



JOINT COMMITTEE ON GOVERNMENT AND FINANCE

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FEBRUARY 9, 2021

MINUTES

JOINT COMMITTEE ON GOVERNMENT AND FINANCE
(President Carmichael)

January 7, 2020

4:00 p.m. – 5:00 p.m.

Senate	House
Carmichael, Chair	Hanshaw, Chair
Blair	Bates
Plymale (absent)	Cowles
Prezioso (absent)	Householder
Takubo (absent)	Miley
Trump	Shott
Weld	Summers

President Carmichael: “The first item on the agenda, or first item that we’ll proceed to is a status report from Lottery. Is John Myers here?”

John Myers: “Good afternoon. My name is John Myers, I’m the Director of the Lottery. Mr. Speaker, Mr. President, Members of the Committee, we’ve submitted our report through the month of November. They should be in your packets. If there’s any questions, I and Paul Barnett, our chief accountant are here. We’ll try to answer.”

President Carmichael: “Thank you, John. Are there questions of the committee members? I recognize Leader Summers.”

Delegate Summers: “Thank you, Mr. Chairman, thank you. I just wanted just a two-minute update on the sports wagering and how that’s going. I read your statement, here, \$2 million and \$11 million respectively, approximately.”

John Myers: “Yes, ma’am. Our gross handle, which is the total amount that’s been wagered up to this point is \$87,785,000. We’ve collected on the mobile side of that. There’s been \$56 million ... I’m sorry, the first number I gave you was the retail side, the \$87 million, \$56,676,000, for a total of \$144,461,000 total. Now, from the state’s tax standpoint, we’ve received a total of \$1.375 million in tax.”

Delegate Summers: “Okay, thank you.”

John Myers: “Of which \$206,000 is administrative costs or administrative fees for lottery.”

Delegate Summers: “Okay.”

President Carmichael: “Further questions of committee members? I recognize Chairman Shott.”

Delegate Shott: “Thank you, Mr. President. This is just a minor question. When we get our General Revenue numbers, we see two entries on these forms, one HB102 Lottery Transfers and one video lottery transfers. And the first one seems to be fairly stable in terms of the amount. What governs the timing of that? Do you try to spread that out over 12 months, or is it just based on what comes in that particular month?”

John Myers: “This is a good question for Paul. So, if you don’t mind, I’ll ... typically the revenues for lottery go into one of two accounts. It’s either the Access Lottery Fund or the Lottery Fund. I’m sure you’re aware of that.”

President Carmichael: “Please state your name for the record.”

Paul Barnett: “Paul Barnett, I’m the Lottery Chief Accountant.”

Delegate Shott: “Thank you for taking this question. I’m just curious, the amounts that are reported from month to month on the HB102 Lottery Transfers appear to be fairly stable within a reasonable range. Is that by design or is that just coincidence. I mean is that the ...?”

Paul Barnett: “It’s just a coincidence. The way that the transfers work is, we look at the total revenue available for distribution in any given month, and then we assign a pro rata portion of that based upon all the transfers that have to be made for the Excess Lottery Fund. So, it’s simply the fact that revenue is generally stable from month to month that regulates those transfers.”

Delegate Shott: “So, that’s nothing you can manipulate to pick up additional revenue in a month where we might be short. Or hold back revenue in a month we might be flushed, so to speak. That’s basically a mechanical process that you apply. Is that right?”

Paul Barnett: “I don’t know that we would have any desire to manipulate the transfers like that. Generally, the statute says, we get the revenue in and we transfer it.

The only difference being, for example, the senior citizens reimbursable credit amount. Which is a draw that we don't make every month. It's based upon what's actually paid out and we have to wait for a request from the Tax Department to reimburse that. But that's the only transfer that we tend to physically manipulate."

Delegate Shott: "So, basically there's not much discretion in the amount that you transfer from month to month to the General Revenue. Is that fair to say?"

Paul Barnett: "As long as the monthly revenue stays stable."

Delegate Shott: "What about this video lottery transfer? It's a relatively small number, but it seems to fluctuate from month to month. What does that represent?"

Paul Barnett: "That just, again, represents a pro rata portion of a different revenue stream. I'm assuming what we're talking about there is the portion that comes in ... there are two different line items for General Revenue. If you look at the Excess Lottery Fund, one is the \$65 million and then there's another small piece that if we went back prior to HB101, which was passed back in 2014, that represents a statutory piece that came from the Greenbrier's video lottery, that then went into the General Revenue fund, and now since HB101 was passed, that's done by appropriation. So, that's why there's two separate line items for General Revenue fund and the excess Lottery Fund."

Delegate Shott: "Okay, the second one's relatively small."

Paul Barnett: "Yes, it is."

Delegate Shott: "But it does seem to fluctuate much more in terms relative to the month before. Thank you that's helpful."

President Carmichael: "Thank you. Are there further questions or follow ups? I recognize Delegate Bates."

Delegate Bates: "Thank you, Mr. President. Paul, I'm having trouble, and maybe not truly the right thing, I've been through your reports a couple of times. I'm trying to identify, like, where you're at, sort of five months of the 12-month period, like in terms of what you'd anticipate as far as excess or your revenue projections vs. where you're coming in at in both lottery and excess lottery. Can you show me where I can find that, or if you have that information? You know, where are you ...?"

Paul Barnett: "I'm not sure what exactly it is that you have in your hand to look

at.”

Delegate Bates: “Okay, it’s the reports that were provided.”

Paul Barnett: “So, on the last page of those financial statements there is a statement that shows you year-to-date the Lottery Fund as well as the excess Lottery Fund in terms of comparison of projection to actual.”

Delegate Bates: “That’s perfect. That’s exactly what I wanted. Thank you very much. Thank you, Mr. President.”

President Carmichael: “Thank you. Further questions? If not, thank you very much. Seeing that we have a quorum now, I recognize the Speaker for a motion.”

Speaker Hanshaw: “I move that the committee approve the minutes of the December 17 meeting as distributed.”

President Carmichael: “You’ve heard the motion. All those in favor will say aye, those opposed, no. I declare the motion adopted and the minutes approved. The next item on the agenda is the General Revenue Fund and State Road Fund, Mr. Muchow.”

Mark Muchow: “Good afternoon, Mark Muchow with the WV Department of Revenue. The month of December for General Revenue, we ended up with \$425.2 million in collections vs. an estimate of \$421.4 million. So, we ended up with about \$6.9 million above estimate for the month compared to last year in December. We are actually up 1.2%. Year-to-date, a little bit more than \$2.2 billion in collections. The estimate is \$2.237 billion. That’s a \$33.4 million shortfall, compared to last year, down 1.4%.

To represent the major taxes, the sales tax missed estimate in December by about \$1.1 million. We collected \$127.3. The estimate was \$128.5. But the good news is that the revenues did increase in the prior year by about 2.6%. Which is better than the year-to-date. The year-to-date collections are \$683.1 million, the estimate was \$685.96 million. So, we’re still \$2.8 million below estimate year-to-date on the sales tax, 1.6% ahead of last year. Between September and December, we averaged growth rate of 2.6% for sales tax, and that’s what we also had in December.

Personal Income Tax, we collected \$174.8 million. The estimate was \$177.98 million. So, we ended up \$3.2 million short of estimate in December. That’s the bad news. The good news is that we’re up 2.9% from the prior year. Which is, again, is a better

growth rate than the year-to-date growth rate. The year-to-date we've collected \$973.6 million. The estimate was a little over a billion dollars, \$33.6 million short. Compared to last year, up one percent, and on the income tax, since between September and December, the average growth rate is \$2.6. Which again is better. Those first two months were relatively rough. The reason for the shortfall year-to-date is largely due to withholding taxes coming from wage and salary incomes. First quarter we were down 0.4%. The second quarter we were flat, 0%. That would indicate sluggish employment numbers and sluggish payroll numbers in recent months and that goes along with the weakness in the energy sector. Which we have out there, and the lack of pipeline employment in the natural gas industry.

B&O tax actually was about \$8.9 million above estimate. That's one of those taxes due on the last day of the month, and I believe in November we only collected about \$2 million. So, they made up for it in December. Year-to-date we've collected \$67.4 million. That's \$13.4 million above estimate and above last year by a little over 26%. There was a lot of special factors involved on B&O tax, why that's up this year.

The severance tax, we actually exceeded estimate in December. We collected \$42.95 million. The estimate was \$42.8. That was \$150,000 above estimate, still down 5.1% from last year. And the severance tax is another one of those taxes due on the last day of the month. So, December got spiked a little bit by the carry-over from November. Year-to-date on severance for General Revenue, \$136 million vs. an estimate of \$173.85. We're \$37.8 million below estimate and close to 35% below last year. Weakness across the board, starting with very low natural gas prices. Which are having an adverse effect not only on the gas industry but also on the coal industry, particularly the steam coal industry, and exports are down as well. So, it's a very weak energy sector.

Corporate tax, we had been experiencing significant surplus of corporate tax. We were expecting a little bit of air let out of the balloon, and it certainly let out in December. We collected \$30.4 million for the month. Our estimate was \$33 million. So, we actually missed the estimate by about \$2.6 million. Compared to last year, down 37.5%. Now December is a key estimated tax payment month. Year-to-date, we're still above estimate by \$23.3 million, \$97.6 million vs. \$74.3. Compared to last year, virtually unchanged. In

the second half of the year I would expect a little bit more of a down swing in corporate tax compared to last year. Last year benefited very significantly from behavioral reactions associated with federal tax reform. Some of that behavioral reaction was of a one-time nature. So, we expected those numbers to come down in the second half of this year.

Tobacco tax, tobacco tax also may be a little bit affected by the short November with a little extra money in December. We collected \$14.1 million. The estimate was \$15 million. But we were actually 1.9% ahead of last year. Year-to-date we've collected \$85.6 million. The estimate's \$93. That's \$7.4 million below estimate and 4% below last year. Tobacco, as I mentioned in prior meetings, cigarette consumption behavior has changed significantly from the past, and there's a much greater decline rate than we had in the past, and that would be reflected in future estimates.

The one thing that did occur in December, it occurred on the last day of the month, was the positive of about \$7 million in what I call security dealers fees that the State Auditor collects. As a result, the category called departmental collections saw collections of \$8.25 million in December vs. an estimate of \$1.2, \$7 million above estimate, way above last year. Year-to-date we're running close to double last year, but that's because that money was booked for early January, and it came in in late December instead. So, that'll come at the expense of the January collection numbers.

Moving over to the State Road Fund because, again, November was a short month. Some extra money gets carried over into December. The Road Fund benefited from that. If you take a look at motor fuel, excise taxes, we collected \$48.3 million. Now that missed estimate by \$6.2 million. But it was 28% ahead of last year. Registration fees, we collected \$11.9 million in December vs. the \$7.3 million estimate. Nearly 40% above last year and motor vehicle sales taxes, we collected \$21 million in December. The estimate was \$14.9 million. That was 39% ahead of last year. So, overall if you look at the state monies only, we were \$10.5 million above estimate in December and about 35% ahead of last year for the state only, and the federal reimbursements did fairly well in December as well. We collected \$40.5 million in federal reimbursements. That was 60% higher than last year's federal reimbursements for December. So, year-to-date the State Road Fund for state collections only, we've ... state only revenue is \$464.8 million

collections. The estimate was \$452.7 million. That's \$12.1 million above estimate and about 3.4% ahead of last year. So, relatively good in all areas.

