporary Federal Compensation	\$0.00	\$0.00	\$0.00	\$7,444,606.29	\$0.00	\$0.00	\$7,444,606.29	13 Temporary Federal Compensation
14 WV Senate Bill 558	\$0.00	\$0.00	\$0.00	\$2,834,200.00	\$1,658,500.00	\$1,355,000.00	\$5,847,700.00	14 TSFR From Non-Invstd FUA
Total Monthly Receipts	<u>\$31,386,941.77</u>	<u>\$16,306,280.79</u>	<u>\$2,611,871.96</u>	<u>\$310,154,604.61</u>	<u>\$128,416,644.67</u>	<u>\$99,198,241.25</u>	<u>\$405,146,071.77</u>	Total Monthly Receipts
Less Disbursements:								
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	Debt Bond Repayment
Regular Benefits	\$11,692,602.89	11,781,798.63	\$11,727,836.26	\$53,661,227.16	\$52,936,111.59	\$36,735,095.58	\$110,734,026.23	Regular Benefits
Federal Emergency Compensation - PEUC	\$0.00	\$0.00	\$0.00	\$5,637,518.98	\$7,402,177.20	\$7,334,016.70	\$20,373,712.88	Federal Emergency Compensation - PEUC
Federal Additional Compensation - FPUC	\$0.00	\$0.00	\$0.00	\$190,457,224.78	\$41,599,738.54	\$11,590,989.66	\$243,647,952.98	Federal Additional Compensation - FPUC
Pandemic Unemployment Assistance PUA	\$0.00	\$0.00	\$0.00	\$6,956,561.00	\$14,688,488.00	\$8,152,567.00	\$29,779,066.00	Pandemic Unemployment Assistance PUA
Federal Emergency Benefits (EUC08)	(\$1,684.00)	(\$1,450.00)	(\$1,735.00)	(\$830.00)	(\$725.00)	(\$150.00)	\$3,164.00	Federal Emergency Benefits (EUC08)
Emergency Benefits (TEUC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$50,664.98)	Emergency Benefits (TEUC)
UCFE (Federal Workers) Benefits	\$89,298.09	\$50,664.98	\$46,913.00	\$86,268.06	\$108,361.14	\$90,937.01	\$98,690.14	UCFE (Federal Workers) Benefits
UCX (Military Workers) Benefits	\$57,977.68	\$39,929.10	\$53,347.46	\$136,734.12	\$131,850.95	\$88,728.91	\$206,059.74	UCX (Military Workers) Benefits
Title IX Funds- Withdrawn (Reed Act/UC Mod Incentive/Special Admin Tr)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Title IX Funds- Withdrawn (Reed Act/UC Mod Incentive/Special Admin Tr)
Temporary Federal Compensation	\$0.00	\$0.00	\$0.00	\$7,444,606.29	\$0.00	\$0.00	\$7,444,606.29	Temp Fed Comp
Total Monthly Disbursements	<u>\$11,838,194.66</u>	<u>\$11,870,942.71</u>	<u>\$11,826,362.62</u>	<u>\$293,185,225.07</u>	<u>\$165,111,304.43</u>	<u>\$71,775,295.64</u>	<u>\$712,236,613.28</u>	Total Monthly Disbursements
Trust Fund Balance	<u>\$156,766,794.00</u>	<u>\$225,112,243.68</u>	<u>\$215,897,753.02</u>	<u>\$27,217,300.53</u>	<u>(\$11,435,797.23)</u>	<u>\$15,987,148.38</u>	<u>(\$866,026,751.39)</u>	Trust Fund Balance

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

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

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

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

WORKFORCE WV UNEMPLOYMENT
COMP TRUST FUND

UC TRUST FUND PROJECTIONS – 2020
 October 26, 2002

Month	Receipts	Disbursements	Trust Fund Balance
2019			
Balance 1/1/2019			\$ 169,778,480
January	\$ 18,647,223	\$ 18,646,454	\$ 169,779,249
February	\$ 9,889,316	\$ 20,023,154	\$ 159,645,411
March	\$ 2,774,046	\$ 19,785,639	\$ 142,633,818
April	\$ 72,098,812	\$ 18,777,789	\$ 195,954,841
May	\$ 34,807,294	\$ 15,044,255	\$ 215,717,880
June	\$ 2,439,110	\$ 12,395,619	\$ 205,761,371
July	\$ 29,658,539	\$ 14,743,004	\$ 220,676,906
August	\$ 16,306,281	\$ 11,870,943	\$ 225,112,244
September	\$ 2,611,872	\$ 11,826,363	\$ 215,897,753
October	\$ 18,083,785	\$ 14,068,890	\$ 219,912,648
November	\$ 9,137,672	\$ 16,064,310	\$ 212,986,010
December	\$ 2,104,755	\$ 23,288,743	\$ 191,802,022
Totals - 2019	\$ 218,558,705	\$ 196,535,163	\$ 191,802,022
2020			
January	\$ 14,847,151	\$ 26,915,654	\$ 179,733,519
February	\$ 7,317,928	\$ 25,997,514	\$ 161,053,933
March	\$ 2,375,894	\$ 29,333,537	\$ 134,096,290
April	\$ 66,461,903	\$ 89,536,043	\$ 111,022,150
May	\$ 28,685,591	\$ 104,212,209	\$ 35,495,532
June	\$ 2,707,675	\$ 83,713,814	\$ (45,510,607)
July	\$ 23,737,453	\$ 53,883,399	\$ (75,656,553)
August	\$ 18,757,030	\$ 53,175,598	\$ (110,075,121)
September	\$ 4,176,394	\$ 36,914,611	\$ (142,813,338)
October	\$ 12,658,650	\$ 35,172,225	\$ (165,326,913)
November	\$ 6,396,370	\$ 32,128,620	\$ (191,059,163)
December	\$ 1,473,329	\$ 34,933,115	\$ (224,518,949)
Totals - 2020	\$ 189,595,368	\$ 605,916,339	\$ (224,518,949)

Benefits and Technical Support Section • Unemployment Compensation Division
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BRIM

PEIA

REAL ESTATE REPORT

BRIM

October 2020

Interim Packet

West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET AND INCOME STATEMENT
For the Two Months Ending August 31, 2020

Talking Points for Joint Committee on Government and Finance Meeting
October 2020

1. **Premium Revenue** thru August reflects the premiums earned for the first two months of the fiscal year.
2. **Claims Expense** reflects claims payments made thru August. Claims reserves for the first two months of this year are \$5.8 million higher. This resulted in the increased claims expense when compared to the same quarter last fiscal year.
3. **Investment Income** for fiscal year FY'20 reflects net earnings of \$9.6 million for the first two months due to higher equity returns vs. \$3.7 million of earnings driven by net fixed income returns for the same period of FY'19.
4. BRIM has no un-funded liability and continues to pursue pro-active loss control initiatives.

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Two Months Ended August 31st

	2020	2019
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 19,027	\$ 28,201
Advance deposits with insurance company and trustee	264,315	232,603
Receivables	9,012	6,280
Prepaid insurance	2,301	4,424
Restricted cash and cash equivalents	21,852	18,118
Premiums due from other entities	1,134	1,112
Total current assets	317,641	290,737
Noncurrent assets:		
Equity position in internal investments pools	109,884	100,568
Restricted investments	63,458	58,078
Total noncurrent assets	173,342	158,646
Total assets	490,983	449,383
Deferred Outflows of Resources	215	373
Deferred Outflows of Resources - OPEB	84	65
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	69,336	62,656
Unearned premiums	16,673	16,917
Agent commissions payable	1,706	1,754
Claims Payable	00	474
Accrued expenses and other liabilities	1,453	1,537
Total current liabilities	89,168	83,339
Estimated unpaid claims and claims adjustment expense net of current portion	136,460	129,322
Compensated absences	150	124
Net pension liability	214	249
Total noncurrent liabilities	136,824	129,694
Total liabilities	225,992	213,033
Deferred Inflows of Resources	145	200
Deferred Inflows of Resources - OPEB	171	109
Net position:		
Restricted by State code for mine subsidence coverage	78,616	72,466
Unrestricted	179,166	157,204
Net Assets (Deficiency)	7,193	6,809
Net position	\$ 264,975	\$ 236,480

Unaudited

West Virginia Board of Risk and Insurance Management
 Statements of Revenues, Expenses, and Changes in Net Position

For the Two Months Ended August 31st

	2020	2019
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 13,790	\$ 13,964
Less coverage/reinsurance programs	(732)	(1,160)
Net operating revenues	13,058	12,804
Operating expenses		
Claims and claims adjustment expense	14,622	8,850
General and administrative	865	837
Total operating expenses	15,487	9,687
Operating income (loss)	(2,429)	3,117
Nonoperating revenues		
Investment income	9,622	3,693
Net nonoperating revenues	9,622	3,693
Changes in net position	7,193	6,809
Total net position, beginning of year	257,782	229,670
Total net position, end of period	\$ 264,975	\$ 236,480

Unaudited

PEIA

October 2020

Interim Packet

PEIA

October Interim Talking Points

- **PEIA and RHBT year to date financial statements for August 31, 2020 are available for your review.**
- **PEIA statements indicates PEIA is currently ahead of plan by \$17 million. This is due to lower than forecast claim expenses.**
- **RHBT statements indicate RHBT is currently ahead of plan by \$62 million. This is due to higher than forecast investment income.**
- **The 2021 year-end reserve for the State Fund and non-State Fund is projected to be \$144 and \$51 million respectively.**
- **These reserve levels represent 18% and 31% of the respective funds' expenses. The required reserve for the State Fund is 14% of expenses.**



Public Employees Insurance Agency

WV Toll-free: 1 (888) 680-7342

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Website: www.wvpeia.com

October 19, 2020

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

1. The March 2020 Quarterly Report issued July 17, 2020 page A-1, indicates the June 30, 2021 fund balances will be as follows:

	PEIA		RHBT
	State Fund	Non-State Fund	OPEB Fund
June 30, 2021	\$144,536,143	\$51,790,836	\$1,320,817,821

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

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

June 30, 2021	State Fund Reserve	Non-State Fund Reserve	Total
Reserve Balance	\$144,536,143	\$51,790,836	\$196,326,979
Percentage	18.7%	31.7%	21.0%
	reserve/current FY costs		

3. The objective of the OPEB Reserve is to reach a fully funded status of the actuarially accrued liability (AAL). Therefore, the target is 100%. The reserve balance represents 38% of the actuarially required balance:

	RHBT
June 30, 2021	OPEB Reserve
Reserve Balance	\$1,320,817,821
Percentage	37%
	OPEB Reserve/Actuarial Accrued Liability

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

The primary anticipated reduction events are the ongoing forecast increases in the cost of healthcare. The below chart indicates the actuarial projected increases in costs for the medical and prescription drugs of the plan. These increased costs represent a total increase of \$295 million over the next four years, requiring an average of \$74 million a year in either increased premiums or benefit reductions.

	FY 2021	FY 2022	FY 2023	FY 2024
Medical Trend	8.5%	9.0%	9.5%	10.0%
Rx Trend	12.5%	13.0%	13.5%	14.0%

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

	PEIA	RHBT	Total
August 2020	\$56,007,000	\$15,503,000	\$71,510,000

Sincerely,



Jason A. Haight, CPA
Chief Financial Officer

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For Two Months Ending Monday, August 31, 2020
In Thousands
PRELIMINARY

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
			ADDITIONS				
			Employer Premiums:				
\$371	\$507	\$586	Health premiums - Non Par	(\$136)	(27%)	(\$215)	(37%)
2,240	2,225	2,479	Health Premiums - RLC Health, Life	15	1%	(239)	(10%)
22,825	22,500	23,362	Pay Go Premiums	325	1%	(537)	(2%)
5,000	5,000	5,833	State appropriation - OPEB	-	0%	(833)	(14%)
30,436	30,232	32,260	Total Employer Premiums	204	1%	(1,824)	(6%)
			Other Additions:				
133	167	133	Retiree Drug Subsidy	(34)	(20%)	-	0%
72,730	14,854	(13,525)	Investment Income	57,876	390%	86,255	(638%)
103,299	45,253	18,868	TOTAL ADDITIONS	58,046	128%	84,431	447%
			DEDUCTIONS				
18,937	20,286	18,570	Payments to Managed Care Org.	1,349	7%	(367)	(2%)
4,398	4,337	3,915	Life Insurance Expense	(61)	(1%)	(483)	(12%)
7,503	9,109	5,526	Medical Claims Expense	1,606	18%	(1,977)	(36%)
3,319	4,888	4,139	Pharmacy Claims Expense	1,569	32%	820	20%
288	356	432	Administrative Service Fees (External)	68	19%	144	33%
(11,270)	(11,603)	(11,507)	Member Health premiums	(333)	3%	(237)	2%
(4,541)	(4,360)	(4,145)	Member Life Insurance Premiums	181	(4%)	396	(10%)
433	580	515	Other Operating Expenses	147	25%	82	16%
19,067	23,593	17,445	TOTAL DEDUCTIONS	4,526	19%	(1,622)	(9%)
84,232	21,660	1,423	NET POSITION INCREASE (DECREASE)	62,572	289%	82,809	5,819%
			Net Position Restricted for Post Employment Benefits				
1,224,641	1,224,641	1,091,661	Beginning of Period Total Net Position	-	0%	132,980	12%
1,240,766	1,178,194	1,054,977	End of Period Net Position - Restricted	62,572	5%	185,789	18%
68,107	68,107	38,107	End of Period Net Position - PSR	-	0%	30,000	79%
\$1,308,873	\$1,246,301	\$1,093,084	End of Period Total Net Position	\$62,572	5%	\$215,789	20%

West Virginia Public Employees Insurance Agency
Statement of Changes in Plan Net Position
For the Two Months Ending Monday, August 31, 2020
(Dollars in Thousands)
(Unaudited-For Internal Use Only)