Motor fuel tax is the one exception. It's below estimate by \$11.9 million and we continue ... that tax is due on the last day of the month and we do have some payers who ... these payments come in electronically. The payments are set up late enough in the month that they always seem to be carried over to the future months. So, some of that is this carry-over effect that keeps going on for a tax due on the last day of the month.

Federal reimbursements year-to-date are pretty good. We've collected \$211.3 million from the federal government. That's above last year by more than 14%. So, overall numbers were running about 6.8% ahead of last year on State Road Fund. So, that's pretty good for them. Any questions?"

President Carmichael: "Are there questions of committee members? I recognize Senator Weld."

Senator Weld: "Thank you, Mr. President. Question, going back on the General Revenue for tobacco products. It looks like we're already like \$7 million short. So, have you guys done any sort of analysis? The federal government raised the age limit to 21 in December."

Mark Muchow: "Yes they did, and that will ... there's some research in that that suggests between a 1% and 2% decline due to that factor alone. We're going to build that into next year's revenue estimate. That's just ... that regulation just took effect here recently. In longer term, we'll have to study that longer term. But it certainly ... if somebody never picks up the habit in the first place, that's going to build over time. Because that means they never smoke in future years. So, that decline rate may accelerate a little bit over time."

Senator Weld: "Okay, thank you. Thank you, Mr. President."

President Carmichael: "Further questions? I recognize Senator Trump."

Senator Trump: "Thank you, Mr. President. Mark, the transfers we made from General Revenue to the road fund, I guess, don't show up in here."

Mark Muchow: "Those transfers were made last fiscal year. Now for government accounting purposes, those numbers will show up both as General Revenue collections

and also State Road Fund collections. So, be careful not to count the money twice. There's only ... the money is only there once. But government accounting, it gets counted twice."

Senator Trump: "But it was the previous fiscal year, so it's not in these numbers?"

Mark Muchow: "It's in fiscal year '19."

Senator Trump: "Thank you."

President Carmichael: "Further questions. I recognize Delegate Cowles."

Delegate Cowles: "Thanks you, Mr. President. Maybe I missed it, but did you go over the liquor license renewal fees. It looks like that's \$6.3 million above estimate."

Mark Muchow: "That's correct. These estimates, monthly estimates were put ahead ... put in place before the program got underway, the rebid program, and phase one was ... allowed certain retailers to do what is called the purchase option. A number of those retailers executed the purchase option and about \$8.5 million came into General Revenue because of that purchase option. So, ultimately the estimates of revenue are spread out over several months. Ultimately the estimate will catch up to the revenue. The revenue is a little ahead of the estimate there."

Now, there's the second part of that. The second part of that is the actual bidding process which is now under way, and that should produce revenue toward the end of this fiscal year."

Delegate Cowles: "So, that's yet to come in?"

Mark Muchow: "Yet to come in. The overall estimate for this fiscal year is \$29 million, and I hope to get \$29 million or more."

Delegate Cowles: "And that's one-time money."

Mark Muchow: "That's one-time money, once every ten years, and that money will ultimately be spread out over more than a single year because there's a ... it comes in around June 30th, number one. Which is ... depends on the timing of when people get the money in. But beyond that, there's also a finance option that's available for some folks. So, there'll be a little bit of a tail that'll stretch out over a couple of years beyond this year. But we're talking about very small money."

Delegate Cowles: "Okay, and finally the Rainey Day Funds or the reserve funds."

Rainy Day B has an earnings of \$25 million. Is that the year-end earnings, \$25 million?"

Mark Muchow: "Well, I wasn't the one who put that chart together. But I can only speculate Rainy Day B is a little bit more aggressively invested than Rainy Day A and last year was a better year for equity markets. So, I suspect that we got a greater return there. Craig Slaughter could probably address that a little bit more than I can. I don't look at that on a daily basis. But I suspect that B did well because of good returns and markets."

Delegate Cowles: "Thank you. Thank you, Mr. President."

President Carmichael: "Further questions? Further questions of Mark? If not, thank you very much. Next item on our agenda is Workforce West Virginia, Unemployment Compensation Trust Fund, Andy Osborne."

Andy Osborne: "I'm standing in for Mr. Osborne. This is Jeff Green, Deputy Executive Director of WorkForce, and I brought Ms. Kirk's trusty book with us. Which I'm sure you're all familiar with at this point. Currently the trust fund balance stands at \$185,913,455. Any questions?"

President Carmichael: "Thank you. Are there questions of our presenter? If not, thank you very much. Good job. Then next item is PEIA, Brim, Real Estate, Allen."

Allen McVey: "Thank you, Mr. President, Mr. Speaker, members of the committee. You have our reports for all three of our agencies. I do have my division directors here in case I can not answer your questions. Any questions? You have our reports."

President Carmichael: "Thank you, Mr. McVey. Are there questions from our committee members? I recognize Leader Summers."

Delegate Summers: "Hi, thank you for being here. Last month Mr. Cheatham said he would provide us with the PBM report. Do you know when we were going to get that?"

Allen McVey: "Mr. Cheatham is here and would be happy to answer that question for you."

Delegate Summers: "Okay."

Ted Cheatham: "Ted Cheatham, PEIA. I've got it. We're auditing it. Because I don't want to send it to you. Because if I send it to you without knowing what's in in, I'm going to get all kinds of questions I can't answer."

Delegate Summers: "That's fine. So, we'll anticipate that in the future."

Ted Cheatham: “I did get the first version of it. There’s, at the moment, I’ve found an \$18,000 discrepancy between what they paid the pharmacies and what they billed us. We don’t know why. We got into some specific claims and found out that they were paid wrong. So, we are indeed looking at that report to find out what’s going on. We normally do. So, I’ll do my best to have it for you by the end of the month. We also found some claims on there that were paid in October that shouldn’t be in the third quarter. So, we’ve got lots of little issues. We’re looking, but we’re trying to clean that up. But we did get the first one, finally. So ... and with the holidays, they haven’t gotten back to us yet.”

Delegate Summers: “That’s fine. I just wanted to make sure we had finally received it. Thank you.”

President Carmichael: “The commitment is by the end of the month?”

Ted Cheatham: “I will do my best to get you something. I wanted it before now. We’ve been talking ... like I said, we’ve been working with them for a couple of months to get it. We just got it right before the holiday.”

President Carmichael: “Okay, further questions? I recognize Leader Summers.”

Delegate Summers: “I had one more question. It was regarding real estate, and when I look at this report, and I’m new to this committee this year. Is there somewhere that a report is filed that has like all of the real estate holdings that we have? I know we get the updates on the lease changes and when I saw on here the West Virginia Board of Respiratory Care, it’s just something that we’ve been talking about; How many boards are there? How many places do they lease? Is the administration of those boards redundant? So, it was just information I was trying to look for. Where do I find that?”

Allen McVey: “I have our Real Estate Director here, Mr. John McHugh, and he would be happy to answer that question for you.”

John McHugh: “Hello, John McHugh. So, you were wanting just a real estate report? We actually filed this one.”

Delegate Summers: “Okay, where do I find that? I’m just not familiar.”

John McHugh: “Well, I can get you a copy.”

Delegate Summers: “Okay, wonderful. Thank you.”

President Carmichael: “Are there further questions? I recognize Chairman Shott.”

Delegate Shott: “Before we leave that, where can ... is that not posted somewhere?”

John McHugh: “It’s actually ... we provide it to the committee, but I can get additional copies.”

President Carmichael: “I recognize Chairman Shott.”

Delegate Shott: “Thank you, Mr. President. This is a follow-up question for Mr. Cheatham.”

Allen McVey: “I’m sorry, I should have asked him to stay up here.”

Delegate Shott: “Something that you said last month has been kind of eating at me, and I want to be sure I understood what you said. Because I may have wasted a lot of energy worrying about it. You said something about you suspected or there was some investigation that indicated maybe as much as \$26 million of fraud in the prescription drug program. Am I ... did I hear that right?”

Ted Cheatham: “Oh, you heard that right. That’s correct.”

Delegate Shott: “Can you tell us what action has been taken to recover any of that or what has been contemplated?”

Ted Cheatham: “I can to some extent. However, we’re shut up because both the federal and the state AG are investigating those.”

Delegate Shott: “Okay, so there is an ongoing investigation?”

Ted Cheatham: “There is, absolutely.”

Delegate Shott: “With every intention of trying to recoup as much ...”

Ted Cheatham: “We are listed on a ... we are listed as a creditor on the bankruptcy filing in Texas for several million dollars. But there was no money left when they got finished with all the fraud that was going on. We have three doctors that are being indicted now, federally, for part of that fraud scheme, and we just found another pharmacy in Florida trying to give away diabetic supplies again. We ... as I told you, we blocked those out-of-state mom and pop pharmacies.”

Delegate Shott: “Is there anything else that can be done procedurally to try to prevent something like that from happening in the future or does that pretty well lock it down?”

Ted Cheatham: “Well, this locks it down, and we do audits every month. That’s how we found it in the first place. So, we do claims, runs and look at things that are odd, and we’ve stopped what are called 10K cremes. We’ve stopped those. We’ve stopped compounding cremes. We’ve stopped ... everything that pops up, we’re trying to smash it down with a hammer. It’s not unique to us. I mean I go to national conferences and it’s happening in Oklahoma, it’s happening in Utah. These are national pharmacies that are scamming the system.”

Delegate Shott: “Alright, thank you.”

President Carmichael: “So you did not waste your energy. Further questions of Mr. Cheatham? Before we excuse Allen, we would like the report ... the Real Estate Report available to all the members of the committee. Further questions? If not, thank you very much.”

Allen McVey: “Thank you.”

President Carmichael: “The next item on our agenda is Department of Health and Human Resources. Jeremiah, will you be making a presentation?”

Jeremiah Samples: “Hello Mr. President, Mr. Speaker. Jeremiah Samples, DHHR, Deputy Secretary. I have the Medicaid commissioner and our CHIP director here for those respective reports. I’ll be happy to address any other questions as well.”

President Carmichael: “Thank you. Are there questions? I recognize Leader Summers.”

Delegate Summers: “Thank you, Mr. President. Thank you, Jeremiah. I had a question. When I look at these Medicaid reports, it’s kind of hard to see just on a month to month basis. But something you probably look at are, what are the trends that you’re kind of seeing? Things that are costing us a lot more or things that are not costing us more, just in this last year.”

Jeremiah Samples: “Sure, Majority Leader, and so, in the DHHR budget presentation last year, we did incorporate several trend lines and so, I do have some of that information to give you a sense. In terms of positive direction, or less expenditure for Medicaid, we’ve had a significant decrease in enrollment over the past several years. We went from a high in 2016 of roughly 552,000 members on the Medicaid program at one

time. We're down to about 505,000 individuals. So, that's about a 9% decrease. That comes along with a much less expensive price tag. It could be estimated about \$169 million total, state and federal savings from just that over those few years.

Another positive trend for Medicaid financially, has been the increase in the federal match, and so, since 2014, we've seen a 3.85% increase in the FMAP, the traditional FMAP. Each 0.5% shift represents about \$15 million, and so, in aggregate, the state has had \$155.5 less million, relative to the federal government to come up with for the expenditures in the program. So, that's been significant.

The pharmacy benefit, we talked quite a bit about that last year. We actually carved pharmacy out of managed care the year before last and that resulted in some significant savings. Pharmacy generally is about ... this past fiscal year, SFY '19, we had \$686 million in total expenditure, and we had seen, because of those changes, a \$54 million savings as a result. Now the state does get a significant rebate for pharmacy as well through Medicaid. Which we've increased our rebate strategies as well. Our rebate in SFY '19 was \$514 million. Which that's again, money back to the state, and that was the highest rebate we had ever received in the program.