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
OPERATING REVENUE							
Premium Revenue							
\$63,789	\$63,320	\$62,615	Health Insurance - State Gov. - Employers	\$469	1%	\$1,174	2%
20,057	20,035	20,020	Health Insurance - State Gov. - Employees	22	0%	37	0%
19,581	17,825	17,349	Health Insurance - Local Gov. - All	1,756	10%	2,232	13%
751	758	732	Administrative Fees, Net of Refunds	(7)	(1%)	19	3%
315	283	326	Other Premium Revenue	32	11%	(11)	(3%)
104,493	102,221	101,042	Total Operating Revenue	2,272	2%	3,451	3%
NON-OPERATING REVENUE							
489	246	261	Life Insurance	243	99%	228	87%
3,500	9,167	5,167	Direct Transfer	(5,667)	(62%)	(1,667)	(32%)
11,096	1,950	941	Interest and Investment Income	9,146	469%	10,155	1,079%
22,825	22,500	23,362	WV RHBT Pay Go Premiums	325	1%	(537)	(2%)
37,910	33,863	29,731	Total Non-Operating Revenue	4,047	12%	8,179	28%
142,403	136,084	130,773	TOTAL REVENUE	6,319	5%	11,630	9%
EXPENSES							
67,249	71,370	46,490	Claims Expense - Medical	4,121	6%	(20,759)	(45%)
20,266	25,556	21,867	Claims Expense - Drugs	5,290	21%	1,601	7%
8,801	8,737	8,195	Payments to Managed Care Org.	(64)	(1%)	(606)	(7%)
3,258	4,197	3,952	Administrative Service Fees	939	22%	694	18%
-	1,333	-	Wellness and Disease Management	1,333	100%	0	0%
920	753	664	Other Operating Expenses	(167)	(22%)	(256)	(39%)
352	216	205	Life Insurance Expense	(136)	(63%)	(147)	(72%)
68	0	0	ACA Comparative Effectiveness Fee	(68)	0%	(68)	0%
22,825	22,500	23,362	WV RHBT Pay Go Premiums	(325)	(1%)	537	2%
123,739	134,662	104,735	TOTAL EXPENSES	10,923	8%	(19,004)	(18%)
18,664	1,422	26,038	YTD Surplus (Deficit)	17,242	1,213%	(7,374)	(28%)
225,402	225,402	226,389	Total Net Position, Beginning of Period	0	0%	(987)	(0%)
124,663	124,663	110,611	End of Period Net Position, Actuarially Required Reserve	0	0%	14,052	13%
119,403	102,161	141,817	End of Period Net Position, PEIA PSR	17,242	17%	(22,414)	(16%)
\$244,066	\$226,824	\$252,428	Total Net Position, End of Period	\$17,242	8%	(\$8,362)	(3%)

RED

October 2020

Interim Packet

Department of Administration Real Estate Division Leasing Report
For the period of September 1 - 30, 2020

There are 9 leasing changes for this period, and they are as follows:

- 1 – New Contract of Lease
- 7 – Straight Renewal
- 1 – Renewal with Increase in Rent

Department of Administration Real Estate Division Leasing Report
For the period of September 1, 2020 through September 30, 2020

NEW CONTRACT OF LEASE

REGION VI WORKFORCE INVESTMENT BOARD

WIB-004 New Contract of Sublease for 10 years consisting of 250 square feet of office space at the annual per square foot rate of \$12.00, annual cost \$3,000.00, full service, 1023 North Randolph Avenue, in the City of Elkins, Randolph County, West Virginia.

STRAIGHT RENEWAL

WEST VIRGINIA CONSERVATION AGENCY

SCC-007 Renewal for 3 years consisting of 974 square feet of office space at the current annual per square foot rate of \$16.25, annual cost \$15,827.50, full service, 201 Scott Avenue, in the City of Morgantown, Monongalia County, West Virginia.

DEPARTMENT OF VETERANS ASSISTANCE

VET-039 Renewal for 2 years consisting of 760 square feet of office space at the current annual per square foot rate of \$15.79, annual cost \$12,000.00, full service, 330 Red Oaks Shopping Center, in the City of Fairlea, Greenbrier County, West Virginia.

DIVISION OF FORESTRY

FOR-011 Renewal for 40 years consisting of 348 square feet of office space at the current monthly rate of \$84.50, full service, 715 Main Street, in the City of Summersville, Nicholas County, West Virginia.

SOUTHWESTERN COMMUNITY ACTION COUNCIL, INC.

SWC-001 Sublease renewal for 1 year consisting of one cubicle of office space at the current monthly rate of \$175.00, annual cost \$2,100.00, full service, 300 Lakeview Center, in the City of Parkersburg, Wood County, West Virginia.

HORIZON YOUTH SERVICES dba CHARLESTON JOB CORPS CENTER, INC.

HYS-002 Sublease renewal for 1 year consisting of one cubicle of office space at the current monthly rate of \$200.00, annual cost \$2,400.00, full service, 300 Lakeview Center, in the City of Parkersburg, Wood County, West Virginia.

STATE AUDITOR'S OFFICE

SAO-013 Renewal for 5 years consisting of 6,000 at the current annual per square foot rate of \$15.00, annual cost \$90,000, 4004 MacCorkle Avenue S.E., City of Kanawha City, Kanawha County, West Virginia.

SMALL BUSINESS DEVELOPMENT CENTER

SBD-008 Renewal for 1 year consisting of 290 square feet of office at the current annual monthly amount of \$500.00, annual cost \$6,000.00, full service, 830 North Drive, in the City of Summersville, Nicholas County, West Virginia.

RENEWAL WITH INCREASE IN RENT

DEPARTMENT OF VETERANS ASSISTANCE

VET-033 Renewal for 3 years consisting of 700 square feet of office space with an increase in the annual per square foot rate from \$16.31 to \$16.63, annual cost \$11,640.96, full service, 115-16 Aikens Center, in the City of Martinsburg, Berkeley County, West Virginia.

Real Estate Division
 Monthly Summary of Lease Activity
 September 1 - 30, 2020

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Region VI Workforce Investment Board	WIB-004	Randolph	250	12.00	3,000	10	30,000
2	West Virginia Conservation Agency	SCC-007	Monongalia	974	16.25	15,828	3	47,483
3	Department of Veterans Assistance	VET-039	Greenbrier	760	15.79	12,000	2	24,000
4	Division of Forestry	FOR-001	Nicholas	348	2.91	1,014	40	40,560
5	Southwestern Community Action Council, Inc	SWC-001	Wood	1 cubicle	175.00/m	2,100	1	2,100
6	Horizon Youth Services	HYS-002	Wood	1 cubicle	200.00/m	2,400	1	2,400
7	State Auditor's Office	SAO-013	Kanawha	6,000	15.00	90,000	5	450,000
8	Small Business Development Center	SBD-008	Nicholas	290	20.69	6,000	1	6,000
9	Department of Veterans Assistance	VET-033	Berkeley	700	16.63	11,641	3	34,923

	122.00
Total Rentable Square Feet	<u>9,322</u>
Average Annual Rental Rate	<u>17.43</u>
Total Annual Rent	<u>143,983</u>

MEDICAID REPORT

Joint Committee on Government and Finance

October 2020

Department of Health and Human Resources

**MEDICAID REPORT
July 2020 Data**

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2021

MONTH OF JULY 2020

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2020	SFY2021	Current Month Ended 07/31/20	Current Month Ended 07/31/20	Year To-Date Thru 07/31/20	08/01/20 Thru 06/30/21
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	97,985,843	95,665,585	5,737,153	7,653,247	5,737,153	89,928,432
Inpatient Hospital - DSH	53,450,766	53,789,156	-	4,303,132	-	53,789,156
Inpatient Hospital - Supplemental Payments	-	-	-	-	-	-
Inpatient Hospital - GME Payments	12,183,004	12,365,473	-	989,238	-	12,365,473
Mental Health Facilities	33,613,909	39,241,399	891,818	3,139,312	891,818	38,349,581
Mental Health Facilities - DSH Adjustment Payments	17,503,899	19,301,726	-	1,544,138	-	19,301,726
Nursing Facility Services - Regular Payments	759,691,830	817,702,404	68,562,837	65,416,192	68,562,837	749,139,567
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	67,715,431	71,050,398	5,353,807	5,684,032	5,353,807	65,696,591
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	38,140,554	36,066,892	2,252,689	2,885,351	2,252,689	33,814,203
Physicians Services - Supplemental Payments	-	-	-	-	-	-
Physician and Surgical Services - Evaluation and Management	-	-	-	-	-	-
Physician and Surgical Services - Vaccine Codes	-	-	-	-	-	-
Outpatient Hospital Services - Regular Payments	49,740,650	46,526,655	3,671,839	3,722,132	3,671,839	42,854,816
Outpatient Hospital Services - Supplemental Payments	-	-	-	-	-	-
Prescribed Drugs	735,519,694	777,516,648	57,568,407	62,201,332	57,568,407	719,948,241
Drug Rebate Offset - National Agreement	(440,398,418)	(427,000,000)	(65,887,333)	(34,160,000)	(65,887,333)	(361,112,667)
Drug Rebate Offset - State Sidebar Agreement	(41,823,225)	(42,000,000)	(4,040,542)	(3,360,000)	(4,040,542)	(37,959,458)
Drug Rebate Offset - MCO National	(11,386,339)	(11,200,000)	(2,365,447)	(896,000)	(2,365,447)	(8,834,553)
Drug Rebate Offset - MCO State Sidebar Agreement	86,361	-	1,049	-	1,049	(1,049)
Dental Services	9,762,746	6,210,738	345,079	496,859	345,079	5,865,659
Other Practitioners Services - Regular Payments	6,025,073	4,422,966	289,090	353,837	289,090	4,133,876
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	1,563,783	865,094	44,714	69,207	44,714	820,380
Lab & Radiological Services	8,138,831	7,418,689	471,364	593,495	471,364	6,947,325
Home Health Services	25,693,171	31,257,836	2,470,187	2,500,627	2,470,187	28,787,649
Hysterectomies/Sterilizations	22,630	25,931	1,770	2,074	1,770	24,161
Pregnancy Terminations ⁽²⁾	38,707	39,472	2,329	3,158	2,329	37,143
EPSDT Services	1,334,847	666,189	45,633	53,295	45,633	620,556
Rural Health Clinic Services	4,730,991	4,065,304	157,595	325,224	157,595	3,907,709
Medicare Health Insurance Payments - Part A Premiums	23,063,910	24,524,802	2,099,093	1,961,984	2,099,093	22,425,709
Medicare Health Insurance Payments - Part B Premiums	119,556,978	136,070,782	10,532,134	10,885,663	10,532,134	125,538,648
120% - 134% Of Poverty	9,831,477	10,028,107	814,626	802,249	814,626	9,213,481
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	13,187,270	13,339,616	975,283	1,067,169	975,283	12,364,333

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2021

	MONTH OF JULY 2020		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2020	SFY2021	Current Month Ended 07/31/20	SFY2021	Current Month Ended 07/31/20	Current Month Ended 07/31/20	Year To-Date Thru 07/31/20	08/01/20 Thru 06/30/21
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	1,765,544,532	2,253,564,298	136,689,465		180,285,144		136,689,465	2,116,874,833
Medicaid MCO - Evaluation and Management	-	-	-	-	-	-	-	-
Medicaid MCO - Vaccine Codes	-	-	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-	-	-	-	-	-
Medicaid Health Insurance Payments: Group Health Plan Payments	1,235,935	1,337,776	376,524		107,022		376,524	961,252
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-	-	-
Home & Community-Based Services (IDD)	312,481,404	392,436,958	23,621,183		31,394,957		23,621,183	368,815,775
Home & Community-Based Services (Aged/Disabled)	130,111,456	131,821,069	9,515,817		10,545,686		9,515,817	122,305,252
Home & Community-Based Services (Traumatic Brain Injury)	1,917,668	2,226,182	135,774		178,095		135,774	2,090,408
Home & Community-Based Services (State Plan 1915(i) Only)	-	-	-	-	-	-	-	-
Home & Community-Based Services (State Plan 1915(j) Only)	-	-	-	-	-	-	-	-
Community Supported Living Services	-	-	-	-	-	-	-	-
Programs Of All-Inclusive Care Elderly	-	-	-	-	-	-	-	-
Personal Care Services - Regular Payments	71,088,070	68,891,478	5,559,883		5,511,318		5,559,883	63,331,595
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-	-	-
Targeted Case Management Services - State Wide	2,418,259	2,042,897	204,027		163,432		204,027	1,838,870
Primary Care Case Management Services	-	-	-	-	-	-	-	-
Hospice Benefits	29,567,073	29,607,479	1,802,202		2,368,598		1,802,202	27,805,277
Emergency Services Undocumented Aliens	609,969	486,513	67,857		38,921		67,857	418,656
Federally Qualified Health Center	22,224,540	21,842,947	509,543		1,747,436		509,543	21,333,404
Non-Emergency Medical Transportation	37,037,744	39,243,822	3,451,930		3,139,506		3,451,930	35,791,892
Physical Therapy	1,076,333	923,190	64,247		73,855		64,247	858,943
Occupational Therapy	652,703	367,951	28,716		29,436		28,716	339,235
Services for Speech, Hearing & Language	380,426	157,709	10,948		12,617		10,948	146,761
Prosthetic Devices, Dentures, Eyeglasses	825,415	448,928	14,620		35,914		14,620	434,308
Diagnostic Screening & Preventive Services	86,339	98,702	5,030		7,896		5,030	93,672
Nurse Mid-Wife	139,130	162,976	5,494		13,038		5,494	157,482
Emergency Hospital Services	-	-	-	-	-	-	-	-
Critical Access Hospitals	28,488,629	25,164,470	1,454,793		2,013,158		1,454,793	23,709,677
Nurse Practitioner Services	4,338,088	3,556,142	240,722		284,491		240,722	3,315,420
School Based Services	31,425,256	19,999,864	282,407		1,599,989		282,407	19,717,457
Rehabilitative Services (Non-School Based)	52,436,190	25,593,781	1,936,004		2,047,503		1,936,004	23,657,777
2a) Opioid Treatment Program (OTP) - Methadone services	10,931,763	-	1,291,936		-		1,291,936	(1,291,936)
2a) Opioid Treatment Program (OTP) - Peer Recovery Support Services	1,411,620	-	-		-		-	-
2a) Opioid Treatment Program (OTP) - Residential Adult Services	6,354,000	-	-		-		-	-
2a) Opioid Treatment Program (OTP) - Other	114,837	-	-		-		-	-
Private Duty Nursing	5,385,431	3,355,085	680,525		268,407		680,525	2,674,560
Freestanding Birth Centers	-	-	-	-	-	-	-	-
Health Home for Enrollees w Chronic Conditions	2,287,345	2,128,164	185,630		170,253		185,630	1,942,534
Other Care Services	30,261,541	31,324,045	2,443,755		2,505,924		2,443,755	28,880,290
Less: Recoupments	-	-	(65,827)		-		(65,827)	65,827
NET MEDICAID EXPENDITURES:	4,145,806,068	4,784,744,287	280,508,379		382,779,543		280,508,379	4,504,235,908

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2021

MONTH OF JULY 2020

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

NET EXPENDITURES and CMS-64 ADJUSTMENTS:

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

TOTAL MEDICAID EXPENDITURES

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

TOTAL EXPENDITURES

ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
SFY2020	SFY2021	Current Month Ended 07/31/20	Current Month Ended 07/31/20	Year To-Date Thru 07/31/20	08/01/20 Thru 06/30/21
(3,693,035)	-	-	-	-	-
(1,951,369)	-	-	-	-	-
(4,476)	-	-	-	-	-
(17,727,403)	-	-	-	-	-
4,122,429,785	4,784,744,287	280,508,379	382,779,543	280,508,379	4,504,235,908
39,118,976	32,995,413	3,363,329	2,639,633	3,363,329	29,632,084
335,451	393,746	36,341	31,500	36,341	357,405
1,015,192	1,035,496	93,884	82,840	93,884	941,612
\$ 4,162,899,405	\$ 4,819,168,942	\$ 284,001,932	\$ 385,533,515	\$ 284,001,932	\$ 4,535,167,009
5,840,605	-	423,829	-	423,829	(423,829)
368,501	77,507	24,150	6,201	24,150	53,357
64,034	250,000	8,500	20,000	8,500	241,500
\$ 4,169,172,545	\$ 4,819,496,449	\$ 284,458,411	\$ 385,559,716	\$ 284,458,411	\$ 4,535,038,038

(1) This amount will revert to State Only if not reimbursed.
 (2) Pregnancy Terminations are State Only expenditures and are not currently claimed.
 (3) Of the amount in the 'Nursing Facility Services - Regular Payments' line \$1,781,760.14 is the amount paid to State Facilities year to date.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 MEDICAID CASH REPORT
 SFY2021

MONTH OF JULY 2020	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2020	Current Month Ended 7/31/20	Year-To-Date Thru 7/31/20	8/1/20 Thru 6/30/21	SFY2021
REVENUE SOURCES					
Beg. Bal. 7/01/20 (5084/1020 prior mth)	54,359,368	25,964,129	25,964,129	-	25,964,129
MATCHING FUNDS					
General Revenue (0403/189)	260,292,248	13,606,003	13,606,003	284,249,261	297,855,264
IDD Waiver (0403/466)	90,253,483	7,236,116	7,236,116	101,305,620	108,541,736
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,333	216,333	2,379,667	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,667	529,667	5,826,333	6,356,000
Traumatic Brain Injury (0403/835)	800,000	53,334	53,334	746,666	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	906,241	906,241	12,687,379	13,593,620
Medical Services Surplus (0403/633)	30,247,035	-	-	-	-
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	4,015,503	1,003,876	1,003,876	3,011,627	4,015,503
Lottery Waiver (0420/539)	29,950,955	7,487,739	7,487,739	22,463,216	29,950,955
Lottery Transfer (5405/871)	16,400,070	4,100,018	4,100,018	12,300,052	16,400,070
Excess Lottery (5365/189)	53,202,960	-	-	66,302,960	66,302,960
Lottery Surplus (5405/68199)	16,000,000	-	-	16,000,000	16,000,000
Lottery Surplus (5365/68100)	-	-	-	17,000,000	17,000,000
Trust Fund Appropriation (5185/189)	82,227,707	-	-	75,824,099	75,824,099
Provider Tax (5090/189)	213,594,315	16,300,000	16,300,000	366,563,282	382,863,282
NSGO UPL (5084/6717)	-	-	-	-	-
Expirations (5084)	5,360,000	-	-	-	-
Certified Match	13,081,553	467,410	467,410	9,397,715	9,865,125
Reimbursables - Amount Reimbursed	6,724,797	654,422	654,422	(654,422)	-
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	568,267	9,350	9,350	690,651	700,000
CHIP State Share	-	-	-	-	-
CMS - 64 Adjustments	713,612	-	-	-	-
TOTAL MATCHING FUNDS	\$ 900,337,493	\$ 78,534,638	\$ 78,534,638	\$ 996,094,105	\$ 1,074,628,742
	-	-	-	-	-
FEDERAL FUNDS	3,292,552,765	221,267,083	221,267,083	3,669,228,697	3,890,495,780
TOTAL REVENUE SOURCES	\$ 4,192,890,258	\$ 299,801,720	\$ 299,801,720	\$ 4,665,322,802	\$ 4,965,124,522
TOTAL EXPENDITURES:					
Provider Payments	\$ 4,169,172,545	\$ 284,458,411	\$ 284,458,411	\$ 4,535,038,038	\$ 4,819,496,449
TOTAL	\$ 23,717,713	\$ 15,343,309	\$ 15,343,309		\$ 145,628,073

Note: FMAP (74.94% applicable Oct. 2019 - Sep. 2020)

Joint Committee on Government and Finance

October 2020

Department of Health and Human Resources

MEDICAID WAIVER REPORT

July 2020

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

Aged & Disabled Waiver Reported July 31, 2020	FY 2020	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	FY2021 YTD
Slots Approved By CMS (1)	7,026	7,026												7,026
-Slots Available for Traditional (ADW-WV) enrollees	6,950	6,950												6,950
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	76	76												76
-Slots reserved for Money Follows the Person (MFP-WV) enrollees														
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count	6,939	6,498												6,498
Applicants determined eligible this month and added to MEL (3)	1,731	102												102
Applicants determined ineligible	76	2												2
ACTIVE MEMBERS														
Active Traditional Members at the end of the month	6,110	6,415												6,415
Active Take Me Home Members at the end of the month	46	46												46
Active Money Follows the Person Members at the end of the month														
Total Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count	6,156	6,461												6,461
Active members enrolled during the calendar month	1,301	383												383
-Total Active Traditional members enrolled during the calendar month	1,250	375												375
-Total Active TMH-WV members enrolled during the calendar month	51	8												8
-Total Active MFP-WV members enrolled during the calendar month														
Members discharged during the calendar month	1,044	78												78
ADW Members whose case was closed by reason														
Member is deceased	574	58												58
Other (4)	470	20												20
MANAGED ENROLLMENT LIST (MEL)														
# Eligible applicants closed during the calendar month (removed from MEL)	2,042	105												105
ADW Applicants removed from the MEL														
Applicant offered a slot (Traditional + MFP)	1,676	84												84
Applicant became deceased	125	6												6
Other (5)	241	15												15
Applicants on the MEL who are in a nursing facility YTD Column reflects average # members in setting	16													
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting	35													
Applicants on the MEL at the end of the month	37	34												34
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days	308	435												435
Days -Longest time spent on the MEL to date Minus MFP Applicants (7)	54	60												60
Days -Average time spent on the MEL to date Minus MFP Applicants	28	14												14

YTD Column Reflects average number of days minus MFP Applicants

(1) Of the 7026 slots approved by CMS, 76 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant. When it is identified that slots cannot be used for MFP transitions, these slots are made available for traditional (non-MFP) enrollees.

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

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

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

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

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

(7) Excludes MFP members on MEL not ready for discharge from facility and MFP Applicants, added beginning Dec 2019

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

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

Intellectual/Developmental Disabilities Waiver Reported July 31, 2020	SFY 2020	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	FY2021 YTD
Slots approved by CMS	5,964	5,964												5,964
Total number of members served YTD (unduplicated slots used) (1)	5,446	5,506												5,506
Total number of members served YTD in Traditional Slots	5,437	5,497												5,497
Total number of members served YTD in Adult Ben H. slots (Active)	6	6												6
Total number of members served YTD in Children Ben H. slots (Active)	3	3												3
Applicants determined eligible (2)	264	19												19
Applicants determined ineligible (3)	292	22												22
ACTIVE MEMBERS														
# of active members at the end of the month (unduplicated slots active) (1)	5,336	5,495												5,336
Discharged members at the end of the calendar month	126	15												15
Discharged members who were discharged by reason	Deceased	62	4											4
	Left program to enter a facility	21	2											2
	a. Hospital	0	0											0
	b. ICF/IID	13	2											2
	c. Nursing Facility	14	0											0
	d. Psychiatric Facility	0	0											0
	e. Rehabilitation Facility	0	0											0
	f. Other Facility	0	0											0
Other (6)	36	9											9	
MANAGED ENROLLMENT LIST (MEL)														
Total number of applicants on the MEL at the end of the month	523	343												343
Number of applicants added to the MEL (4)	264	19												19
Applicants enrolled (removed from the MEL)	703	174												174
Applicants removed from the MEL due to Death (5)	15	1												1
Applicants removed from the MEL due to Other (6)	141	24												24
Applicants on the MEL who are in a Nursing Facility (9)	0													#N/A
Applicants on the MEL who are in an ICF/IID Group Home (9)	8													#N/A
Applicants on the MEL receiving Personal Care Services each month (8) (9)	9													#N/A
Longest on the MEL to date (7)	433	464												464

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

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

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

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

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

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

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

Traumatic Brain Injury Waiver Reported July 31, 2020	SFY 2020	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	FY2021 YTD
Slots Approved By CMS (1)	90	90												90
-Slots Available for Traditional (non TMH-WV) enrollees	89	86												86
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	1	4												4
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count	89	78												78
Applicants determined eligible this month and added to MEL (3)	11	0												0
Applicants determined ineligible	0	0												0
ACTIVE MEMBERS														
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count	78	77												77
Active members enrolled during the calendar month	16	0												0
-Total Active Traditional members enrolled during the calendar month	15	0												0
-Total Active TMH-WV members enrolled during the calendar month	1	0												0
Members discharged during the calendar month	13	1												1
TBIW Members whose case was closed by reason	Member is deceased	6	0											0
	Other (4)	7	1											1
MANAGED ENROLLMENT LIST (MEL)														
# Eligible applicants closed during the calendar month (removed from MEL)	12	1												1
TBIW Applicants removed from the MEL	Applicant offered a slot	12	1											1
	Applicant became deceased	0	0											0
	Other (5)	0	0											0
Applicants on the MEL who are in a nursing facility	2	0												0
Applicants on the MEL receiving Personal Care	2	0												0
Applicants on the MEL at the end of the month	1	0												0
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days	110	0												0

(1.) Of the 90 slots approved by CMS, 4 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant for SFY 2021.

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

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

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

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

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

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

CHIP

Joint Committee on
Government and Finance
Report

OCTOBER 2020

Department of Health and Human Resources

State Children's Health Insurance Program
UPDATE



West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures, Changes in Fund Balance, and Budget-to-Actual
For the Three Months Ending September 30, 2020 and September 30, 2019

	Annual Budget 2021	Budget Year-to-Date	Actual		Actual Variance		Budget Variance	
			September 30, 2020	September 30, 2019	\$	%	\$	%
Beginning Operating Fund Balance			\$6,218,611	\$5,232,905	\$985,706	19%		
Revenues								
Federal Grants			\$11,362,451	\$13,916,143	(\$2,553,692)	-18%		
State Appropriations			\$1,396,379	\$0	\$0	0%		
Premium Revenues	\$1,243,837	\$310,959	\$23,136	\$387,534	(\$364,398)	-94%	(\$287,823)	-93%
Investment Earnings (Interest)			\$55,098	\$70,017	(\$14,919)	-21%		
Total Operating Fund Revenues			\$12,837,064	\$14,373,694	(\$1,536,630)	-11%		
Expenditures:								
Claims Expenses:								
Physicians & Surgical			\$3,041,766	\$3,244,660	(\$202,894)	-6%		
Prescribed Drugs			\$2,557,322	\$2,483,856	\$73,466	3%		
Outpatient Services			\$1,784,321	\$2,240,647	(\$456,326)	-20%		
Dental			\$2,151,919	\$1,993,635	\$158,284	8%		
Inpatient Hospital Services			\$1,144,791	\$914,775	\$230,016	25%		
Other Services			\$736,962	\$813,522	(\$76,560)	-9%		
Therapy			\$402,244	\$553,063	(\$150,819)	-27%		
Vision			\$158,804	\$182,111	(\$23,307)	-13%		
Inpatient Mental Health			\$53,674	\$118,810	(\$65,136)	-55%		
Outpatient Mental Health			\$67,775	\$87,204	(\$19,429)	-22%		
Medical Transportation			\$63,367	\$125,225	(\$61,858)	-49%		
Durable & Disposable Med. Equip.			\$92,548	\$112,528	(\$19,980)	-18%		
Less: Other Collections**			(\$18,196)	(\$24,619)	\$6,423	-26%		
Drug Rebates	(\$2,517,954)	(\$629,489)	(\$733,006)	(\$743,204)	\$10,198	-1%	\$121,713	-19%
Total Claims Expenses	\$56,575,040	\$14,143,760	\$11,504,291	\$12,102,213	(\$597,923)	-5%	(\$2,639,469)	-19%
Administrative Expenses:								
Salaries and Benefits	\$575,350	\$143,838	\$155,827	\$0	\$155,827	0%	\$11,990	8%
Program Administration	\$3,305,108	\$826,277	\$915,043	\$285,934	\$629,109	220%	\$88,766	11%
Eligibility			\$0	\$0	\$0	0%	\$0	0%
Outreach & Health Promotion	\$100,000	\$25,000	\$0	\$0	\$0	0%	(\$25,000)	-100%
Current	\$175,000	\$43,750	\$12,699	\$29,394	(\$16,695)	-57%	(\$31,051)	-71%
Total Administrative Expenses in Operating Fund	\$4,155,458	\$1,038,865	\$1,083,569	\$315,328	\$768,241	244%	\$44,705	4%
Total Operating Fund Expenditures	\$60,730,498	\$15,182,625	\$12,587,860	\$12,417,541	\$170,318	1%	(\$2,594,765)	-17%
Adjustments			(\$9,381)	(\$122,575)				
Ending Operating Fund Balance			\$6,458,435	\$7,066,484	(\$608,049)	-9%		
Money Market			\$1,012,472	\$688,223				
Bond Pool			\$3,741,103	\$4,603,048				
Cash on Deposit			\$1,704,860	\$1,775,213				
Unrealized Gain/Loss on Investment			(\$11,761)	\$14,890				
Ending Fund Balance (Accrued Basis)			\$6,446,673	\$7,081,374	(\$634,700)	-9%		
Revenues Outside of Operating Funds:								
Federal Grants			\$0	\$112,672	(\$112,672)	-100%		
Total WVCHIP Revenues			\$12,837,064	\$14,486,366	(\$1,649,302)	-11%		
Program Expenses outside of Operating Funds:								
Salaries and Benefits			\$0	\$156,662	(\$156,662)	-100%		
Eligibility	\$500,000	\$125,000	\$166,451	\$181,782	(\$15,331)	-8%	\$41,451	33%
Total Administrative Expenses	\$4,655,458	\$1,163,865	\$1,250,020	\$653,772	\$596,248	91%	\$86,156	7%
Total WVCHIP Expenditures	\$61,230,498	\$15,307,625	\$12,754,311	\$12,755,985	(\$1,674)	0%	(\$2,553,314)	-17%

Footnotes:

- 1) Statement is on cash basis
- 2) Estimate of Incurred but Not Reported (IBNR) claims on September 30, 2021 is \$4,170,000. The September 30, 2019 estimate was \$4,697,000.
- 3) Administrative Accounts Payable balance on September 30, 2020 \$ 284,620. The September 30, 2019 balance was \$1,056,684.
- 4) 2021 and 2020 adjustments to fund balance represent timing issues between the payment of expense and the draw-down of federal revenues.
- 5) Revenues are primarily federal funds. WVCHIP's Federal Matching Assistance Percentage (FMAP) was 98.3% starting 01/01/20 and 85.00% starting 10/01/20 and 82.49% starting 01/01/21 through 09/30/21.
- 6) Other Collections are primarily provider refunds and subrogation (amounts received from other insurers responsible for bills WVCHIP paid - primarily auto).
- 7) Physician & Surgical services include physicians, clinics, lab, Federally Qualified Health Centers (FQHC), and vaccine payments.
- 8) Other Services include home health, chiropractors, psychologists, podiatrists, and nurse practitioners.
- 9) During SFY20 the federal share for Salaries and Benefits were paid outside the operating fund. In SFY21, all Salaries and Benefits were paid from the Operating fund.
- 10) Eligibility costs outside the fund represent the costs allocated to the WVCHIP for eligibility and enrollment processing (RAPIDS/WVPATH). Operating fund costs represent those directly billed to WVCHIP

Unaudited - For Management Purposes Only
PRELIMINARY STATEMENT

WVCHIP Enrollment Report

ATTACHMENT 1

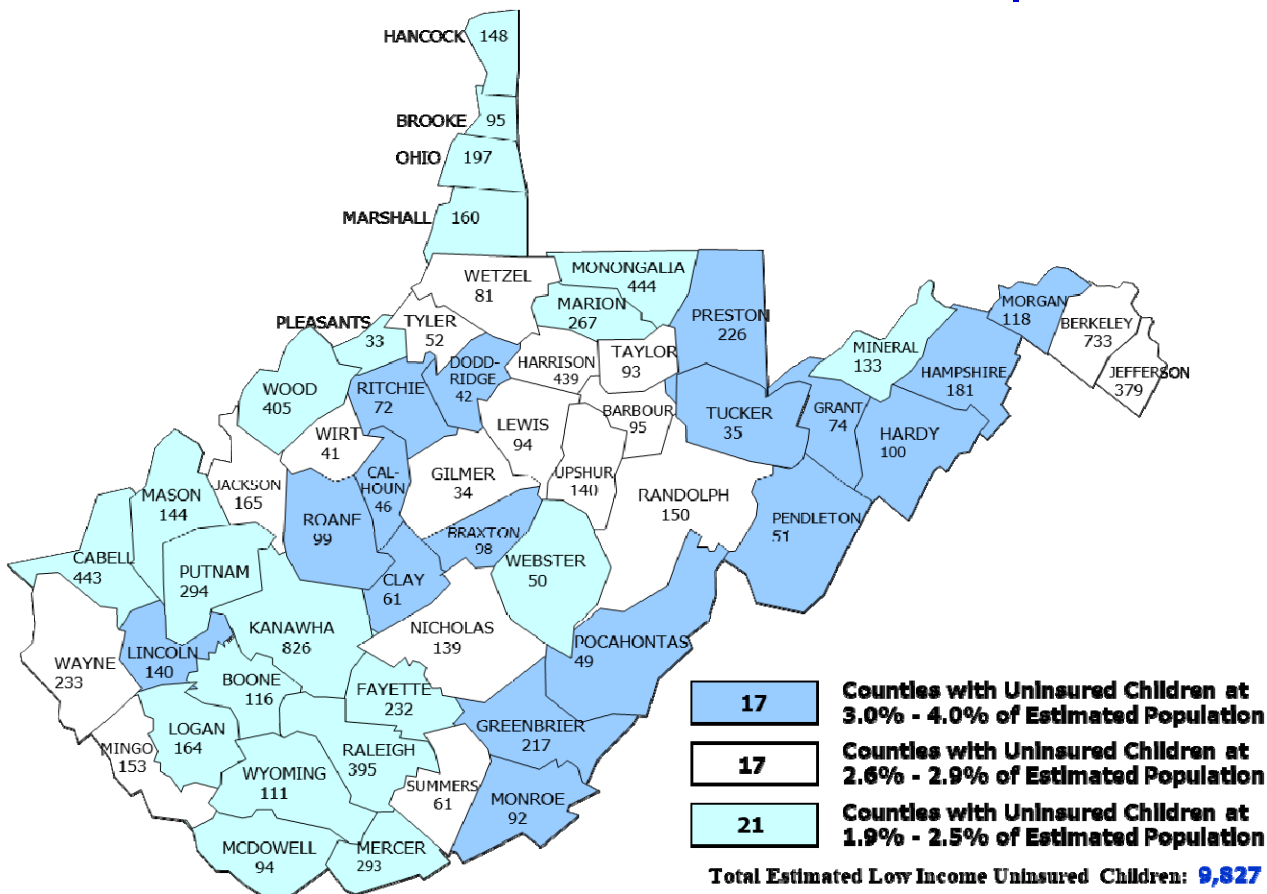
SEPTEMBER 2020

County	County Pop. 2017 Est. (0-18 Yrs)	Total CHIP Enrollment Sep-20	Total Medicaid Enrollment Sep-20	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2017 SAHIE Uninsured Est.	2017 SAHIE % Uninsured
Barbour	3,313	250	1,893	2,143	64.7%	95	2.9%
Berkeley	27,850	2,027	12,585	14,612	52.5%	733	2.6%
Boone	4,870	249	3,118	3,367	69.1%	116	2.4%
Braxton	2,922	145	1,567	1,712	58.6%	98	3.4%
Brooke	4,112	2	74	76	1.8%	95	2.3%
Cabell	19,229	944	9,674	10,618	55.2%	443	2.3%
Calhoun	1,388	92	889	981	70.7%	46	3.3%
Clay	2,031	121	1,397	1,518	74.7%	61	3.0%
Doddridge	1,394	95	787	882	63.3%	42	3.0%
Fayette	9,190	706	5,352	6,058	65.9%	232	2.5%
Gilmer	1,159	85	604	689	59.4%	34	2.9%
Grant	2,381	112	1,296	1,408	59.1%	74	3.1%
Greenbrier	7,002	623	3,834	4,457	63.7%	217	3.1%
Hampshire	4,576	283	2,461	2,744	60.0%	181	4.0%
Hancock	5,835	535	4,115	4,650	79.7%	148	2.5%
Hardy	2,833	219	1,568	1,787	63.1%	100	3.5%
Harrison	15,044	990	6,864	7,854	52.2%	439	2.9%
Jackson	6,419	323	3,128	3,451	53.8%	165	2.6%
Jefferson	13,314	735	3,911	4,646	34.9%	379	2.8%
Kanawha	37,910	2,261	20,293	22,554	59.5%	826	2.2%
Lewis	3,522	215	2,162	2,377	67.5%	94	2.7%
Lincoln	4,737	284	3,034	3,318	70.0%	140	3.0%
Logan	6,850	417	4,631	5,048	73.7%	164	2.4%
Marion	11,604	702	5,492	6,194	53.4%	267	2.3%
Marshall	6,263	307	2,681	2,988	47.7%	160	2.6%
Mason	5,782	287	2,893	3,180	55.0%	144	2.5%
McDowell	3,790	188	2,953	3,141	82.9%	94	2.5%
Mercer	12,553	996	8,359	9,355	74.5%	293	2.3%
Mineral	5,593	309	2,295	2,604	46.6%	133	2.4%
Mingo	5,446	259	4,093	4,352	79.9%	153	2.8%
Monongalia	17,800	982	5,823	6,805	38.2%	444	2.5%
Monroe	2,750	278	1,259	1,537	55.9%	92	3.3%
Morgan	3,319	258	1,543	1,801	54.3%	118	3.6%
Nicholas	5,218	382	3,077	3,459	66.3%	139	2.7%
Ohio	8,251	441	4,155	4,596	55.7%	197	2.4%
Pendleton	1,264	103	591	694	54.9%	51	4.0%
Pleasants	1,491	71	672	743	49.8%	33	2.2%
Pocahontas	1,509	123	848	971	64.3%	49	3.2%
Preston	6,566	448	3,076	3,524	53.7%	226	3.4%
Putnam	13,491	748	4,801	5,549	41.1%	294	2.2%
Raleigh	15,997	1,195	9,583	10,778	67.4%	395	2.5%
Randolph	5,463	462	3,189	3,651	66.8%	150	2.7%
Ritchie	1,974	84	1,103	1,187	60.1%	72	3.6%
Roane	3,035	278	1,819	2,097	69.1%	99	3.3%
Summers	2,212	168	1,548	1,716	77.6%	61	2.8%
Taylor	3,526	214	1,710	1,924	54.6%	93	2.6%
Tucker	1,171	123	544	667	57.0%	35	3.0%
Tyler	1,808	92	840	932	51.5%	52	2.9%

WVCHIP Enrollment Report

SEPTEMBER 2020

County	County Pop. 2017 Est. (0-18 Yrs)	Total CHIP Enrollment Sep-20	Total Medicaid Enrollment Sep-20	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2017 SAHIE Uninsured Est.	2017 SAHIE % Uninsured
Upshur	5,112	412	2,974	3,386	66.2%	140	2.7%
Wayne	8,517	454	4,948	5,402	63.4%	233	2.7%
Webster	1,711	132	1,298	1,430	83.6%	50	2.9%
Wetzel	3,164	164	1,890	2,054	64.9%	81	2.6%
Wirt	1,257	60	747	807	64.2%	41	3.3%
Wood	18,379	1,113	9,155	10,268	55.9%	405	2.2%
Wyoming	4,477	329	2,790	3,119	69.7%	111	2.5%
Totals	378,374	23,875	193,986		0.0%	9,827	2.6%



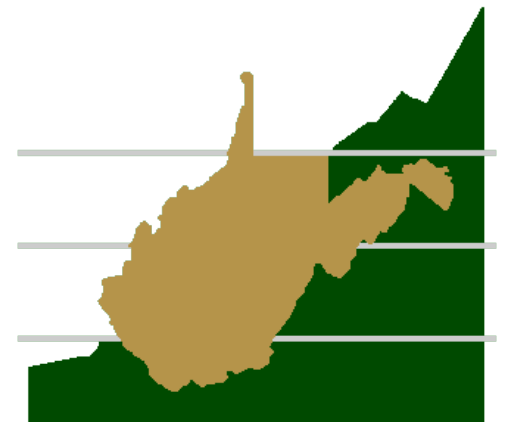
The above map shows the most recent 2017 county level data provided by the U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE) for children under 19 years. While the statewide average for children under 19 is now about 2.6%, the SAHIE data reflects more accurately the variation from county to county depending on the availability of employer sponsored insurance and should be a more accurate way to target outreach than in previous years.

INVESTMENT MANAGEMENT
BOARD

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

August 31, 2020



Participant Plans Allocation & Performance Net of Fees

Period Ending: August 31, 2020

	6/30/2020		8/31/2020		Performance %							
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
WVIMB Fund Assets	20,136,091	100.0	21,236,555	100.0								
Pension Assets	16,181,269	80.4	17,056,907	80.3								
Public Employees' Retirement System	6,899,129	34.3	7,292,628	34.4	3.2	10.2	6.3	11.2	7.6	8.9	9.2	6.8
Teachers' Retirement System	7,820,075	38.8	8,217,893	38.7	3.2	10.2	6.3	11.1	7.5	8.9	9.2	6.6
EMS Retirement System	88,627	0.4	94,379	0.4	3.2	10.2	6.3	11.3	7.6	8.9	9.2	
Public Safety Retirement System	675,608	3.4	709,552	3.3	3.2	10.2	6.3	11.2	7.6	8.9	9.3	6.8
Judges' Retirement System	215,698	1.1	228,558	1.1	3.2	10.3	6.3	11.3	7.6	8.9	9.3	6.8
State Police Retirement System	220,921	1.1	235,883	1.1	3.2	10.3	6.4	11.3	7.6	8.9	9.2	6.8
Deputy Sheriffs' Retirement System	239,121	1.2	253,895	1.2	3.2	10.2	6.3	11.3	7.6	8.9	9.2	6.8
Municipal Police & Firefighter Retirement System	14,669	0.1	16,119	0.1	3.2	10.2	6.4	11.5	7.6	8.8	7.6	
Municipal Model A (m)	5,851	0.0	6,186	0.0	3.2	10.6	6.8	11.6	7.8	9.1		
Municipal Model B (m)	1,570	0.0	1,814	0.0	3.2	10.0	7.0	12.0				
Insurance Assets	2,910,807	14.5	3,083,925	14.5								
Workers' Compensation Old Fund	1,013,189	5.0	1,047,770	4.9	2.3	7.6	5.2	9.6	5.6	6.3	5.4	
Workers' Comp. Self-Insured Guaranty Risk Pool	34,115	0.2	36,100	0.2	2.3	7.6	5.3	9.2	5.5	6.0	5.5	
Workers' Comp. Self-Insured Security Risk Pool	50,505	0.3	52,736	0.2	2.3	7.6	5.3	9.2	5.5	6.0		
Workers' Comp. Uninsured Employers' Fund	14,005	0.1	14,841	0.1	2.3	7.4	5.2	9.0	5.4	5.8	5.2	
Pneumoconiosis	223,717	1.1	234,727	1.1	2.3	7.6	5.3	9.2	5.5	5.9	5.7	5.6
Board of Risk & Insurance Management	164,662	0.8	173,342	0.8	2.3	7.6	5.3	9.3	5.5	6.0	5.8	
Public Employees' Insurance Agency	260,386	1.3	271,481	1.3	2.0	6.4	4.3	8.3	5.4	5.8	5.6	
WV Retiree Health Benefit Trust Fund	1,150,228	5.7	1,252,928	5.9	3.2	10.0	6.2	11.3	7.6	9.0	8.4	
Endowment Assets	1,044,015	5.1	1,095,723	5.2								
Berkeley County Development Authority	6,378	0.0	6,783	0.0	3.2	10.3	6.4	11.3	7.6			
Wildlife Fund	62,699	0.3	64,383	0.3	3.1	10.2	6.3	11.2	7.6	8.9	9.2	7.5
Revenue Shortfall Reserve Fund	272,021	1.4	286,075	1.4	0.0	0.0	0.0	3.6	3.8	3.7	3.4	
Revenue Shortfall Reserve Fund - Part B	492,955	2.4	515,332	2.4	1.7	6.7	4.5	10.0	5.9	6.5	5.9	
WV DEP Trust	9,053	0.0	9,825	0.1	4.3	11.9	8.5	12.1	6.3	7.8		
WV DEP Agency	200,909	1.0	213,325	1.0	2.8	8.9	6.2	10.0	5.7	6.6		