So, those are all positive trends. The IDD waiver, we've had some positive trends in recent years. As some of you will remember from 2015, when we made some significant changes in the program. The projected expenditures in 2015 were ... these were projections in 2014, for 2015. But the projected expenditures were \$400 million for 2015 and \$420 million for 2016. When we made those changes, the actuals dropped significantly. So, we went from a projected in 2016 at \$420 million total expenditure. We're down to an SFY '19 of roughly \$300 million in total expenditure, and so, you know, again, very positive trends.

There are some programs within Medicaid or services that have seen increases, even recently. Nursing home expenditures generally go up about \$30 million a year. We pay in Medicaid for roughly 80% of all nursing home expenditures in this state. So, that's fairly significant, and that's a little over \$650 million that was the projected spend in 2018 on that.

Hospital expenditures have trended up. For example, outpatient expenditures in

2014 were \$204 million. In 2018 that jumped up to \$346 million. A few others ... and some of these will be intuitive. For example, the substance use disorder expenditures in Medicaid, that went from \$60 million in 2015 to \$120 million in 2018, and the child welfare expenditures in Medicaid for SFY '14, we had roughly \$105 million. That jumped up to \$130 million in 2018, and those are trend lines we would anticipate to continue.

FUHC's expenditures, they jumped from \$46 million in 2014 to \$72 million in 2018. So, you have pressures that drive expenditure. Trend lines that ... they're growing, and then you have some significant decreased trend lines that I mentioned. Overall though, the Medicaid budget has remained relatively flat over the past few years, roughly 1% growth. Which I think is a credit to the Medicaid agency for doing some good work. There have been some difficult decisions that have had to be made to control cost. But I think they've done a really good job."

Delegate Summers: "Thank you, very informative."

President Carmichael: "Yes, very good. Further questions? Yes, I recognize Delegate Bates."

Delegate Bates: "Thank you, Mr. President and thank you, Jeremiah. That was very helpful. But I want to circle back around to the IDD Waiver Program again if I can, and just to clarify, you were very informative for me last time about helping for me and others to understand where we stand with that program, and what steps would be necessary to clear the wait list.

I wanted, if I could, just to clarify the process again. The ... if, and I understand that the agency is going to be submitting a report to the administration by the 15th of January, as to how to potentially ... options to deal with that wait list problem. Has that report been submitted as yet, or is it still on a January 15th date?"

Jeremiah Samples: "It has not yet been submitted, but it will be by the date prescribed by the Governor."

Delegate Bates: "So, I'm trying to see, trying to understand how soon we could take care of this problem if we were able to address it. Do we have to allocate the money before we request from CMS to be able to add slots to the program? If the decision is made administratively to address that issue, and a plan is in place to fund the program

fully, and I think there's \$19 million on an annual basis, and potentially a smaller amount in this fiscal year. If a decision is made administratively to do that, can we request approval to add those people to the program and begin to move forward with the process of filling those slots, or do we have to wait on the allocation before we can move?"

Jeremiah Samples: "So, if the Governor makes the decision to add enough slots to eliminate the wait list, in that scenario, the Medicaid program would go ahead and start to ... some individuals have had their assessments for eligibility within the past month or two. So, those individuals, we can go ahead, as I understand it, and run them through the benefit algorithm if you will, to determine what their budget would be, and so those folks could see themselves coming off ... getting services relatively soon, immediately.

Other individuals, we have to go out and conduct another assessment to basically determine what they're budget would be based on the formula that's been put together. And this formula was something that the department had agreed to in a federal circuit court case in a settlement agreement. But we would go through that process with those individuals. But we would anticipate that all individuals, should that decision be made, that all individuals would be ... the assessment would be made and that would all be completed by July of this calendar year."

Delegate Bates: "So, the funding piece of it would require both a budget allocation for the next fiscal year, to start July 1, and a supplemental appropriation during this legislative session or a subsequent special session to allocate funds in the short term to fill the gap between now and July 1. But the process itself could be done administratively. We don't have to wait on approval from CMS, and we don't have to have the money sitting in an account somewhere before we can move forward."

Jeremiah Samples: "That is my understanding. So, the Legislature ... and this, the Governor would make the decision and the Legislature, assuming the Legislature would agree in this scenario ..."

Delegate Bates: "... to move forward with the funding with the understanding ... the Governor would make the decision with the understanding that the Legislature would anticipate acting on that decision."

Jeremiah Samples: "Correct, and so once we can go to ... once we are assured

that the funding will be there, then we would go to CMS. That's a process that takes some time, but we can go ahead and begin to take individuals, run them through this process. Some individuals have already been through it very recently, and they can start to receive services relatively soon."

Delegate Bates: "Okay, thank you. Thank you, Mr. President."

President Carmichael: "Good question, thank you. Further questions? If not, do we ... would we like to hear from Cindy or Jean, or is ... have you covered? I think we've covered it. Okay."

Jeremiah Samples: "It'd be at your discretion, Senate President, if you want to hear from them."

President Carmichael: "I think we're good unless there's questions from the committee. Yes, I recognize Chairman Trump."

Senator Trump: "Thank you, Mr. President. Thank you, Jeremiah. Can you give me any kind of update on the CPS worker staffing issue that we've had in the eastern panhandle?"

Jeremiah Samples: "Yes Mr. Chairman. So, as you're aware, and other members actually may not be aware, we instituted a pay differential for CPS workers in the eastern panhandle of 20% increase over CPS averages across the state. That also included a compression calculation for existing CPS workers that ... the fear being that if you add a 20% increase to new employees and you have existing long-term employees that you could have folks coming in with less experience, making more money. That's what that compression piece is about. Those have all been put in place."

We continue to work with Judge Redding from Berkley county, on the back-log issues that we've experienced. We have a crisis team over in the eastern panhandle right now. I'm not ... I don't have in front of me, but I can get for you any shifts in the number of employees we've been able to add since these changes have been put in place. I do know that we've had a recruitment conference or recruitment session, trying to get additional staff over there. But I don't know the exact numbers on how many staff we've added since those changes have been put in place."

Senator Trump: "There was a presentation last month, I guess it was LOCHHRA,

that showed ... there was among the ... maybe it was your presentation. But it was a chart that showed pay for child protective service workers in West Virginia and surrounding states, coupled with yes or no on whether or not a social work degree was required to start the job. Do you remember? Was that your presentation?”

Jeremiah Samples: “No sir, that was from the Legislative Auditors as I understand.”

Senator Trump: “That’s right, it was the Legislative Auditors. So, does the department have a position on whether or not we ought to eliminate the requirement of a social work ... a social workers degree and license to start as a CPS worker the way ... I think it was Virginia, Kentucky and Pennsylvania, is our surrounding states is what the chart that we saw showed?”

Jeremiah Samples: “So, I was just pulling up that chart now from the legislative audit report. That is a post legislative audit report, and so to your point, Senator, West Virginia was one of ... West Virginia, Ohio, and Maryland require the social work license. Virginia, Pennsylvania and Kentucky do not. West Virginia has the second lowest starting salary of all the surrounding states.”

Senator Trump: “Yea, and so it seemed to me when I saw that chart, it looked to me as if we might be pricing ourselves out of the market for CPS workers. Those other states require just a bachelor’s degree in maybe something other than social work.”

Jeremiah Samples: “We are ... actually yesterday in Joint Health there was legislation proposed related to CPS staffing and social work licensure issues. So, we’re in discussions with the social work board on that. We’re also actively working with the division of personnel and they’ve been very helpful even as recently as today, sending to us some opportunities or options that we have that, basically you can do discretionary increases if individuals have some of these degrees in either ... either you’re a licensed social worker or you have a master’s degree in social work that, these are things that we could create as pay raise incentives. But it may open up an opportunity for us to perhaps eliminate the necessity to have the license in lieu of ... but still incentivize individuals having license or furthering their education in other ways. So, this is all being discussed and deliberated upon.”

Senator Trump: “So, is that your way of saying you haven’t taken a position?”

Jeremiah Samples: “Yes, Mr. Chairman, it is.”

Senator Trump: “You’re considering taking a position.”

Jeremiah Samples: “We haven’t yet come out with a formal position yet. We’re still working with the place.”

Senator Trump: “Okay, thank you, Jeremiah.”

President Carmichael: “Further questions? If not, thank you for your clarity. The next item on the agenda is Investment Management Board, Craig.”

Craig Slaughter: “Craig Slaughter, Executive Director of the Investment Management Board. You have the November 30, 2019 numbers before you. The fiscal year-to-date, we’re up 3.8%. For 10 years we’re up 9%. December, as you probably know is a really good month for the equity market. So, I expect we’re somewhere in the neighborhood of 6% through the first six months of the fiscal year. Which is a ... obviously if that holds up, that trend continues, we’re in great shape. But I wouldn’t bet on a trend like that. So, I’d be happy to answer any questions.”

President Carmichael: “Are there questions? I recognize Chairman Shott.”

Delegate Shott: “Thank you, Mr. President. I’m looking at the ... one of the financial statements. It shows International Equity Composite, and under that it’s ... I guess that’s Morgan Stanley All World Fund. I’m just wondering, is that entire amount invested in that one fund? That looks like, is that close to \$5 billion?”

Craig Slaughter: “International Equity Composite, yes. It’s about ... yea, just shy of \$5 billion.”

Delegate Shott: “The question I have related to that is, does the fund have a policy as to what reviewing the component companies in a portfolio, to determine if there’s any in there that are producing any type of ... for some reason or other we would not want to support that entity? Or do we just look at the overall performance of the fund?”

Craig Slaughter: “We focus on the economics of a particular investment. So, I guess my ... I kind of categorize that as, the question of whether we should support any particular policies. We don’t consider that a relevant criterion for us to worry about. That’s policy for legislators, that sort of thing. People like you all. So, you know, our goal, we got

a mandate to do the best we can for the ... provide the best return for the least amount of risk for the plans under our control and that's what we do."

Delegate Shott: "The reason I ask the question, I was reading over the weekend about some of the Chinese companies that might be involved in this fund. There's one called AVIC that manufactures fighters aircrafts and ballistic missiles, and I'm just, you know, from the standpoint of a policy, it just seems to me we might want to ask ourselves whether we want to put any of our money into a missile that may have our name on it. There's another company that's called Hikvision that does the surveillance cameras for the concentration camps that the Chinese run for their certain minority population. Which I read is two million people. Does it ever enter into the picture that we might not want to participate in subsidizing any of those type of companies?"

Craig Slaughter: "We don't ... the board doesn't ... we don't have any stated policies that would address those kind of issues. You know, what we ... as you know, we probably ... yes, you probably know we hire external money managers to vet particular stocks, and our mandate to them is to buy the best deal they can. Now, they are ... I would expect them to consider, you know, social policy issues in that context. Because it may affect price, or the value of the company going forward. You know, and I was just talking to a money manager about some Chinese stocks and they ... you know, about what they would do about certain companies and they have kind of a social ... what they call an ESG lens that they look through. That's environmental, social, governance kind of metrics, and you know, they made it clear. They said, "We don't really say just because it raises red flags under the ESG, doesn't mean we don't buy or sell the stock." But what that does is it highlights some issues that may come up down the road. Say for example, a surveillance company was actually a perfect example. They did not want to buy that company because that company, most of its sales were to the Chinese government. Well ... or to other governments, and they're sitting there thinking, "Well, worldwide, what's their potential if, you know, Europe is really, as you know, it's very sensitive to surveillance type issues and they, you know, the ability of that company to sell worldwide is probably going to be constrained, and thus they wouldn't want to put it in their portfolio. So, that's kind of the way we work those kinds of issues into the matrix."

Delegate Shott: “Yea, I think most people wouldn’t have any problem with a Chinese company that manufactures toys, for instance. But military hardware might raise a red flag. I’m just wondering if there’s any way we can find out within that particular fund, whether there’s any military providers for the Chinese government. It may not make any difference. But it certainly seems like it would be worth finding out.”

Craig Slaughter: “I could find out if you’d like to know the answer.”

Delegate Shott: “I’d like to know the answer to that. Thank you.”

President Carmichael: “Further questions? If not, thank you very much, Craig. The next item is Workers Comp, Jim.”

James Dodrill: “Jim Dodrill, Insurance Commissioner. Happy New Year, Mr. President, Mr. Speaker, members of the committee. You have our report and I’m here to answer any questions if you have any, and I’ve also got some of my staff here as well.”

President Carmichael: “Are there questions of our presenter? If not, thank you very much, Jim. Further members benefit the Board of Treasury report distribution is in your packet. We have other business to come before the committee. We’re required to receive a report from the Employee Suggestion. Daniel Linville approach the podium.”

Delegate Linville: “Employee Suggestion Award Board. Thank you, Mr. President and members of the committee. The Employee Suggestion Award Board report is in your packets. This report is required by [Chapter 5A, 104 sub b](#), and basically after a somewhat extended hiatus, the Employee Suggestion Award Board was sort of brought back into utilization in September when we resumed our activity by appointment of both the Speaker and the Senate President, and we have resumed our labors.

Essentially, we met in September for organizational motions and to elect our chair and secretary. I was elected chair at that meeting. Two items of note for you, two employee suggestions of State Government, were acted upon and approved in our December meeting. One suggestion involving video conferencing in certain situations, resulted in an annualized savings to the State of West Virginia of \$9,155.13, and another involving fee collection with DEP, resulted in an annualized savings at a minimum to the State of West Virginia of \$13,035.90 every year. In your packet that total is a little incorrect, for a total savings annualized, \$22,191.03.

Pursuant to our statutory authority, awards were acted upon for those employees in the amount of 20% of their annual savings to the state. Information about that is in your packets. Also, in your packets is a request for the Employee Suggestion Award Board in the amount of a little over \$11,000. I believe it was \$11,550. The ESAB has absolutely no funding specifically for our board. We draw our funding essentially from the budgets of whatever agencies there are that experience the savings if we were to issue an award. The request essentially is for the Office of Technology to work with us to develop an online portal at an online repository for the suggestions such that we can collaborate, retain, and access all of those. And so, I would ask hopefully that the Joint Committee would approve those, and I'm available to answer any questions you may have."

President Carmichael: "Are there questions of our presenter? I recognize Delegate Cowles."

Delegate Cowles: "Thank you, Mr. President. There were two awards in all of last year? These are the yearly report, annual report?"

Delegate Linville: "So this ... Delegate, for your information, so we first met back in September. So, we've had two meetings thus far. You have in your packets a total, I believe it's ESAB numbers 1-32. Which have been identified. I believe it's the third page of our report in you packet, and essentially, you'll see all of them that we have there. To give you an idea of the process, we have to receive the reports by statute and rule. We then have to seek input from the affected agency, and they have 30 days to respond. You'll note that some we are still waiting on responses from those agencies. But we can not continue to act until we've gotten some of that information.

Then we, the board is empowered to mandate that a suggestion be implemented, and then if they are implemented, we study the fiscal impact of that implementation for one year or until a certain amount of money has been saved. At which point, we can then issue an award. So, these two that we were able to action on to issue awards, actually had been voluntarily implemented by the agencies themselves during that hiatus, and so those fiscal impacts had already been able to be studied and we were able to essentially make good on what we owe those employees."

Delegate Cowles: "Well, it looks like there were eight of them in 2014 on this list

of 32. That was over the last five years, eight of them in 2014, and seven or eight in 2015, three in 2016.”

Delegate Linville: “Yes sir. That’s accurate.”

Delegate Cowles: “And you would need \$11,000 for seven or eight applications per year?”

Delegate Linville: “So, my understanding in discussing with members of the board, even past members of the board, word got out essentially in state government that nothing was going on with these suggestions, and so folks stopped sending them in.”

Delegate Cowles: “When did that happen, in 2014, 2015, 2016?”

Delegate Linville: “I believe it was in 2014, was the last time the board met, late 2014.”

Delegate Cowles: “You see my concern. There’s two savings here of whatever the total was. \$15,000, \$20,000.”

Delegate Linville: “\$22,000.”

Delegate Cowles: “If it costs us \$11,000 to save \$22,000, we’re not getting very far.”

Delegate Linville: “Well, that \$22,000 is every year. So, next year and over a ten-year period ...”

Delegate Cowles: “This is a one-time \$11,500?”

Delegate Linville: “That’s accurate.”

Delegate Cowles: “Thank you. Thank you, Mr. President.”

President Carmichael: “Are there further questions? If not, thank you very much. Further business to come before the committee? If not, I recognize the Speaker for a motion.”

Speaker Hanshaw: “Mr. President, I move the committee adjourn.”

President Carmichael: “All in favor will say aye, those opposed, no. I declare the committee adjourned.”

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

January 22, 2020

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

- West Virginia Lottery as of December 31, 2020:
Gross profit year to date was \$237.7 million. Gross profit for fiscal year 2020 was \$249.1 million.
- West Virginia Unemployment Compensation Fund as of December 31, 2020:
Total disbursements were \$649.1 million higher than in fiscal year 2020. Overall ending trust fund balance was \$168.3 million lower on December 31, 2020 than on December 31, 2019.
- General Revenue Fund as of December 31, 2020
The general revenue collections ended the sixth month of fiscal year 2021 at 106% of the estimate for the year. Total collections were \$127.2 million above the estimate for the fiscal year.
- State Road Fund as of December 31, 2020:
The state road fund collections ended the sixth month of fiscal year 2021 at 113% of the estimate for the year. Total collections were \$58 million above the estimate for the fiscal 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: January 20, 2020

Re: Review of West Virginia Lottery Financial Information
As of December 31, 2020

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for December 31, 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 \$538.6 million for July - December of fiscal year 2020-2021. Table games accounted for \$12 million of this total. Historic Resort Hotel video lottery accounted for \$4 million of total gross receipts. Gross lottery revenue has decreased by 3.4% when compared with July - December 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 - December was \$237.7 million; for July - December of last fiscal year it was \$249.1 million. Expressed as a percentage, gross profit is 4.6% lower for fiscal year 2021 than for fiscal year 2020.

Lottery continued

Operating Transfers to the State of West Virginia:

A total of \$225,077,000.00 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	\$54,698,000.00
Community and Technical College	\$2,996,000.00
Department of Education	\$16,720,000.00
Library Commission	\$10,196,000.00
Higher Education-Policy Commission	\$6,432,000.00
Tourism	\$5,961,000.00
Department of Natural Resources	\$3,049,000.00
Division of Culture and History	\$3,714,000.00
General Revenue Fund	\$0.00
Economic Development Authority	\$5,996,000.00
School Building Authority	\$10,800,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$120,562,000.00

Lottery continued

Excess Lottery Fund

Economic Development Fund	\$12,610,000.00
Higher Education Improvement Fund	\$9,000,000.00
General Purpose Fund	\$26,527,000.00
Higher Education Improvement Fund	\$11,835,000.00
State Park Improvement Fund	\$614,000.00
School Building Authority	\$11,396,000.00
Refundable Credit	\$1,188,000.00
WV Racing Commission	\$816,000.00
WV DHHR	\$0.00
Teacher's Retirement Savings	\$0.00
Division of Human Services	\$17,000,000.00
WV Lottery Statutory Transfers	\$24,903,000.00
Economic Development Authority	\$2,635,000.00
General Revenue Fund	\$0.00
Office of Technology	\$0.00
Excess Lottery Surplus	\$0.00
WV Infrastructure Council Fund	\$19,923,000.00
Total State Excess Lottery Revenue Fund	\$138,447,000.00

Total Budgetary Distributions:	\$259,009,000.00
Veterans Instant Ticket Fund	\$269,000.00
Pension Plan	\$12,000.00
TOTAL TRANSFERS	*\$259,290,000.00

* CASH BASIS

Lottery continued

Total Accrued last FY 2020:	\$115,331,000.00
Total Cash Distributions FY 2021:	\$259,290,000.00
Applied to FY 2020:	\$115,331,000.00
Applied to FY 2021:	\$143,949,000.00
Accrued for FY 2021 as of December 31:	\$81,118,000.00



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

A handwritten signature in blue ink that reads "John A. Myers".

RE: Monthly Report on Lottery Operations
Month Ending December 31, 2020

DATE: January 15, 2021

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

Financial statements of the Lottery for the month ending December 31, 2020 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$87,500,894 for the month of December.

Transfers of lottery revenue totaling \$30,558,947 made for the month of December 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 December 31, 2020 was 1,508 and 1,214 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-**

December 31, 2020

WEST VIRGINIA LOTTERY

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WEST VIRGINIA LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020
(In Thousands)
- Unaudited -

	CURRENT MONTH		YEAR TO DATE	
	FY 2021	FY 2020	FY 2021	FY 2020
Lottery revenues				
On-line games	\$ 6,884	\$ 5,543	\$ 32,195	\$ 30,399
Instant games	14,025	11,397	77,428	61,754
Racetrack video lottery	28,457	40,269	190,084	245,758
Limited video lottery	34,442	32,837	219,336	196,837
Table games	2,083	3,141	11,998	17,793
Historic resort	678	691	3,967	3,533
Sports Wagering	514	255	2,162	1,398
Interactive Wagering	418	-	1,446	-
	<u>87,501</u>	<u>94,133</u>	<u>538,616</u>	<u>557,472</u>
Less commissions				
On-line games	491	403	2,266	2,138
Instant games	982	798	5,420	4,323
Racetrack video lottery	15,612	22,093	104,288	134,833
Limited video lottery	16,877	16,090	107,475	96,450
Table games	882	1,332	5,084	7,548
Historic resort	350	337	2,036	1,835
	<u>35,194</u>	<u>41,053</u>	<u>226,569</u>	<u>247,127</u>
Less on-line prizes	3,384	3,040	16,351	15,325
Less instant prizes	9,416	7,618	52,383	41,331
Less ticket costs	145	116	755	627
Less vendor fees and costs	990	966	4,831	3,973
	<u>13,935</u>	<u>11,740</u>	<u>74,320</u>	<u>61,256</u>
	<u>38,372</u>	<u>41,340</u>	<u>237,727</u>	<u>249,089</u>
Gross profit				
Administrative expenses				
Advertising and promotions	243	247	2,171	2,635
Wages and related benefits	1,248	848	5,561	5,229
Telecommunications	99	65	348	252
Contractual and professional	525	432	2,969	2,921
Rental	12	21	92	105
Depreciation and amortization	138	138	829	834
Other administrative expenses	80	485	694	1,452
	<u>2,345</u>	<u>2,236</u>	<u>12,664</u>	<u>13,428</u>
Other Operating Income	<u>107</u>	<u>207</u>	<u>3,929</u>	<u>3,232</u>
Operating Income	<u>36,134</u>	<u>39,311</u>	<u>228,992</u>	<u>238,893</u>
Nonoperating income (expense)				
Investment income	53	292	512	2,063
Distributions to municipalities and counties	(675)	(644)	(4,299)	(3,858)
Distributions -capital reinvestment	(22)	(20)	(128)	(117)
Distributions to the State of West Virginia	(35,490)	(38,939)	(225,077)	(236,981)
	<u>(36,134)</u>	<u>(39,311)</u>	<u>(228,992)</u>	<u>(238,893)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>55,589</u>	<u>55,621</u>	<u>55,589</u>	<u>55,621</u>
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 SIX MONTH PERIOD ENDED DECEMBER 31, 2020
(In Thousands)
-Unaudited-**