Composite Asset Allocation & Performance Net of Fees

Period Ending: August 31, 2020

	Asset (\$000)	%	Performance %								
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year	
Investment Pools Composite	21,242,340	100.00									
Portable Alpha Composite +/- S&P 500 Index	1,805,936	8.50	7.25 0.06		13.29 0.06						
Large Cap Domestic Equity Composite +/- S&P 500 Index	2,524,309	11.88	7.22 0.03	16.11 0.63	13.26 0.03	22.21 0.27	14.04 (0.48)	13.97 (0.49)	15.19 0.03	6.28 (0.06)	
Non-Large Cap Domestic Equity Composite +/- Russell 2500 Index	834,872	3.93	4.07 (0.46)	10.56 (1.27)	8.79 0.10	7.47 0.68	6.82 (0.12)	7.72 (0.82)	12.51 0.20	8.78 0.89	
International Equity Composite +/- MSCI AC World ex US IMI Index (c)	5,175,503	24.37	4.93 0.33	16.16 1.97	10.45 1.07	11.40 2.27	1.79 (1.24)	6.90 0.56	6.84 1.00	5.90 1.40	
Fixed Income Composite +/- Bloomberg Barclays Capital Universal (d)	3,317,447	15.62	0.05 0.63	3.88 1.87	2.07 0.90	7.31 0.90	5.19 0.10	5.12 0.51	4.48 0.51	5.67 0.44	
Core Fixed Income Composite +/- Bloomberg Barclays Capital Aggregate	990,504	4.66	(0.64) 0.17	2.18 0.87	0.97 0.30	6.72 0.25	5.48 0.39	4.69 0.36	4.23 0.58		
Total Return Fixed Income Composite (k) +/- Bloomberg Barclays Capital Universal	2,326,943	10.96	0.34 0.92	4.62 2.61	2.55 1.38	7.48 1.07	5.03 (0.06)	5.29 0.68	4.58 0.61	6.04 0.76	
TIPS Composite +/- Bloomberg Barclays Capital U.S. TIPS	308,582	1.45	1.10 0.01	4.64 0.07	3.45 0.03	9.21 0.22	5.80 0.10	4.63 0.07			
Cash Composite +/- FTSE 3 Month US T-Bill (e)	374,693	1.76	0.00 (0.01)	0.02 (0.01)	0.01 (0.01)	0.95 (0.24)	1.57 (0.11)	1.12 (0.03)	0.62 (0.04)	1.67 (0.03)	
Private Equity Composite +/- Russell 3000 + 3% (f, g)	2,135,500	10.05	0.00	12.70	0.00	17.26	19.63	17.46 0.60	15.33 (3.11)		
Real Estate Composite +/- NCREIF + 1% (f)	1,986,551	9.35	0.18	(0.28)	0.49	0.76	5.76	7.32 (0.74)	8.78 (2.08)		
Hedge Fund Composite +/- HFRI FOF + 1% (h)	2,093,697	9.86	1.96 (0.20)	5.32 (1.48)	3.41 (1.19)	2.89 (3.61)	3.62 (0.50)	2.89 (0.87)	4.41 0.51		
Private Credit & Income Composite +/- CS Leveraged Loan + 2% (l)	685,250	3.23	0.02 (1.65)	1.44 (3.86)	(0.18) (3.92)	1.59 (0.98)	4.66 (0.40)				

Participant Plans Allocation vs. Strategy

Period Ending: August 31, 2020

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

Pension Assets

Public Employees' Retirement System	51.8	50.0	12.2	15.0	11.7	10.0	10.9	10.0	3.8	5.0	9.5	10.0	0.1	0.0
Teachers' Retirement System	51.8	50.0	12.2	15.0	11.7	10.0	10.9	10.0	3.8	5.0	9.5	10.0	0.1	0.0
EMS Retirement System	51.8	50.0	12.5	15.0	11.4	10.0	10.6	10.0	3.7	5.0	9.5	10.0	0.5	0.0
Public Safety Retirement System	51.9	50.0	11.9	15.0	11.8	10.0	11.0	10.0	3.8	5.0	9.6	10.0	0.0	0.0
Judges' Retirement System	51.8	50.0	12.2	15.0	11.6	10.0	10.8	10.0	3.7	5.0	9.6	10.0	0.3	0.0
State Police Retirement System	51.9	50.0	12.8	15.0	11.3	10.0	10.5	10.0	3.6	5.0	9.5	10.0	0.4	0.0
Deputy Sheriffs' Retirement System	51.8	50.0	12.3	15.0	11.6	10.0	10.7	10.0	3.7	5.0	9.6	10.0	0.3	0.0
Municipal Police & Firefighter Retirement System	51.2	50.0	13.7	15.0	10.2	10.0	9.5	10.0	3.3	5.0	9.0	10.0	3.1	0.0
Municipal Model A	52.8	50.0	12.5	15.0	10.8	10.0	10.1	10.0	3.5	5.0	9.6	10.0	0.7	0.0
Municipal Model B	57.1	55.0	41.9	45.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0

Insurance Assets

Workers' Compensation Old Fund	32.7	30.0	48.6	50.0	0.0	0.0	0.0	0.0	0.0	0.0	14.9	15.0	3.8	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	32.0	30.0	43.2	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.5	20.0	5.3	5.0
Workers' Comp. Self-Insured Security Risk Pool	32.4	30.0	43.5	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.7	20.0	4.4	5.0
Workers' Comp. Uninsured Employers Fund	32.1	30.0	38.3	40.0	0.0	0.0	0.0	0.0	0.0	0.0	19.4	20.0	10.2	10.0
Pneumoconiosis	32.5	30.0	43.5	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.6	20.0	4.4	5.0
Board of Risk & Insurance Mgmt.	32.3	30.0	43.4	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.6	20.0	4.7	5.0
Public Employees' Insurance Agency	26.4	25.0	55.7	55.0	0.0	0.0	0.0	0.0	0.0	0.0	17.9	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	52.9	50.0	14.7	15.0	10.3	10.0	9.6	10.0	3.3	5.0	9.2	10.0	0.0	0.0

Endowment Assets

Berkeley County Development Authority	51.9	50.0	12.6	15.0	11.5	10.0	10.7	10.0	3.7	5.0	9.6	10.0	0.0	0.0
Wildlife Fund	51.3	50.0	12.1	15.0	12.0	10.0	11.1	10.0	3.8	5.0	9.6	10.0	0.1	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	0.0
Revenue Shortfall Reserve Fund - Part B	24.4	22.5	75.6	77.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	67.4	65.0	13.8	15.0	0.0	0.0	0.0	0.0	0.0	0.0	18.8	20.0	0.0	0.0
WV DEP Agency	42.4	40.0	38.3	40.0	0.0	0.0	0.0	0.0	0.0	0.0	19.3	20.0	0.0	0.0

- (a) As of January 2019, the PERS Base is 60% MSCI ACWI Gross and 40% Bloomberg Barclays Capital Universal. From January 2014 to December 2018, the PERS Base was 30% Russell 3000, 30% MSCI ACWI ex USA (IMI), and 40% Bloomberg Barclays Capital Universal. From April 2008 to December 2013, the PERS Base was 30% Russell 3000, 30% MSCI ACWI ex USA (Standard), and 40% Bloomberg Barclays Capital Universal. Prior periods were 42% Russell 3000, 18% MSCI ACWI ex USA, and 40% Bloomberg Barclays Capital Aggregate.
- (b) As of January 2019, the Total Equity Base Index is 100% MSCI ACWI Gross. From January 2014 to December 2018, the Total Equity Base Index was 50% Russell 3000 and 50% MSCI ACWI ex USA (IMI). From April 2008 to December 2013, the Total Equity Base Index was 50% Russell 3000 and 50% MSCI ACWI ex USA (Standard). Prior periods were 40% S&P 500, 30% Russell 2500, and 30% MSCI ACWI ex USA.
- (c) Prior to January 2014, the index was the MSCI ACW ex USA (Standard).
- (d) Prior to April 2008, the index was Bloomberg Barclays Capital Aggregate.
- (e) Prior to January 2014, the index was FTSE 3 Month US T-Bill plus 15 basis points.
- (f) The Private Equity Composite and Real Estate Composite are long-term programs whose benchmarks are only reported for 5 years and beyond.
- (g) Prior to January 2014, the index was S&P 500 plus 500 basis points.
- (h) Prior to January 2014, the index was Libor plus 400 basis points.
- (i) As of July 2019, the Franklin Benchmark is 50% JPM EMBI Global Diversified ex GCC and 50% JPM GBI EM Diversified. Prior periods were 50% JPM EMBI Global Diversified and 50% JPM GBI EM Diversified.
- (j) Prior to April 2008, the index was a custom index.
- (k) From October 2015 to March 2017, performance returns from the Opportunistic Income Pool were included in the Total Return Fixed Income Composite.
- (l) Prior to April 2017, the index was CS Leveraged Loan plus 250 basis points.
- (m) In July 2020 the municipal plan potential investment models were condensed to Model A and Model B. The June 30, 2020 asset values for Model C and Model D are included in Model A. Model B was formerly Model F.

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

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The information presented may be deemed to contain forward-looking information. Examples of forward looking information include, but are not limited to, (a) projections of or statements regarding return on investment, future earnings, interest income, other income, growth prospects, capital structure and other financial terms, (b) statements of plans or objectives of management, (c) statements of future economic performance, and (d) statements of assumptions, such as economic conditions underlying other statements. Such forward-looking information can be identified by the use of forward looking terminology such as believes, expects, may, will, should, anticipates, or the negative of any of the foregoing or other variations thereon comparable terminology, or by discussion of strategy. No assurance can be given that the future results described by the forward-looking information will be achieved. Such statements are subject to risks, uncertainties, and other factors which could cause the actual results to differ materially from future results expressed or implied by such forward looking information. The findings, rankings, and opinions expressed herein are the intellectual property of Verus and are subject to change without notice. The information presented does not claim to be all-inclusive, nor does it contain all information that clients may desire for their purposes. The information presented should be read in conjunction with any other material provided by Verus, investment managers, and custodians.

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Verus receives universe data from InvMetrics, eVestment Alliance, and Morningstar. We believe this data to be robust and appropriate for peer comparison. Nevertheless, these universes may not be comprehensive of all peer investors/managers but rather of the investors/managers that comprise that database. The resulting universe composition is not static and will change over time. Returns are annualized when they cover more than one year. Investment managers may revise their data after report distribution. Verus will make the appropriate correction to the client account but may or may not disclose the change to the client based on the materiality of the change.

WORKERS' COMPENSATION



WEST VIRGINIA OFFICES *OF THE* INSURANCE COMMISSIONER

James A. Dodrill
Insurance Commissioner

Status Report:
Workers' Compensation

Joint Committee on Government & Finance

October 2020

Table of Contents:

Introduction	3
Definitions	4-6
Monthly Claims Count and Reserve Charts	7-11
Old Fund Cash Statements	12
Coal Workers Pneumoconiosis Fund Cash Statement	13
Self-Insured Guaranty Fund Cash Statement	14
Self-Insured Security Fund Cash Statement	15
Uninsured Employers' Fund Cash Statement	16

Introduction

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

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

As of January 2008, there were 47,961 active Old Fund workers' compensation insurance claims. As of June 2020, there were 10,597 active claims. The first Workers' Compensation Status Report to the Joint Committee on Government and Finance was issued in June 2008. The following pages update the status of the various workers' compensation funds and the activities associated with the administration of the workers' compensation responsibilities transitioned to the Offices of the Insurance Commissioner.

Definitions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Old Fund: The residual assets and liabilities of the former Worker's Compensation Fund are now reported in a fund known as the Workers' Compensation Old Fund. Disbursements from the Old Fund are related to the liabilities and appropriate administrative expenses necessary for the administration of all claims, actual and incurred but not reported, for any claims with a date of injury on or before June 30, 2005.

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

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

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

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

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

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

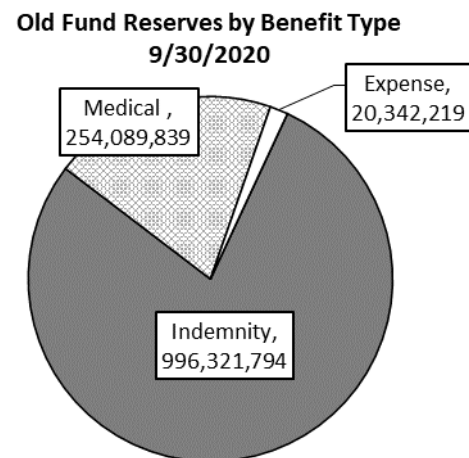
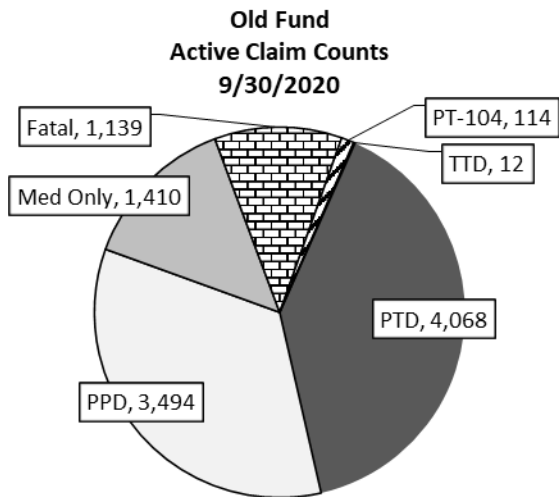
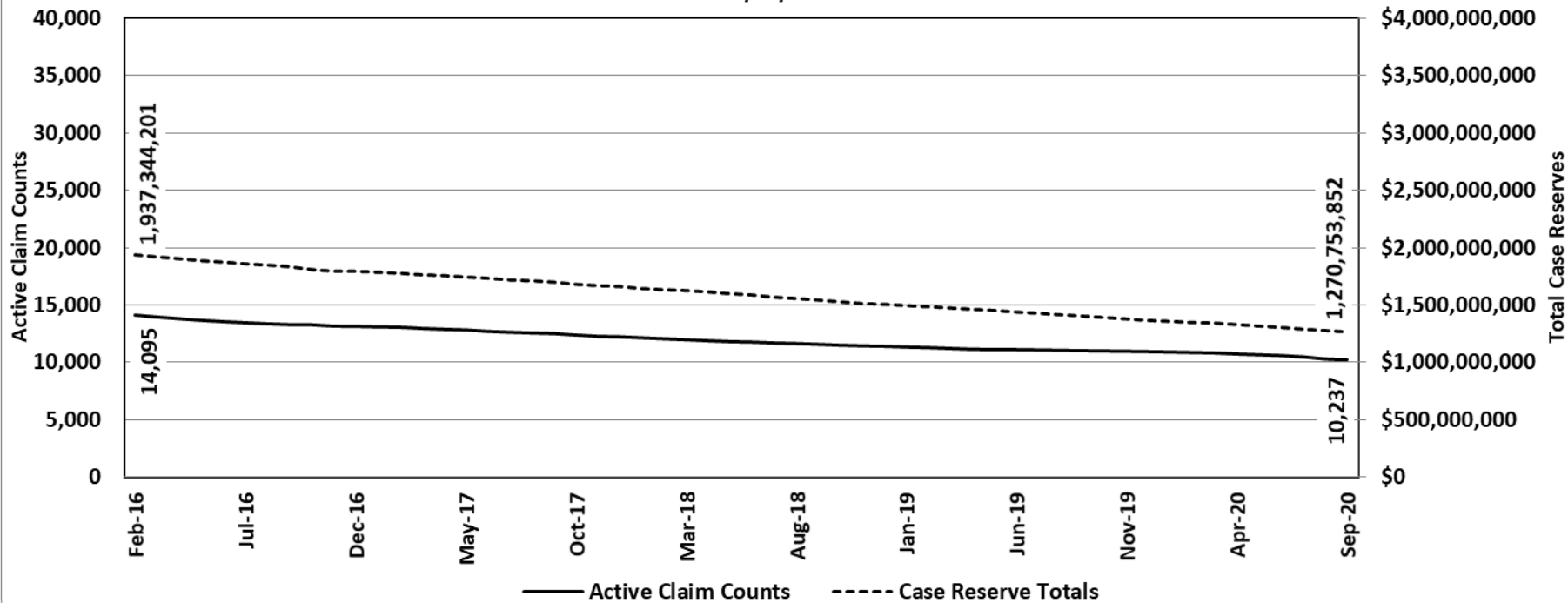
Self-Insured Security Fund: State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last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

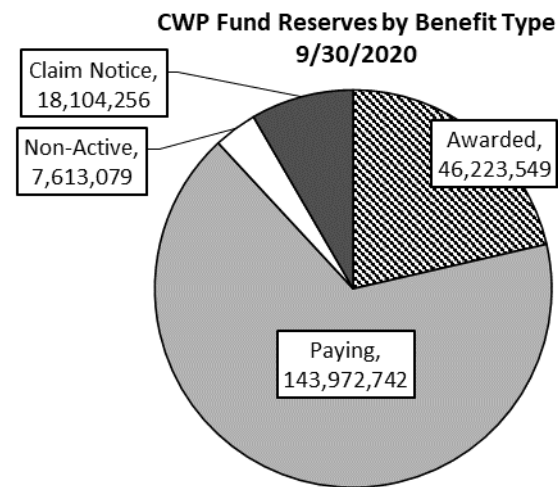
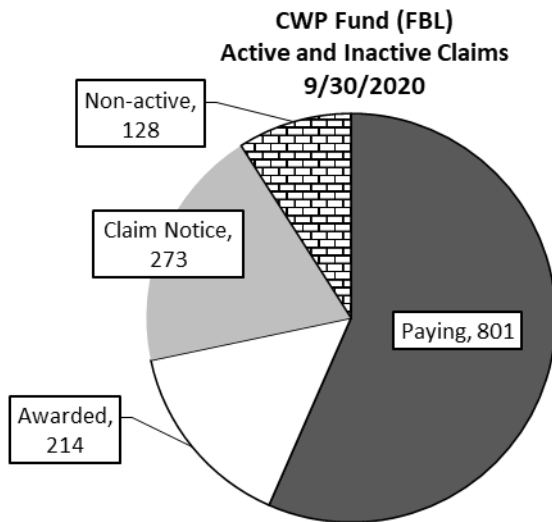
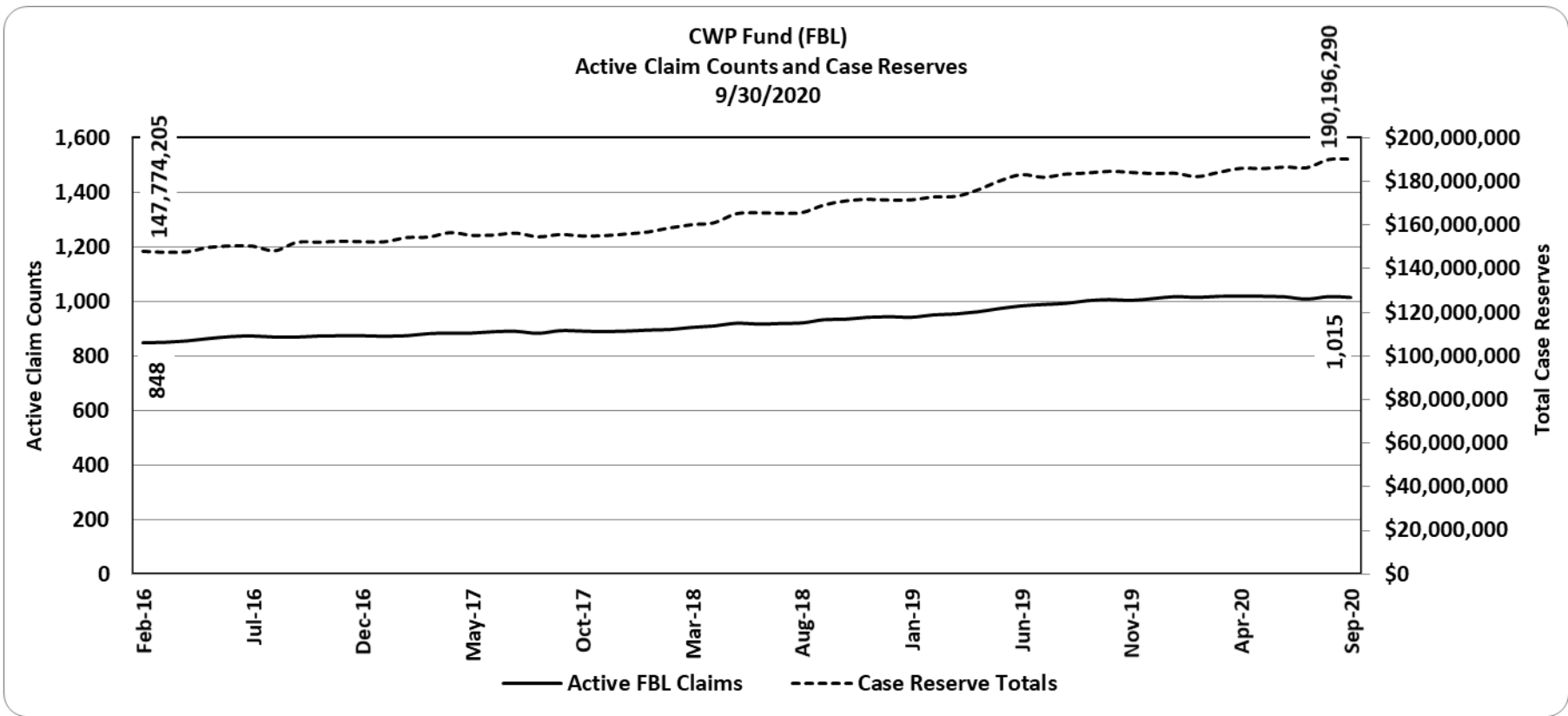
TPD: (Temporary Partial Disability) also referred to as TPR, is paid when an injured worker is released to return to work with restrictions or modifications that restrict, he/she from obtaining their pre-injury wages. The TPD benefit is paid at seventy percent of the difference between the average weekly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

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

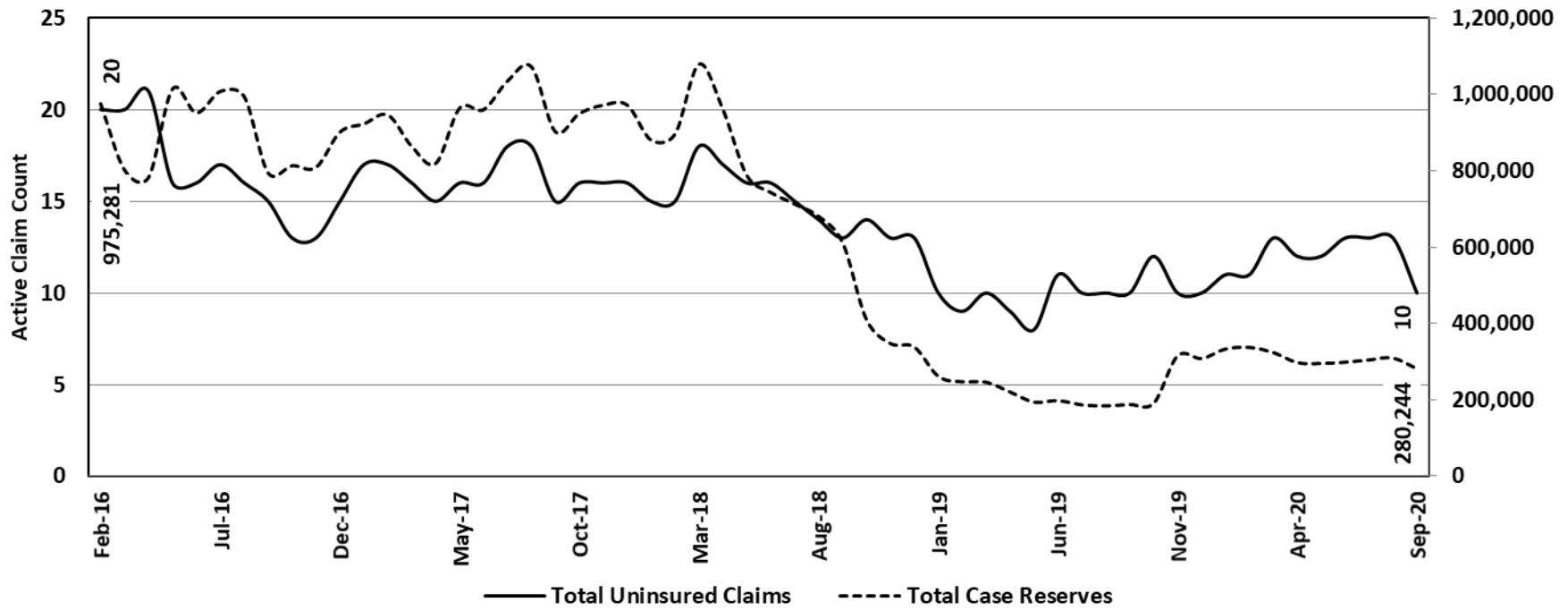
Uninsured Fund: State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

**Old Fund
Active Claim Counts and Case Reserves
9/30/2020**

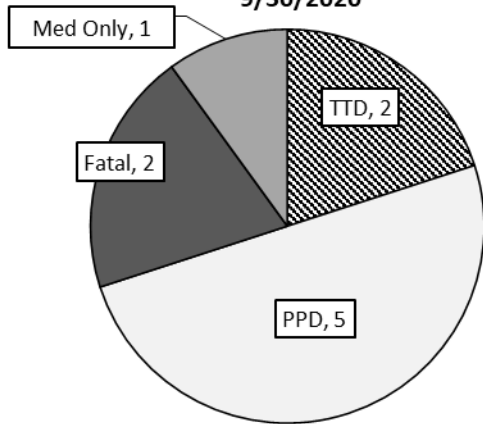




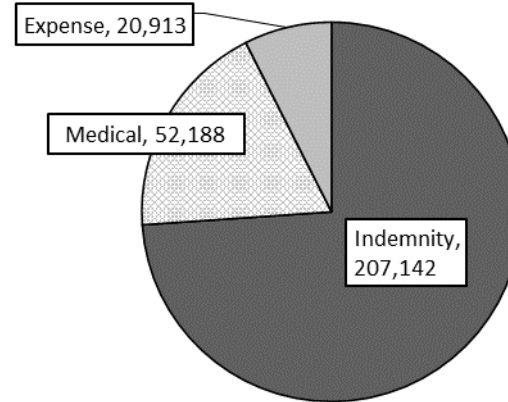
**Uninsured Fund
Active Claim Counts and Case Reserves
9/30/2020**



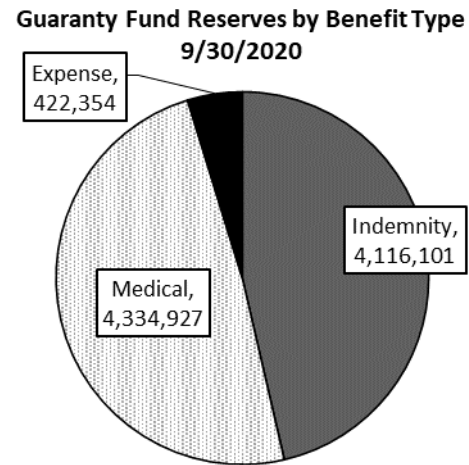
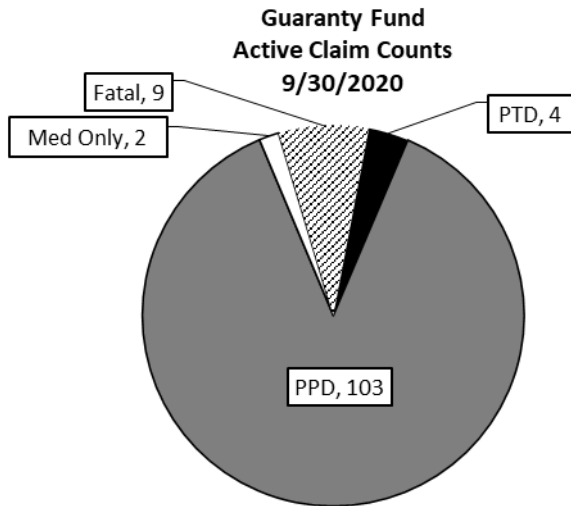
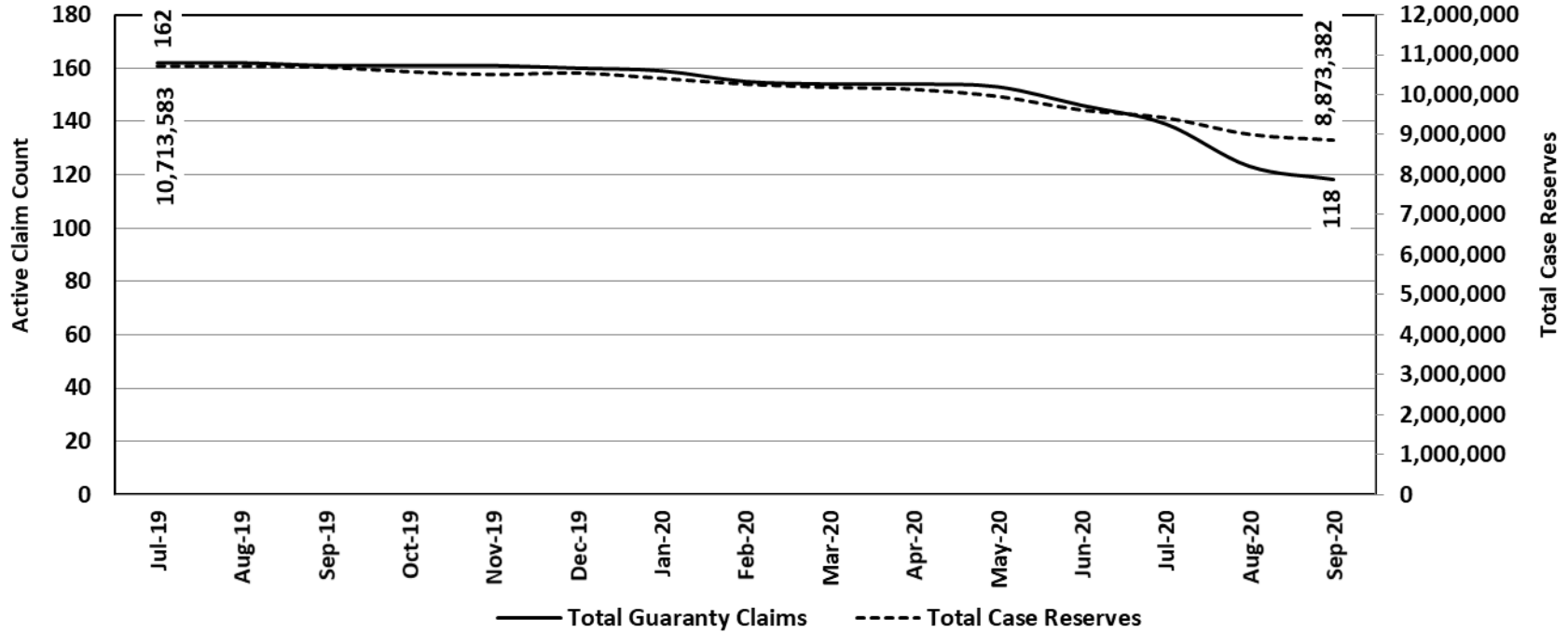
**Uninsured Fund
Active Claim Counts
9/30/2020**