	2021	2020
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 662,115	\$ 555,895
Cash payments for:		
Personnel costs	(5,561)	(5,229)
Suppliers	(6,147)	(7,449)
Other operating costs	(406,422)	(302,476)
Cash provided by operating activities	<u>243,985</u>	<u>240,741</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(259,286)	(233,916)
Distributions to municipalities and counties	(4,425)	(3,843)
Distributions from racetrack cap. reinv. fund	(4,099)	(6,042)
Cash used in noncapital financing activities	<u>(267,810)</u>	<u>(243,801)</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>626</u>	<u>2,091</u>
Cash provided by investing activities	<u>626</u>	<u>2,091</u>
Increase (decrease) in cash and cash equivalents	(23,199)	(969)
Cash and cash equivalents - beginning of period	132,073	190,837
Cash and cash equivalents - end of period	\$ <u>108,874</u>	\$ <u>189,868</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 228,992	\$ 238,893
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	829	834
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	119,570	(4,809)
(Increase) decrease in inventory	(656)	100.00
(Increase) decrease in other assets	(10)	(71)
Increase (decrease) in estimated prize claims	(106,921)	1,559
Increase (decrease) in accounts payable	209	(173)
Increase (decrease) in other accrued liabilities	1,972	4,408
Cash provided by operating activities	<u>\$ 243,985</u>	<u>\$ 240,741</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
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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
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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 December 31, 2020 the carrying amounts of deposits (overdraft) with financial institutions were \$497 thousand with a bank balance (overdraft) of \$514 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>December 31, 2021</u>	<u>June 30, 2020</u>
Deposits with financial institutions	\$ 497	\$ 498
Cash on hand at the Treasurer's Office	30,113	15,589
Investments with BTI reported as cash equivalents	<u>78,264</u>	<u>111,440</u>
	<u>\$ 108,874</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
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NOTE 4 – CAPITAL ASSETS

A summary of capital asset activity for the month ended December 31, 2020 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2020	Additions	Deletions	Historical Cost At December 31, 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 December 31, 2020
Buildings	\$ 8,932	\$ 617	\$ -	\$ 9,549
Equipment	7,912	212	-	8,124
	<u>\$ 16,844</u>	<u>\$ 829</u>	<u>\$ -</u>	<u>\$ 17,673</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 December 31, 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	\$ 2,800,124	\$ 11,486,423
Lotta America	370,438	2,221,530
Mega Millions	1,690,121	6,364,525
Total	\$ 4,860,683	\$ 20,072,478

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,359,867	\$ 5,720,623
Lotta America	185,411	1,111,038
Mega Millions	842,501	3,179,822
Total	\$ 2,387,779	\$ 10,011,483

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 December 31, 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	\$ 114,681,525	\$ 1,505,924
Lotto America	4,264,072	317,294
Mega Millions	88,958,065	950,324
Total	\$ 207,903,662	\$ 2,773,542

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
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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 \$20,097,245 at December 31, 2020, of which the Lottery's share was \$1,420,541.

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
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-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 December 31, 2020 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2021	2020	2021	2020
Total credits played	\$ 325,426	\$ 449,816	\$ 2,166,461	\$ 2,751,444
Credits (prizes) won	(291,903)	(403,575)	(1,944,464)	(2,466,629)
Promotional credits played	(5,066)	(5,972)	(31,913)	(39,057)
MWAP Contributions	-	-	-	-
Gross terminal income	28,457	40,269	190,084	245,758
Administrative costs	(1,138)	(1,611)	(7,603)	(9,830)
Net Terminal Income	27,319	38,658	182,481	235,928
Less distribution to agents	(15,612)	(22,093)	(104,288)	(134,833)
Racetrack video lottery revenues	<u>\$ 11,707</u>	<u>\$ 16,565</u>	<u>\$ 78,193</u>	<u>\$ 101,095</u>

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

	December 31, 2020	Year-to-Date
State Lottery Fund	\$ 8,196	\$ 54,744
State Excess Lottery Revenue Fund	3,511	23,449
Capital Reinvestment Fund	-	-
Total nonoperating distributions	<u>\$ 11,707</u>	<u>\$ 78,193</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
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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 December 31, 2020 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2021	2020	2021	2020
Total credits played	\$ 445,072	\$ 421,955	\$ 2,832,851	\$ 2,516,437
Credits (prizes) won	(410,630)	(389,118)	(2,613,515)	(2,319,600)
Gross terminal income	\$ 34,442	\$ 32,837	\$ 219,336	\$ 196,837
Administrative costs	(689)	(657)	(4,387)	(3,937)
Gross Profit	33,753	32,180	214,949	192,900
Commissions	(16,877)	(16,090)	(107,475)	(96,450)
Municipalities and Counties	(675)	(644)	(4,299)	(3,858)
Limited video lottery revenues	<u>\$ 16,201</u>	<u>\$ 15,446</u>	<u>\$ 103,175</u>	<u>\$ 92,592</u>

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
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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 December 31, 2020 were \$5,950,531 and \$34,280,226, 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	\$ 2,083	\$ 3,141	\$ 11,998	\$ 17,793
Interest on Table Games Fund	-	5	2	36
Administrative costs	(179)	(269)	(1,028)	(1,525)
Total Available for Distribution	<u>1,904</u>	<u>2,877</u>	<u>10,972</u>	<u>16,304</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	134	202	771	1,144
Thoroughbred & Greyhound Development Funds	107	162	617	915
Racing Association Pension Plan	52	79	302	449
Municipalities/ Counties	<u>589</u>	<u>889</u>	<u>3,394</u>	<u>5,040</u>
Total Distributions	<u>882</u>	<u>1,332</u>	<u>5,084</u>	<u>7,548</u>
Excess Lottery Fund	<u>\$ 1,022</u>	<u>\$ 1,545</u>	<u>\$ 5,888</u>	<u>\$ 8,756</u>

WEST VIRGINIA LOTTERY
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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 December 31, 2020 and fiscal year-to-date follows (in thousands):

	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Total credits played	\$ 7,058	\$ 8,120	\$ 48,082	\$ 44,786
Credits (prizes) won	(6,491)	(7,499)	(44,658)	(41,371)
Promotional credits played	(94)	(193)	(694)	(928)
Gross terminal income	473	428	2,730	2,487
Capital reinvestment	(22)	(20)	(128)	(117)
Excess Lottery Fund	(4)	(4)	(25)	(22)
Administrative costs	(26)	(23)	(147)	(134)
Hotel commissions	(200)	(181)	(1,155)	(1,052)
Net terminal income	221	200	1,275	1,162
Historic Resort Hotel Fund	141	127	811	739
Human Resource Benefit Fund	80	73	464	423

WEST VIRGINIA LOTTERY
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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 December 31, 2020 were \$584,972 and \$3,535,221, 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	\$ 205	\$ 263	\$ 1,237	\$ 1,046
Administrative Costs	(27)	(34)	(159)	(135)
Total Available for Distribution	178	229	1,078	911
Historic Resort Hotel Fund	149	191	901	762
Human Resource Benefit Fund	29	38	177	149

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	\$ 141	\$ 811
Historic Resort Table Games	149	901
Interest on Historic Resort Hotel Fund	-	1
Historic Resort Hotel Fund Net Income	290	1,713
Municipalities/ Counties	41	240
Excess Lottery Fund	249	1,473
Total Distributions	<u>\$ 290</u>	<u>\$ 1,713</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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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 December 31, 2020 were \$5,139,175 and \$21,622,136, 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	\$ 514	\$ 255	\$ 2,162	\$ 1,398
Interest on Sports Waging Fund	-	-	-	-
Administrative Costs	(77)	(38)	(324)	(210)
Total Available for Distribution	437	217	1,838	1,188

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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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 December 31, 2020 were \$2,787,845 and \$9,636,755 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	\$ 418	\$ -	\$ 1,446	\$ -
Interest on Interactive Wagering Fund	-	-	-	-
Administrative Costs	(63)	-	(217)	-
Total Available for Distribution	355	-	1,229	-

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

	Current Month	Year-to-Date
Pensions	4	12
Lottery Fund	351	1,217
Total Distributions	\$ 355	\$ 1,229

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 December 31, 2020 the Lottery has accrued additional distributions of \$81,121,504. 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>December 31, 2020</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 499	\$ 2,996
Bureau of Senior Services	3,237	54,698
Department of Education	1,426	16,720
Library Commission	870	10,196
Higher Education-Policy Commission	549	6,432
Tourism	508	5,961
General Revenue		
Natural Resources	260	3,049
Division of Culture & History	311	3,714
Economic Development Authority	999	5,996
School Building Authority	1,800	10,800
Total State Lottery Fund	<u>\$ 10,459</u>	<u>\$ 120,562</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 2,102	\$ 12,610
Higher Education Improvement Fund	1,500	9,000
General Purpose Account	4,426	26,527
Higher Education Improvement Fund	1,975	11,835
State Park Improvement Fund	102	614
School Building Authority	1,899	11,396
Refundable Credit		1,188
WV Racing Commission	136	816
WV Department of Health and Human Resources		
Teacher's Retirement Savings		
Division of Human Services		17,000
WV Lottery Statutory Transfers	4,155	24,903
Economic Development Authority	439	2,635
General Revenue Fund		
Office of Technology		
Excess Lottery Surplus		
West Va. Infrastructure Council	3,324	19,923
Total State Excess Lottery Revenue Fund	<u>\$ 20,058</u>	<u>\$ 138,447</u>

Total Budgetary distributions:

\$ 30,517	\$ 259,009
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Veterans Instant Ticket Fund

\$ 42	\$ 269
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Other Interactive Gaming distributions

Pension Plan	\$ 4	\$ 12
Total Other Interactive Gaming distributions	<u>\$ 4</u>	<u>\$ 12</u>

Total nonoperating distributions to the
State of West Virginia (cash basis)

\$ 30,563	\$ 259,290
-----------	------------

Accrued nonoperating distributions, beginning

(76,191)	(115,331)
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Accrued nonoperating distributions, end

81,118	81,118
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<u>\$ 35,490</u>	<u>\$ 225,077</u>
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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 December 31, 2020 and December 31, 2019 approximated \$91,719 and \$105,137 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 December 31, 2020 and December 31, 2019 approximated \$538,129 and \$524,317 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 December 31, 2020 and fiscal year-to-date are as follows (in thousands):

	December 31, 2020	Year-to-Date
Employee contributions	\$ 45	\$ 211
Lottery contributions	95	439
Total contributions	\$ 140	\$ 650

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 SIX MONTH PERIOD ENDED DECEMBER 31, 2020
(In Thousands)**

	Current Month		FISCAL YEAR	
	Actual	Projected	Actual	Projected
Gross Revenues				
Instant games	14,025	7,500	77,428	45,000
On-line games	6,884	5,033	32,195	30,199
Racetrack video lottery	28,457	34,359	190,084	225,360
Limited video lottery	34,442	29,085	219,336	170,580
Racetrack table games	2,083	2,446	11,998	14,692
Historic resort	678	353	3,967	2,381
Sports wagering	514	441	2,162	2,646
Interactive wagering	418	-	1,446	-
Total gross revenues	87,501	79,217	538,616	490,858
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,672	871	8,906	5,224
On-line games	2,052	1,444	9,879	8,666
Racetrack Video Lottery	8,196	6,943	53,657	61,951
Sports wagering	437	375	1,838	2,042
Interactive wagering	371	-	2,221	-
Total Lottery Fund net revenues	12,728	9,633	76,501	75,841
Excess Lottery Fund				
Racetrack Video Lottery	3,511	7,199	23,455	30,760
Limited Video Lottery	16,252	12,805	104,244	79,364
Limited Video Lottery Fees	(49)	-	909	-
Racetrack table games	1,022	1,123	5,888	7,130
Historic resort	253	96	1,498	890
Total Excess Lottery Fund Net Revenues	20,989	21,223	135,994	118,144
Total Net Revenues	33,717	30,856	212,495	193,985

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: January 21, 2021

Re: Status of General Revenue Fund and State Road Fund as of
December 31, 2020 (FY 21)

We have reviewed the cash flow of the West Virginia general revenue fund as of December 31, 2020 which is the sixth month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 106% of the estimate for the fiscal year. Total collections were \$127.2 million above the estimate for the fiscal year.