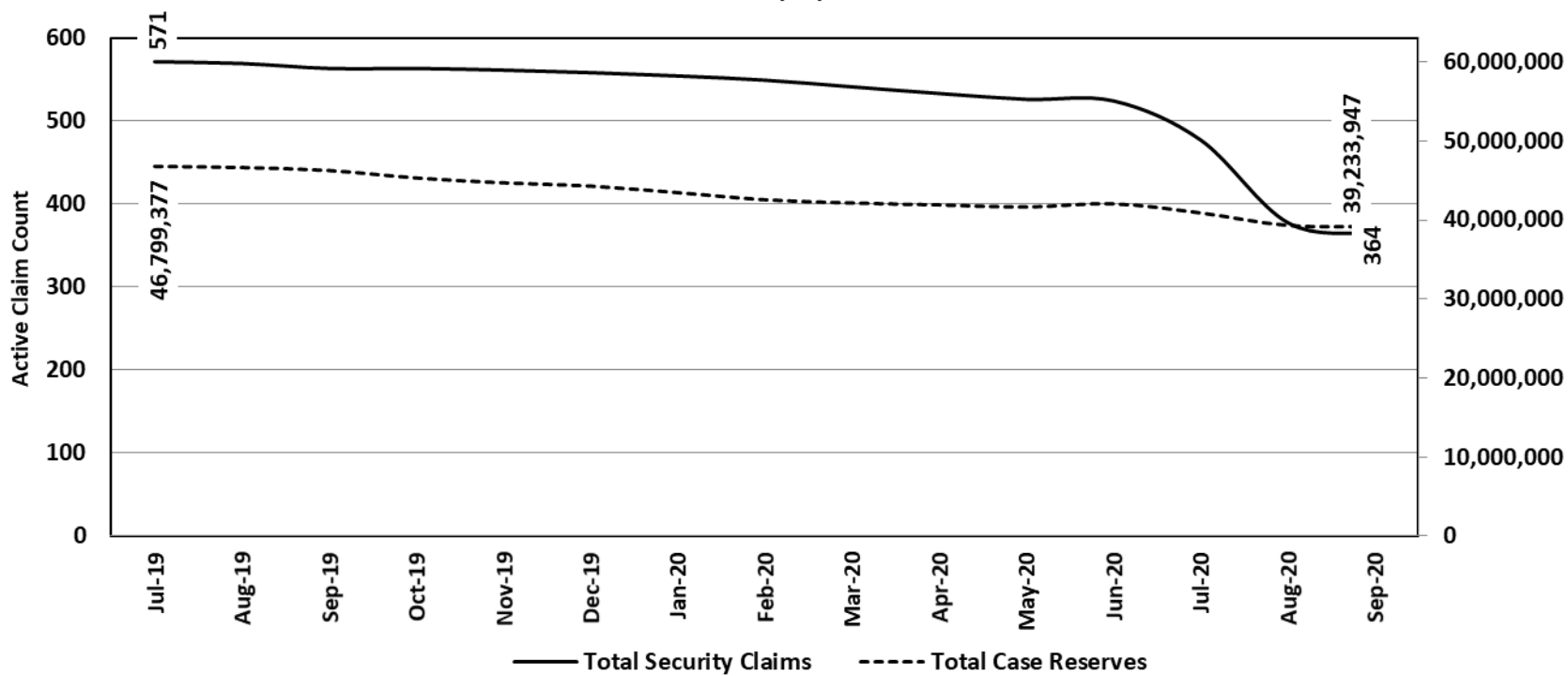
**Uninsured Fund Reserves by Benefit Type
9/30/2020**



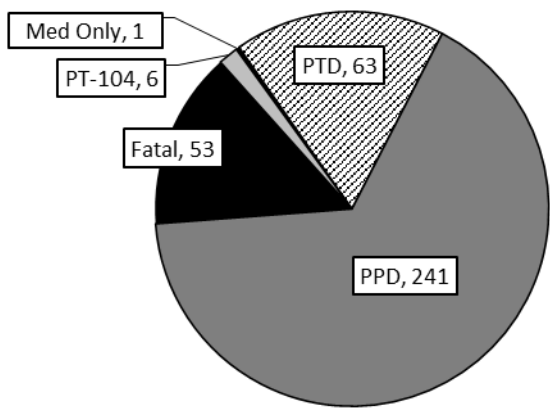
**Guaranty Fund
Active Claim Counts and Case Reserves
9/30/2020**



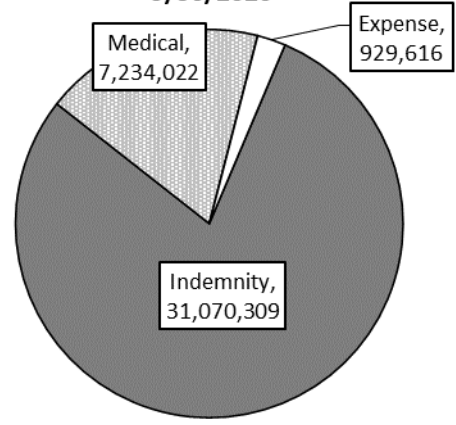
**Security Fund
Active Claim Counts and Case Reserves
9/30/2020**



**Security Fund
Active Claim Counts
9/30/2020**



**Security Fund Reserves by Benefit Type
9/30/2020**



OLD FUND CASH STATEMENT
SEPTEMBER 30, 2020

Three Year History for years ended:

	YTD FY2021	YTD FY2020	Change	FY2020	FY2019	FY2018
Cash Beginning Balances	993,229,138	1,077,104,966	(83,875,828)	1,077,104,966	1,190,163,510	1,263,372,448
Revenues						
Personal Income Tax	-	-	-	-	-	-
Severance Tax	-	-	-	-	812,164	-
Debt Reduction Surcharge	-	-	-	-	4,078,894	6,668,291
Self-Insured Debt Reduction Surcharge	-	-	-	-	1,628,881	2,130,127
Video Lottery	-	-	-	-	-	2,750,000
Employer Premium	122,165	12,277	109,888	138,119	70,302	513,387
Other Income - Return of Unclaimed Property	-	-	-	-	-	273,871
Operating Revenues	122,165	12,277	109,888	138,119	6,590,241	12,335,675
Investment / Interest Earnings (Losses)	75,400,164	29,579,905	45,820,259	48,614,936	17,915,993	67,551,779
Total Revenues	75,522,328	29,592,182	45,930,147	48,753,055	24,506,234	79,887,454
Expenditures						
Claims Benefits Paid:						
Medical	4,595,386	6,118,535	(1,523,149)	21,141,087	21,861,068	25,531,399
Permanent Total Disability	17,993,809	19,336,504	(1,342,695)	75,310,561	81,018,639	86,779,468
Permanent Partial Disability	22,401	19,800	2,602	70,989	120,930	301,824
Temporary Disability	-	-	-	(486)	49,001	18,268
Fatals	4,659,103	4,937,120	(278,016)	19,297,908	20,440,045	21,608,332
104 weeks death benefit	1,196,799	1,574,225	(377,426)	5,474,959	4,630,636	5,182,930
Settlements	819,067	1,433,144	(614,077)	4,452,419	3,688,819	7,058,622
Loss Adjustment Expenses	357,179	455,406	(98,227)	1,603,551	1,400,225	1,324,887
Total	29,643,745	33,874,733	(4,230,988)	127,350,987	133,209,364	147,805,732
Less: Claims credits and overpayments	61,704	276,932	(215,228)	982,782	2,443,869	2,877,784
Total Benefits Paid	29,582,041	33,597,801	(4,015,760)	126,368,205	130,765,495	144,927,948
Administrative Expenses	1,016,151	1,077,737	(61,586)	6,260,679	6,799,283	8,168,444
Total Expenditures	30,598,191	34,675,537	(4,077,346)	132,628,883	137,564,778	153,096,392
Excess (Deficiency) of Revenues over Expenditures	44,924,137	(5,083,356)	50,007,493	(83,875,828)	(113,058,544)	(73,208,938)
Cash Ending Balances	1,038,153,275	1,072,021,610	(33,868,336)	993,229,138	1,077,104,966	1,190,163,510

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

COAL WORKERS PNEUMOCONIOSIS FUND
SEPTEMBER 30, 2020

Three Year History for years ended:

	YTD FY2021	YTD FY2020	Change	FY2020	FY2019	FY2018
Cash Beginning Balances	220,914,521	232,485,887	(11,571,365)	232,485,887	246,768,365	251,313,328
Revenues						
Investment Earnings (Losses)	16,649,256	6,144,439	10,504,817	9,366,126	3,546,660	13,912,317
Other Income - Return of Unclaimed Property	-	-	-	-	-	645
Total Revenues	16,649,256	6,144,439	10,504,817	9,366,126	3,546,660	13,912,961
Expenditures						
Claims Benefits Paid:						
Medical	740,829	933,011	(192,182)	7,541,269	4,623,840	6,709,112
PTD and Fatal Indemnity	2,190,109	2,019,660	170,449	8,899,722	8,683,360	7,945,389
Loss Adjustment Expenses	784,027	866,611	(82,584)	3,933,266	3,620,512	3,165,542
Total	3,714,965	3,819,282	(104,316)	20,374,258	16,927,711	17,820,043
Less: Claims Credits and Overpayments	13,935	20,101	(6,166)	360,474	85,884	268,646
Total Benefits Paid	3,701,031	3,799,181	(98,150)	20,013,784	16,841,827	17,551,397
Administrative Expenses	137,578	228,651	(91,073)	923,707	987,312	906,527
Total Expenditures	3,838,609	4,027,832	(189,223)	20,937,491	17,829,139	18,457,924
Excess (Deficiency) of Revenues over Expenditures	12,810,647	2,116,607	10,694,040	(11,571,365)	(14,282,479)	(4,544,963)
Cash Ending Balances	233,725,169	234,602,493	(877,324)	220,914,521	232,485,887	246,768,365

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

SELF-INSURED GUARANTY RISK POOL
SEPTEMBER 30, 2020

				Three Year History for years ended:		
	YTD FY2021	YTD FY2020	Change	FY2020	FY2019	FY2018
Cash Beginning Balances	33,724,356	33,373,873	350,483	33,373,873	34,042,831	33,836,322
Revenues						
Guaranty Risk Pool Assessments	-	-	-	-	(354)	-
Collateral Proceeds	-	-	-	-	252,925	-
Investment Earnings (Losses)	2,544,257	878,952	1,665,306	1,367,274	523,349	1,873,190
Total Revenues	2,544,257	878,952	1,665,306	1,367,274	775,921	1,873,190
Expenditures						
Claims Benefits Paid:						
Medical	70,249	61,519	8,730	346,473	496,368	239,490
Permanent Total Disability	25,597	25,597	-	102,389	102,389	181,821
Permanent Partial Disability	21,600	56,228	(34,628)	225,842	260,557	522,798
Temporary Disability	-	-	-	-	13,148	56,649
Fatals	51,749	56,702	(4,953)	223,506	226,808	253,055
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	9,000	-	9,000	10,000	125,000	170,000
Non Awarded Partial Disability	-	-	-	-	-	10,904
Loss Adjustment Expenses	14,871	21,877	(7,006)	76,110	112,306	123,706
Total	193,066	221,923	(28,857)	984,319	1,336,576	1,558,423
Less: Claims Credits and Overpayments	-	-	-	45,480	205	12,868
Total Benefits Paid	193,066	221,923	(28,857)	938,840	1,336,371	1,545,555
Administrative Expenses	12,805	15,851	(3,046)	77,951	108,508	121,127
Total Expenditures	205,871	237,774	(31,903)	1,016,791	1,444,879	1,666,682
Excess (Deficiency) of Revenues over Expenditures	2,338,386	641,177	1,697,209	350,483	(668,958)	206,509
Cash Ending Balances	36,062,742	34,015,050	2,047,692	33,724,356	33,373,873	34,042,831

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

SELF-INSURED SECURITY RISK POOL
SEPTEMBER 30, 2020

	YTD FY2021	YTD FY2020	Change	Three Year History for years ended:		
				FY2020	FY2019	FY2018
Cash Beginning Balances	49,568,499	50,905,481	(1,336,982)	50,905,481	53,404,259	54,448,203
Revenues						
Security Risk Pool Assessments	-	-	-	-	-	-
Collateral Proceeds	-	-	-	-	243,007	-
Investment Earnings (Losses)	3,765,454	1,346,732	2,418,722	2,087,341	770,092	3,015,368
Total Revenues	3,765,454	1,346,732	2,418,722	2,087,341	1,013,099	3,015,368
Expenditures						
Claims Benefits Paid:						
Medical	114,355	138,461	(24,106)	549,908	527,648	802,935
Permanent Total Disability	325,339	361,685	(36,345)	1,379,159	1,519,062	1,603,037
Permanent Partial Disability	517	-	517	(60)	5,702	-
Temporary Disability	-	-	-	-	-	-
Fatals	221,669	255,614	(33,946)	979,631	1,090,855	1,230,799
104 Weeks Death Benefit	34,024	7,660	26,364	78,073	8,932	37,804
Settlement Agreements	82,158	3,141	79,017	162,665	19,065	207,565
Loss Adjustment Expenses	13,243	19,591	(6,348)	118,818	96,587	88,371
Total	791,305	786,152	5,153	3,268,194	3,267,851	3,970,511
Less: Claims Credits and Overpayments	17,555	51,455	(33,900)	102,299	54,962	223,585
Total Benefits Paid	773,750	734,697	39,053	3,165,895	3,212,889	3,746,926
Administrative Expenses	44,541	48,352	(3,811)	258,428	298,987	312,386
Total Expenditures	818,291	783,049	35,242	3,424,323	3,511,876	4,059,312
Excess (Deficiency) of Revenues over Expenditures	2,947,163	563,683	2,383,480	(1,336,982)	(2,498,778)	(1,043,944)
Cash Ending Balances	52,515,662	51,469,164	1,046,498	49,568,499	50,905,481	53,404,259

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

UNINSURED EMPLOYERS FUND
SEPTEMBER 30, 2020

Three Year History for years ended:

	YTD FY2021	YTD FY2020	Change	FY2020	FY2019	FY2018
Cash Beginning Balances	13,817,714	13,211,915	605,799	13,211,915	12,989,971	12,760,544
Revenues						
Fines and Penalties	75,028	108,300	(33,272)	385,577	588,767	436,728
Investment Earnings (Losses)	1,017,915	329,112	688,803	517,439	179,479	660,537
Total Revenues	1,092,943	437,412	655,531	903,016	768,246	1,097,265
Expenditures						
Claims Benefits Paid:						
Medical	1,365	5,009	(3,644)	7,169	129,612	164,187
Permanent Total Disability	-	-	-	-	-	-
Permanent Partial Disability	-	6,841	(6,841)	15,617	30,633	33,025
Temporary Disability	762	20,485	(19,723)	22,059	35,751	104,582
Fatals	6,400	12,508	(6,107)	37,816	50,030	50,030
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	-	-	-	82,000	106,000	344,000
Loss Adjustment Expenses	2,539	18,918	(16,379)	46,867	52,714	5,846
Total	11,066	63,760	(52,694)	211,528	404,740	701,671
Less: Claims Credits and Overpayments	14,460	3,188	11,271	7,535	50,676	47,333
Total Benefits Paid	(3,393)	60,571	(63,965)	203,993	354,064	654,338
Administrative Expenses	588	43,843	(43,255)	93,224	192,238	213,501
Total Expenditures	(2,805)	104,414	(107,220)	297,217	546,302	867,839
Excess (Deficiency) of Revenues over Expenditures	1,095,748	332,998	762,751	605,799	221,944	229,426
Cash Ending Balances	14,913,462	13,544,913	1,368,550	13,817,714	13,211,915	12,989,971

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

BOARD OF TREASURY
INVESTMENTS

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
November 10, 2020

OPERATING REPORT SEPTEMBER 2020

Board of Treasury Investments

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

Board of Directors

John D. Perdue,
State Treasurer,
Chairman

James C. Justice II,
Governor

John B. McCuskey,
State Auditor

Glenda Probst,
Appointed by the
Governor

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

Executive Staff

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

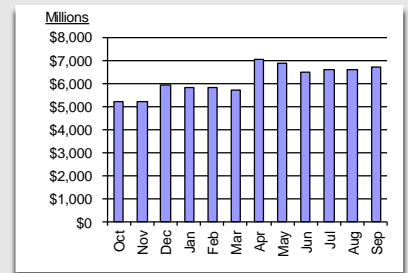
Chief Financial
Officer
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$6,692,245,000

Last Month
\$6,617,585,000

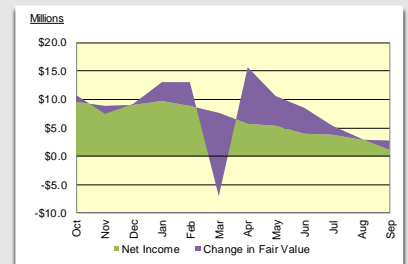
Beginning of Fiscal Year
\$6,467,527,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$9,577,000



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

Money Market Pools

As of September 30, 2020

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	0.2190%	50 Days	\$5.3 Billion
WV Gov't Money Market	0.1078%	53 Days	\$277.2 Million

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

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

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

SEPTEMBER 2020

Weak Macroeconomic Backdrop

Market Results

U.S. equities snapped their winning streak in September, upending five straight months of gains as technology heavyweights came under pressure and the pandemic continued to roil the economy; the S&P 500 Index fell 3.8% last month but ended the third quarter with returns of 8.9%. While non-US equities were also in the red in September, international and emerging market returns modestly outpaced domestic markets as the dollar fell relative to the Japanese yen and the MSCI Emerging Markets Currency Index; the MSCI EAFE and MSCI Emerging Markets indexes lost 2.6% and 1.6%, respectively.

Meanwhile, interest rates moved modestly lower in the U.S. and around the world, with the largest move occurring in European bonds as rising COVID-19 cases fueled a wave of risk aversion in the region. An updated dot-plot from the Federal Reserve's meeting in September showed median expectations for no rate hikes through 2023 – reinforcing investors' beliefs that the central bank will keep interest rates low for longer.

In credit, spreads widened, especially in lower-quality securities. The Barclays US High Yield Index option-adjusted spread increased 40 basis points during the month – pushing returns down 1%. In emerging markets, local- and hard-currency debt declined reflecting widespread risk-off sentiment and 13 basis points of spread widening on the JPM EMBI Global Index.

In real assets, the Bloomberg Commodity Index fell 3.4% as energy prices continue to be pressured. Spot WTI Crude oil prices declined 5.6% last month as persisting concerns around demand pushed prices lower.

Market Outlook

The recent weakness in the equity market and associated volatility serve as a reminder of the fragility of the current market rally. Despite the impressive performance of risk assets over the past few months, significant economic uncertainty remains with the weak macroeconomic backdrop. In the face of such uncertainty, we expect heightened volatility across capital markets given the wide range of potential economic outcomes. To that end, we encourage investors to be disciplined and mindful of market liquidity. We also recommend a dedicated allocation to Treasuries to support liquidity levels and cash flow needs as potential market dislocations can introduce bouts of illiquidity across publicly-traded assets.

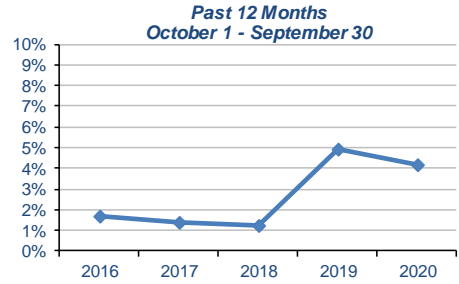
West Virginia Board of Treasury Investments Financial Highlights as of September 30, 2020

WV Short Term Bond Pool

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

<u>October 1 - September 30</u>	<u>Return</u>	<u>Net Assets At Sept 30 (In Millions)</u>
2020	4.1%	\$ 812.3
2019	4.9%	\$ 818.5
2018	1.3%	\$ 712.5
2017	1.4%	\$ 760.0
2016	1.6%	\$ 781.4

WV Short Term Bond Pool Rates of Return

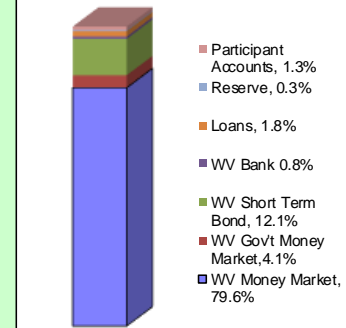


Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

Summary of Value and Earnings *(In Thousands)*

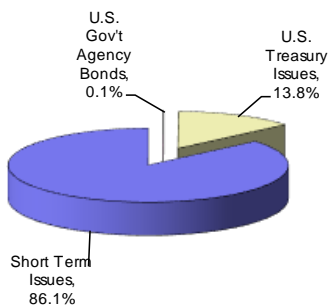
<u>Pool</u>	<u>Net Asset Value</u>	<u>Sep Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 5,328,231	\$ 953	\$ 3,801
WV Gov't Money Market	277,244	25	114
WV Short Term Bond	812,311	(63)	4,814
WV Bank	53,646	17	87
Loans	117,579	160	496
Reserve	19,916	4	10
Participant Accounts	83,318	83	255
	<u>\$ 6,692,245</u>	<u>\$ 1,179</u>	<u>\$ 9,577</u>

Percent of Total Net Asset Value

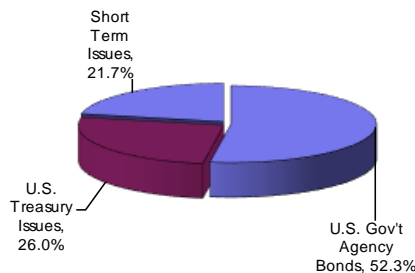


Securities by Type for Operating Pools *(Percentage of Asset Value)*

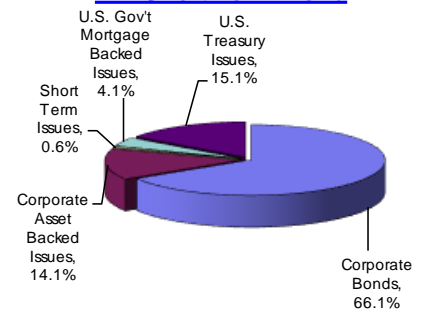
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
SEPTEMBER 30, 2020

(IN THOUSANDS)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Other Pools	Participant Directed Accounts	Total
Assets							
Investments:							
At amortized cost	\$ 5,348,578	\$ 277,278	\$ -	\$ 53,588	\$ 137,337	\$ -	\$ 5,816,781
At fair value	-	-	813,924	-	-	82,882	896,806
Other assets	1,029	57	17,000	66	171	437	18,760
Total assets	<u>5,349,607</u>	<u>277,335</u>	<u>830,924</u>	<u>53,654</u>	<u>137,508</u>	<u>83,319</u>	<u>6,732,347</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased							
	21,376	91	18,613	8	13	1	40,102
Total liabilities	<u>21,376</u>	<u>91</u>	<u>18,613</u>	<u>8</u>	<u>13</u>	<u>1</u>	<u>40,102</u>
Net Position							
Held in trust for investment pool participants	5,328,231	277,244	812,311	53,646	137,495	-	6,608,927
Held in trust for individual investment account holders	-	-	-	-	-	83,318	83,318
Total net position	<u>\$ 5,328,231</u>	<u>\$ 277,244</u>	<u>\$ 812,311</u>	<u>\$ 53,646</u>	<u>\$ 137,495</u>	<u>\$ 83,318</u>	<u>\$ 6,692,245</u>
Additions							
Investment income:							
Interest and dividends	\$ 410	\$ 31	\$ 1,558	\$ 18	\$ 167	\$ 90	\$ 2,274
Net (amortization) accretion	783	8	3	-	-	(1)	793
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>1,193</u>	<u>39</u>	<u>1,561</u>	<u>18</u>	<u>167</u>	<u>89</u>	<u>3,067</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	240	14	55	1	3	-	313
Total investment expenses	<u>240</u>	<u>14</u>	<u>55</u>	<u>1</u>	<u>3</u>	<u>-</u>	<u>313</u>
Net investment income	953	25	1,506	17	164	89	2,754
Net realized gain (loss) from investments	-	-	1,997	-	-	-	1,997
Net increase (decrease) in fair value of investments	-	-	(3,566)	-	-	(6)	(3,572)
Net increase (decrease) in net position from operations	953	25	(63)	17	164	83	1,179
Participant transaction additions:							
Purchase of pool units by participants	1,335,110	40,414	-	28	4	-	1,375,556
Reinvestment of pool distributions	954	25	1,495	17	164	-	2,655
Contributions to individual investment accounts	-	-	-	-	-	-	-
Total participant transaction additions	<u>1,336,064</u>	<u>40,439</u>	<u>1,495</u>	<u>45</u>	<u>168</u>	<u>-</u>	<u>1,378,211</u>
Total additions	<u>1,337,017</u>	<u>40,464</u>	<u>1,432</u>	<u>62</u>	<u>332</u>	<u>83</u>	<u>1,379,390</u>
Deductions							
Distributions to pool participants:							
Net investment income	954	25	1,505	17	164	-	2,665
Net realized gain (loss) from investments	-	-	1,997	-	-	-	1,997
Total distributions to pool participants	<u>954</u>	<u>25</u>	<u>3,502</u>	<u>17</u>	<u>164</u>	<u>-</u>	<u>4,662</u>
Participant transaction deductions:							
Redemption of pool units by participants	1,275,055	23,431	275	28	970	-	1,299,759
Withdrawals from individual investment accounts	-	-	-	-	-	309	309
Total participant transaction deductions	<u>1,275,055</u>	<u>23,431</u>	<u>275</u>	<u>28</u>	<u>970</u>	<u>309</u>	<u>1,300,068</u>
Total deductions	<u>1,276,009</u>	<u>23,456</u>	<u>3,777</u>	<u>45</u>	<u>1,134</u>	<u>309</u>	<u>1,304,730</u>
Net increase (decrease) in net position from operations	61,008	17,008	(2,345)	17	(802)	(226)	74,660
Inter-pool transfers in	10,100	-	-	-	-	-	10,100
Inter-pool transfers out	-	-	-	(10,100)	-	-	(10,100)
Net inter-pool transfers in (out)	<u>10,100</u>	<u>-</u>	<u>-</u>	<u>(10,100)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	71,108	17,008	(2,345)	(10,083)	(802)	(226)	74,660
Net position at beginning of period	5,257,123	260,236	814,656	63,729	138,297	83,544	6,617,585
Net position at end of period	<u>\$ 5,328,231</u>	<u>\$ 277,244</u>	<u>\$ 812,311</u>	<u>\$ 53,646</u>	<u>\$ 137,495</u>	<u>\$ 83,318</u>	<u>\$ 6,692,245</u>