Personal Income Tax collections were \$34.8 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$25.9 million above the estimate for the year.

Severance Tax was \$8.2 million below the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$69 million above the estimate for the fiscal year.

State Road Fund

The state road fund collections were 113% of the estimate for the fiscal year. Total collections were \$58 million above 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 \$389,870,079.16 as of December 31, 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)	2,788,562.55
Balance December 31, 2020	\$389,870,079.16

*\$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 \$528,633,890.17 as of December 31, 2020.

Balance July 1, 2020	\$482,975,560.82
Earnings	45,658,329.35
Balance December 31, 2020	\$528,633,890.17

The **Personal Income Tax Reserve** Fund had a \$11,000,000.00 cash balance as of December 31, 2020.

Balance July 1, 2020	\$11,000,000.00
Balance December 31, 2020	\$11,000,000.00

**STATE OF WEST VIRGINIA
REVENUE COLLECTIONS
FISCAL YEAR 2021
as of December 31, 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	\$ 170,450,000	\$ 159,602,793	\$ (10,847,207)	\$ 1,048,600,000	\$ 1,083,424,703	\$ 34,824,703	103%
Consumer Sales Tax & Use Tax	130,200,000	130,382,879	182,879	696,100,000	722,018,441	25,918,441	104%
Severance Tax	30,700,000	15,632,564	(15,067,436)	78,000,000	69,842,567	(8,157,433)	90%
Corporate Net Income Tax	22,000,000	40,393,447	18,393,447	90,000,000	159,040,565	69,040,565	177%
Insurance Tax	200,000	(30,331)	(230,331)	62,000,000	58,350,627	(3,649,373)	94%
Tobacco Products Tax	13,200,000	16,788,217	3,588,217	81,700,000	89,220,752	7,520,752	109%
Business and Occupation	10,100,000	9,117,627	(982,374)	62,600,000	60,112,420	(2,487,580)	96%
Liquor Profit Transfers	1,530,000	1,516,150	(13,850)	10,350,000	10,659,977	309,977	103%
Departmental Collections	1,300,000	1,158,165	(141,835)	8,600,000	8,148,677	(451,323)	95%
Property Transfer Tax	1,000,000	809,198	(190,802)	6,000,000	7,444,035	1,444,035	124%
Property Tax	190,000	102,881	(87,119)	4,610,000	4,772,505	162,505	104%
Beer Tax and Licenses	480,000	522,276	42,276	3,530,000	3,870,725	340,725	110%
Miscellaneous Transfers	210,000	40,533	(169,467)	1,570,000	380,327	(1,189,673)	24%
Interest Income	1,200,000	(406,548)	(1,606,548)	7,200,000	6,745,978	(454,022)	94%
Refundable Credit Reimb Liability	-	-	-	800,000	1,188,177	388,177	0%
HB 102 - Lottery Transfers	1,502,000	4,426,039	2,924,039	15,188,000	26,526,376	11,338,376	0%
Miscellaneous	2,400,000	1,951,120	(448,880)	5,530,000	6,908,142	1,378,142	125%
Business Franchise Fees	55,000	41,211	(13,790)	338,000	345,745	7,745	102%
Estate & Inheritance Tax	-	-	-	-	-	-	0%
Liquor License Renewal	46,000	133,452	87,452	9,612,000	402,502	(9,209,498)	4%
Special Revenue Transfers	-	-	-	-	-	-	0%
Charter Tax	-	1,164	1,164	-	7,317	7,317	0%
Telecommunications Tax	-	-	-	-	-	-	0%
Video Lottery Transfers	-	19,925	19,925	-	70,358	70,358	0%
July-Dec Retro Rev Adj	-	-	-	-	-	-	0%
Cash Flow Transfer	-	-	-	-	-	-	0%
SUBTOTALS	\$ 386,763,000	\$ 382,202,760	\$ (4,560,240)	\$ 2,192,328,000	\$ 2,319,480,915	\$ 127,152,915	
Less: Cash Flow Transfer	-	-	-	-	-	-	
Less: Special Revenue Transfer	-	-	-	-	-	-	
TOTALS	\$ 386,763,000	\$ 382,202,760	\$ (4,560,240)	\$ 2,192,328,000	\$ 2,319,480,915	\$ 127,152,915	
Percent of Estimates		99%			106%		
Collections this day		\$ 20,096,548					

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

January 04, 2021

**STATE OF WEST VIRGINIA
REVENUE COLLECTIONS
FISCAL YEAR 2021
as of December 31, 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	\$ 47,600,000	\$ 34,195,884	\$ (13,404,116)	\$ 217,000,000	\$ 204,869,273	\$ (12,130,727)	94%
Sales/Privilege Tax	14,892,000	19,870,118	4,978,118	115,318,000	147,701,872	32,383,872	128%
Licenses & Registration	8,612,000	9,513,200	901,200	77,541,000	69,398,825	(8,142,175)	89%
Miscellaneous	830,000	16,061,315	15,231,315	21,905,000	67,457,505	45,552,505	308%
Highway Litter Control	156,000	97,971	(58,029)	722,000	1,045,761	323,761	145%
Federal Reimbursement	41,385,000	26,867,985	(14,517,015)	298,935,000	174,150,425	(124,784,575)	58%
SUBTOTALS	\$ 113,475,000	\$ 106,606,472	\$ (6,868,528)	\$ 731,421,000	\$ 664,623,662	\$ (66,797,338)	
Less: Federal Reimbursement	41,385,000	26,867,985	(14,517,015)	298,935,000	174,150,425	(124,784,575)	
TOTALS	\$ 72,090,000	\$ 79,738,488	\$ 7,648,488	\$ 432,486,000	\$ 490,473,237	\$ 57,987,237	

Percent of Estimates

111%

113%

Collections this day

\$ 17,603,454

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of December 31, 2020 : \$ 389,870,079.16

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of December 31, 2020: \$ 528,633,890.17

SPECIAL INCOME TAX REFUND RESERVE FUND as of December 31, 2020: \$11,000,000.00

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

January 04, 2021

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

STATE ROAD FUND

	Actual Collections December 2019	Actual Collections December 2020	Actual Collections 6 Months Jul-Dec 2019	Actual Collections 6 Months Jul-Dec 2020	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Gasoline & Motor Carrier Rd Tax	\$ 48,341,000	\$ 34,196,000	\$ 237,052,000	\$ 204,869,000	\$ (32,183,000)	-14%
Privilege Tax	21,040,000	19,870,000	143,556,000	147,702,000	4,146,000	3%
Licenses & Registration	11,913,000	9,513,000	62,227,000	69,399,000	7,172,000	12%
Miscellaneous	6,757,000	16,061,000	21,104,000	67,458,000	46,354,000	220%
Highway Litter Control	121,000	98,000	832,000	1,046,000	214,000	26%
Federal Reimbursement	40,545,000	26,868,000	211,333,000	174,150,000	(37,183,000)	-18%
SUBTOTALS	<u>\$ 128,717,000</u>	<u>\$ 106,606,000</u>	<u>\$ 676,104,000</u>	<u>\$ 664,624,000</u>	<u>\$ (11,480,000)</u>	
Less: Federal Reimbursement	40,545,000	26,868,000	211,333,000	174,150,000	(37,183,000)	
TOTALS	<u>\$ 88,172,000</u>	<u>\$ 79,738,000</u>	<u>\$ 464,771,000</u>	<u>\$ 490,474,000</u>	<u>\$ 25,703,000</u>	
 Increase/Decrease over Prior Period		\$ (8,434,000)		\$ 25,703,000		
 % Increase/Decrease over Prior Period		-10%		6%		

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
January 06, 2021

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: January 22, 2020

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the December 31, 2020 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of December 31, 2020 of fiscal year 2020-2021, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2020	\$ 8,289,482.99
Receipts July 1,2020 thru December 31, 2020	\$ 753,319,673.60
Disbursements July 1, 2020 thru December 31, 2020	\$ 738,064,820.42
Balance December 31, 2020	\$ 23,544,336.17

ITEMS OF NOTE:

Regular benefits paid for July - December 2020 were \$127.5 million more than July - December 2019.

Federal emergency benefits totaled 7,827.50 for July - December 2020. For July - December 2019, federal emergency benefits totaled -\$10,182.60.

Total disbursements were \$649.1 million more in July - December 2020 than the preceding July - December 2019.

Receipts as of July - December 2020, were \$673.7 million more than in July - December 2019. Overall ending trust fund balance was \$168.3 million lower on December 31, 2020 than on December 31, 2019.

Seasonally adjusted unemployment rates for December 2020 were 6.3 percent for West Virginia and 6.7 percent nationally.

Since December 2019, employment has decreased by 43,600. Employment declines included 4,900 in educational and health services, 8,700 in trade, transportation, and utilities, 13,000 in leisure and hospitality, 1,100 in financial activities, 300 in other services, 4,900 in professional and business services, 2,800 in mining and logging, 8,000 in government, and 500 in information. Employment increases include 500 in manufacturing and 100 in construction.

January 12, 2021

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 December 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 OCTOBER 2019 AND OCTOBER 2020**

	OCTOBER 2019	NOVEMBER 2019	DECEMBER 2019	OCTOBER 2020	NOVEMBER 2020	DECEMBER 2020	THREE MONTH TOTAL VARIANCE *	
Balance Forward	<u>\$215,897,753.02</u>	<u>\$219,912,648.43</u>	<u>\$212,986,010.12</u>	<u>\$15,987,148.38</u>	<u>\$22,779,039.53</u>	<u>\$20,314,377.30</u>	<u>(\$589,715,846.38)</u>	
Add Receipts:								
1. Bond Assasment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1. Bond Assasment
2. Regular Contributions	\$17,986,287.95	\$9,035,225.95	\$671,539.50	\$10,861,567.94	\$18,462,077.77	\$1,111,600.13	\$2,742,252.44	2. Regular Contributions
3. Federal Emergency Benefits (EUC08)				\$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	\$7,963,451.98	\$4,058,786.71	\$3,308,354.51	\$15,330,593.20	5. Temp Federal Additional Comp (FPUC)
6. Pandemic Unemployment Assistance PUA	\$0.00	\$0.00	\$0.00	\$7,380,268.00	\$6,199,681.00	\$6,123,053.00	\$19,635,392.10	6. Pandemic Unemployment Assistance PUA
7. UCFE (Federal Agencies)	\$37,232.85	\$36,048.90	\$67,609.90	\$62,011.06	\$126,412.72	\$168,047.60	\$283,189.63	7. UCFE (Federal Agencies)
8. EUISAA	\$0.00	\$0.00	\$0.00	(\$787,276.05)	(\$62,875.00)	(\$52,158.20)	(\$902,309.25)	8. EUISAA
9. LOAN Advance/PEUC/EB	\$0.00	\$0.00	\$0.00	\$36,154,870.02	\$24,734,985.62	\$36,660,433.15	\$97,550,288.79	9. LOAN Advance/PEUC/EB
11. Treasury Interest Credits	\$0.00	\$0.00	\$1,284,591.19	(\$107,631.28)	\$0.00	\$131,871.68	(\$1,260,350.79)	11. Treasury Interest Credits
12. UCX (Military Agencies)	\$60,264.33	\$66,397.13	\$81,014.56	\$89,165.76	\$77,078.90	\$62,516.30	\$21,084.94	12. UCX (Military Agencies)
13. Temporary Federal Compensation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	13. Temporary Federal Compensation
14. WV Senate Bill 558	\$0.00	\$0.00	\$0.00	\$1,145,648.00	\$831,311.00	\$553,496.00	\$2,530,455.00	14. TSFR From Non-Invstd FUA
Total Monthly Receipts	<u>\$18,083,785.13</u>	<u>\$9,137,671.98</u>	<u>\$ 2,104,755.15</u>	<u>\$72,249,659.39</u>	<u>\$90,121,076.33</u>	<u>\$53,179,447.35</u>	<u>\$138,738,830.43</u>	Total Monthly Receipts
Less Disbursements:								
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	Debt Bond Repayment
Regular Benefits:	13,975,580.84	15,962,349.95	23,137,571.67	\$28,505,984.74	\$23,382,427.50	\$20,567,595.79	\$20,708,907.96	Regular Benefits:
Federal Emergency Compensation - PEUC	\$0.00	\$0.00	\$0.00	\$14,225,399.83	\$19,848,362.96	\$15,758,807.61	\$49,832,570.40	Federal Emergency Compensation - PEUC
Federal Additional Compensation - FPUC	\$0.00	\$0.00	\$0.00	\$5,962,900.37	\$3,754,389.42	\$3,176,592.24	\$12,893,882.03	Federal Additional Compensation - FPUC
Pandemic Unemployment Assistance PUA	\$0.00	\$0.00	\$0.00	\$6,791,133.00	\$6,707,892.00	\$4,901,767.00	\$18,402,262.60	Pandemic Unemployment Assistance PUA
Federal Emergency Bonofits (EUC08)	(\$1,435.00)	(\$1,470.60)	(\$2,408.00)	(\$381.34)	\$8,559.70	\$1,354.14	\$14,846.10	Federal Emergency Bonofits (EUC08)
Emergency Benefits (TEUC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$38,264.27)	Emergency Benefits (TEUC)
UCFE (Federal Workers) Bonofits	\$36,442.09	\$38,264.27	\$71,293.21	\$69,916.61	\$132,780.60	\$165,122.36	\$221,820.00	UCFE (Federal Workers) Bonofits
UCX (Military Workers) Bonofits	\$58,301.79	\$65,166.67	\$82,286.56	\$98,618.35	\$77,435.29	\$66,782.03	\$37,080.65	UCX (Military Workers) Bonofits
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	\$0.00	\$0.00	\$0.00	\$0.00	Temp Fed Comp
Total Monthly Disbursements	<u>\$14,068,889.72</u>	<u>\$16,064,310.29</u>	<u>\$23,288,743.44</u>	<u>\$65,457,768.24</u>	<u>\$92,585,738.56</u>	<u>\$49,949,488.48</u>	<u>\$190,489,369.29</u>	Total Monthly Disbursements
Trust Fund Balance	<u>\$219,912,648.43</u>	<u>\$212,986,010.12</u>	<u>\$191,802,021.83</u>	<u>\$22,779,039.53</u>	<u>\$20,314,377.30</u>	<u>\$23,544,336.17</u>	<u>(\$641,466,385.24)</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: UI 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
November 23, 2020

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
1900 Kanawha Blvd., East • Building 3, Room 300 • Charleston, West Virginia 25305
Telephone: (304) 558-3309 • Fax: (304) 558-3252

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BRIM

PEIA

REAL ESTATE REPORT

**Board of Risk and Insurance
Management (BRIM)**

January 2021 Interim Packet

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Five Months Ended November 30th

	2020	2019
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 18,536	\$ 24,359
Advance deposits with insurance company and trustee	269,393	237,441
Receivables	8,117	7,910
Prepaid insurance	2,563	4,029
Restricted cash and cash equivalents	22,843	19,205
Premiums due from other entities	1,134	1,112
Total current assets	322,586	294,055
Noncurrent assets:		
Equity position in internal investments pools	113,700	103,649
Restricted investments	65,662	59,857
Total noncurrent assets	179,362	163,505
Total assets	501,948	457,560
Deferred Outflows of Resources		
Deferred Outflows of Resources - OPEB	215	373
	84	65
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	69,336	62,656
Unearned premiums	17,694	16,703
Agent commissions payable	596	595
Claims Payable	44	1
Accrued expenses and other liabilities	2,214	2,285
Total current liabilities	89,884	82,239
Estimated unpaid claims and claims adjustment expense net of current portion	138,691	132,692
Compensated absences	150	124
Net pension liability	214	249
Total noncurrent liabilities	139,055	133,064
Total liabilities	228,939	215,303
Deferred Inflows of Resources		
Deferred Inflows of Resources - OPEB	145	200
	171	109
Net position:		
Restricted by State code for mine subsidence coverage	78,616	72,466
Unrestricted	179,166	157,204
Net Assets (Deficiency)	15,209	12,716
Net position	\$ 272,991	\$ 242,386

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Five Months Ended November 30th

	<u>2020</u>	<u>2019</u>
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 33,805	\$ 35,065
Less coverage/reinsurance programs	(1,875)	(2,887)
Net operating revenues	<u>31,930</u>	<u>32,178</u>
Operating expenses		
Claims and claims adjustment expense	29,906	25,464
General and administrative	2,138	1,927
Total operating expenses	<u>32,044</u>	<u>27,392</u>
Operating income (loss)	(114)	4,787
Nonoperating revenues		
Investment income	15,323	7,929
Net nonoperating revenues	<u>15,323</u>	<u>7,929</u>
Changes in net position	<u>15,209</u>	<u>12,716</u>
Total net position, beginning of year	257,782	229,670
Total net position, end of period	<u>\$ 272,991</u>	<u>\$ 242,386</u>

Unaudited

**West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET AND INCOME STATEMENT
For the Five Months Ending November 30, 2020**

**Talking Points for Joint Committee on Government and Finance Meeting
January 2021**

1. **Premium Revenue** thru November reflects the premiums earned for the first five months of the fiscal year. BRIM premiums in FY'21 reflect a reduction in revenue due to Covid-19 and the impact on the utilization and the exposure of owned and leased vehicles by insureds.
2. **Claims Expense** reflects net claims payments made thru November plus reserve changes. Claims reserves increases in the current year resulted in a small operating loss for the current fiscal year.
3. **Investment Income** for fiscal year 2021 reflects a net gain of \$15.3 million for the first five months driven by the recovery of the equity markets vs. a net gain of \$7.9 million for the same period last year.
4. BRIM has no un-funded liability and continues to pursue pro-active loss control initiatives.

PEIA

January 2021

Interim Packet

PEIA January Interim Talking Points

- **PEIA and RHBT year to date financial statements for November 31, 2020 are available for your review.**
- **PEIA statements indicates PEIA is currently ahead of plan by \$32 million. This is due to lower than forecast claim expenses and higher than forecast investment income.**
- **RHBT statements indicate RHBT is currently ahead of plan by \$108 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 \$180 and \$52 million respectively.**
- **These reserve levels represent 24% and 29% 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
 Phone: 1 (304) 558-7850
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 Website: www.wvpeia.com

January 19, 2021

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

1. The Fiscal Year 2022 Financial Plan Report issued January 2021 page A-4, indicates the June 30, 2021 fund balances will be as follows:

	PEIA		RHBT
	State Fund	Non-State Fund	OPEB Fund
June 30, 2021	\$180,976,515	\$52,663,779	\$1,382,906,543

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	\$180,976,515	\$52,663,779	\$233,640,294
Percentage	24.4%	29.9%	25.4%
	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 48% of the actuarially required balance:

	RHBT
June 30, 2021	OPEB Reserve
Reserve Balance	\$1,382,906,543
Percentage	48%
	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 \$263 million over the next four years, requiring an average of \$66 million a year in prior year gain utilization, increased premiums or benefit reductions.

	FY 2022	FY 2023	FY 2024	FY 2025
Medical Trend	6.0%	7.0%	7.5%	8.0%
Rx Trend	13.5%	14.0%	14.5%	15.0%

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

	PEIA	RHBT	Total
November 2020	\$42,151,000	\$14,406,000	\$56,557,000

Sincerely,



Jason A. Haight, CPA
Chief Financial Officer

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For Five Months Ending Monday, November 30, 2020
In Thousands

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
			ADDITIONS				
			Employer Premiums:				
\$922	\$1,269	\$1,277	Health premiums - Non Par	(\$347)	(27%)	(\$355)	(28%)
5,540	5,562	6,086	Health Premiums - RLC Health, Life	(22)	(0%)	(546)	(9%)
57,241	56,250	58,678	Pay Go Premiums	991	2%	(1,437)	(2%)
12,500	12,500	14,583	State appropriation - OPEB	-	0%	(2,083)	(14%)
76,203	75,581	80,624	Total Employer Premiums	622	1%	(4,421)	(5%)
			Other Additions:				
333	417	333	Retiree Drug Subsidy	(84)	(20%)	-	0%
136,936	37,134	40,950	Investment Income	99,802	269%	95,986	234%
213,472	113,132	121,907	TOTAL ADDITIONS	100,340	89%	91,565	75%
			DEDUCTIONS				
47,518	50,716	46,189	Payments to Managed Care Org.	3,198	6%	(1,329)	(3%)
11,440	10,842	10,355	Life Insurance Expense	(598)	(6%)	(1,085)	(10%)
18,704	22,877	20,919	Medical Claims Expense	4,173	18%	2,215	11%
11,376	12,435	10,770	Pharmacy Claims Expense	1,059	9%	(606)	(6%)
455	890	1,013	Administrative Service Fees (External)	435	49%	558	55%
(28,131)	(29,008)	(28,593)	Member Health premiums	(877)	3%	(462)	2%
(11,361)	(10,899)	(10,391)	Member Life Insurance Premiums	462	(4%)	970	(9%)
1,168	1,449	1,318	Other Operating Expenses	281	19%	150	11%
51,169	59,302	51,580	TOTAL DEDUCTIONS	8,133	14%	411	1%
162,303	53,830	70,327	NET POSITION INCREASE (DECREASE)	108,473	202%	91,976	131%
			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%
1,318,837	1,210,364	1,123,881	End of Period Net Position - Restricted	108,473	9%	194,956	17%
68,107	68,107	38,107	End of Period Net Position - PSR	-	0%	30,000	79%
\$1,386,944	\$1,278,471	\$1,161,988	End of Period Total Net Position	\$108,473	8%	\$224,956	19%

West Virginia Public Employees Insurance Agency
Statement of Changes in Plan Net Position
For the Five Months Ending Monday, November 30, 2020
(Dollars in Thousands)
(Unaudited-For Internal Use Only)

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
OPERATING REVENUE							
Premium Revenue							
\$159,773	\$158,299	\$156,967	Health Insurance - State Gov. - Employers	\$1,474	1%	\$2,806	2%
50,339	50,088	50,112	Health Insurance - State Gov. - Employees	251	1%	227	0%
49,252	44,562	43,761	Health Insurance - Local Gov. - All	4,690	11%	5,491	13%
1,954	1,895	1,913	Administrative Fees, Net of Refunds	59	3%	41	2%
799	707	656	Other Premium Revenue	92	13%	143	22%
262,117	255,551	253,409	Total Operating Revenue	6,566	3%	8,708	3%
NON-OPERATING REVENUE							
1,136	614	573	Life Insurance	522	85%	563	98%
8,750	22,917	12,917	Direct Transfer	(14,167)	(62%)	(4,167)	(32%)
19,850	4,874	7,152	Interest and Investment Income	14,976	307%	12,698	178%
57,241	56,250	58,678	WV RHBT Pay Go Premiums	991	2%	(1,437)	(2%)
86,977	84,655	79,320	Total Non-Operating Revenue	2,322	3%	7,657	10%
349,094	340,206	332,729	TOTAL REVENUE	8,888	3%	16,365	5%
EXPENSES							
158,080	178,946	152,546	Claims Expense - Medical	20,866	12%	(5,534)	(4%)
65,984	65,104	56,704	Claims Expense - Drugs	(880)	(1%)	(9,280)	(16%)
22,228	21,842	20,651	Payments to Managed Care Org.	(386)	(2%)	(1,577)	(8%)
8,037	10,492	9,376	Administrative Service Fees	2,455	23%	1,339	14%
131	3,333	185	Wellness and Disease Management	3,202	96%	54	29%
2,074	1,883	1,802	Other Operating Expenses	(191)	(10%)	(272)	(15%)
1,060	540	516	Life Insurance Expense	(520)	(96%)	(544)	(105%)
170	0	0	ACA Comparative Effectiveness Fee	(170)	0%	(170)	0%
57,241	56,250	58,678	WV RHBT Pay Go Premiums	(991)	(2%)	1,437	2%
315,005	338,390	300,458	TOTAL EXPENSES	23,385	7%	(14,547)	(5%)
34,089	1,816	32,271	YTD Surplus (Deficit)	32,273	1,777%	1,818	6%
225,402	225,402	226,389	Total Net Position, Beginning of Period	0	0%	(987)	(0%)
110,611	110,611	116,127	End of Period Net Position, Actuarially Required Reserve	0	0%	(5,516)	(5%)
148,880	116,607	142,533	End of Period Net Position, PEIA PSR	0	0%	6,347	4%
\$259,491	\$227,218	\$258,660	Total Net Position, End of Period	\$257,675	14,189%	\$831	0%

**Department of Administration
Real Estate Division**

January 2021 Interim Packet

Department of Administration Real Estate Division Leasing Report
For the period of December 1 - 31, 2020

There are 7 leasing changes for this period, and they are as follows:

- 1 – Straight Renewal – DOA Owned
- 3 – Straight Renewal
- 3 – Renewal with Increase in Rent

Department of Administration Real Estate Division Leasing Report
For the period of December 1, 2020 through December 31, 2020

STRAIGHT RENEWAL – DOA OWNED

DIVISION OF PERSONNEL

DOP-003 Renewal for 3 years consisting of 23,213 square feet of office space at the current annual per square foot rate of \$19.00, annual cost \$441,047.00, full service, Building #3 at the Capitol Complex, 1900 Kanawha Boulevard, East, in the City of Charleston, Kanawha County, West Virginia.

STRAIGHT RENEWAL

OFFICES OF THE INSURANCE COMMISSIONER

INS-031 Renewal for 5 years consisting of 3,835 square feet of office space at the current annual per square foot rate of \$14.75, annual cost \$56,566.20, full service, 109 East Main Street, in the City of Beckley, Raleigh County, West Virginia.

DIVISION OF MOTOR VEHICLES

DMV-058 Renewal for 1 year consisting of 4,000 square feet of office space at the current annual per square foot rate of \$14.85, annual cost \$59,400.00, Marion Square Shopping Center, Suite #209, in the City of Fairmont, Marion County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-175 Renewal for 3 years consisting of 1,000 square feet of storage space at the current annual per square foot rate of \$3.60, annual cost \$3,600.00, 4710 Chimney Drive, in the City of Big Chimney, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN RENT

OFFICES OF THE INSURANCE COMMISSIONER

INS-011 Renewal for 1 year consisting of 1,986 square feet of office space with an increase in the annual per square foot rate from \$12.25 to \$12.50, annual cost \$24,825.00, full service, One Players Club Drive, in the City of Charleston, Kanawha County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-199 Renewal for 5 years consisting of 4,440 square feet of office space with an increase in the annual per square foot rate from \$9.00 to \$10.00, annual cost \$44,400.00, 9346 Seneca Trail, in the City of Parsons, Tucker County, West Virginia.

HHR-207 Renewal for 5 years consisting of 8,473 square feet of office space with an increase in the annual per square foot rate from \$8.33 to \$8.54, annual cost \$72,396.48, full service, 320 Summers Street, in the City of Hinton, Summers County, West Virginia.

Real Estate Division
 Monthly Summary of Lease Activity
 December 1 - 31, 2020

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Division of Personnel	DOP-003	Kanawha	23,213	19.00	441,047	3	1,323,141 *
2	Offices of the Insurance Commissioner	INS-031	Raleigh	3,835	14.75	56,566	5	282,831
3	Division of Motor Vehicles	DMV-058	Marion	4,000	14.85	59,400	1	59,400
4	Department of Health and Human Resources	HHR-175	Kanawha	1,000	3.60	3,600	3	10,800
5	Offices of the Insurance Commissioner	INS-011	Kanawha	1,986	12.50	24,825	1	24,825
6	Department of Health and Human Resources	HHR-199	Tucker	4,440	10.00	44,400	5	222,000
7	Department of Health and Human Resources	HHR-207	Summers	8,473	8.54	72,396	5	361,982

		83.24
Total Rentable Square Feet	<u>46,947</u>	
Average Annual Rental Rate		<u>11.89</u>
Total Annual Rent		<u>702,235</u>

*Indicates the total will be over \$1,000,000.00 during the term of the lease.

MEDICAID REPORT

Joint Committee on Government and Finance

December 2020

Department of Health and Human Resources

**MEDICAID REPORT
September 2020 Data**

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

MONTH OF SEPTEMBER 2020

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2020	SFY2021	Current Month Ended 09/30/20	Current Month Ended 09/30/20	Year To-Date Thru 09/30/20	10/1/20 Thru 06/30/21
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	97,985,843	95,665,585	4,662,806	7,653,247	16,557,194	79,108,391
Inpatient Hospital - DSH	53,450,766	53,789,156	192,816	4,303,132	13,404,150	40,385,006
Inpatient Hospital - Supplemental Payments	-	-	-	-	-	-
Inpatient Hospital - GME Payments	12,183,004	12,365,473	-	989,238	3,032,755	9,332,718
Mental Health Facilities	33,613,909	39,241,399	(119,813)	3,139,312	1,456,714	37,784,685
Mental Health Facilities - DSH Adjustment Payments	17,503,899	19,301,726	-	1,544,138	4,266,540	15,035,186
Nursing Facility Services - Regular Payments ⁽³⁾	759,691,830	817,702,404	64,877,607	65,416,192	199,999,711	617,702,693
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	67,715,431	71,050,398	7,138,408	5,684,032	17,670,721	53,379,677
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	38,140,554	36,066,892	2,157,897	2,885,351	7,093,971	28,972,921
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	3,111,425	3,722,132	10,192,853	36,333,802
Outpatient Hospital Services - Supplemental Payments	-	-	-	-	-	-
Prescribed Drugs	735,519,694	777,516,648	60,978,278	62,201,332	191,803,844	585,712,804
Drug Rebate Offset - National Agreement	(440,398,418)	(427,000,000)	(55,265,513)	(34,160,000)	(124,487,256)	(302,512,744)
Drug Rebate Offset - State Sidebar Agreement	(41,823,225)	(42,000,000)	(1,892,807)	(3,360,000)	(7,333,307)	(34,666,693)
Drug Rebate Offset - MCO National	(11,386,339)	(11,200,000)	(1,645,933)	(896,000)	(4,173,525)	(7,026,475)
Drug Rebate Offset - MCO State Sidebar Agreement	86,361	-	-	-	1,049	(1,049)
Dental Services	9,762,746	6,210,738	351,011	496,859	1,082,957	5,127,781
Other Practitioners Services - Regular Payments	6,025,073	4,422,966	269,436	353,837	904,291	3,518,675
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	1,563,783	865,094	57,768	69,207	176,193	688,901
Lab & Radiological Services	8,138,831	7,418,689	485,158	593,495	1,587,677	5,831,012
Home Health Services	25,693,171	31,257,836	2,432,411	2,500,627	6,220,639	25,037,197
Hysterectomies/Sterilizations	22,630	25,931	190	2,074	2,721	23,210
Pregnancy Terminations ⁽²⁾	38,707	39,472	4,178	3,158	8,633	30,839
EPSDT Services	1,334,847	666,189	50,839	53,295	153,790	512,399
Rural Health Clinic Services	4,730,991	4,065,304	80,906	325,224	402,089	3,663,215
Medicare Health Insurance Payments - Part A Premiums	23,063,910	24,524,802	2,057,935	1,961,984	6,201,279	18,323,523
Medicare Health Insurance Payments - Part B Premiums	119,556,978	136,070,782	10,600,613	10,885,663	31,696,593	104,374,189
120% - 134% Of Poverty	9,831,477	10,028,107	832,512	802,249	2,479,650	7,548,457
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	13,187,270	13,339,616	884,404	1,067,169	2,955,897	10,383,719

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

	MONTH OF SEPTEMBER 2020		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2020	SFY2021	Current Month Ended 09/30/20	SFY2021	Current Month Ended 09/30/20	Current Month Ended 09/30/20	Year To-Date Thru 09/30/20	10/1/20 Thru 06/30/21
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	1,765,544,532	2,253,564,298	184,557,337		180,285,144		484,066,879	1,769,497,419
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	243,213		107,022		619,737	718,039
Medicaid Health Insurance Payments: Coinsurance	-	-	-		-		-	-
Medicaid Health Insurance Payments: Other	-	-	-		-		-	-
Home & Community-Based Services (IDD)	312,481,404	392,436,958	23,140,780		31,394,957		72,896,325	319,540,633
Home & Community-Based Services (Aged/Disabled)	130,111,456	131,821,069	10,289,653		10,545,686		32,961,738	98,859,331
Home & Community-Based Services (Traumatic Brain Injury)	1,917,668	2,226,182	159,181		178,095		447,193	1,778,989
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	5,729,547		5,511,318		17,747,059	51,144,419
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	168,299		163,432		496,637	1,546,260
Primary Care Case Management Services	-	-	-		-		-	-
Hospice Benefits	29,567,073	29,607,479	1,909,097		2,368,598		7,226,250	22,381,229
Emergency Services Undocumented Aliens	609,969	486,513	49,625		38,921		185,082	301,431
Federally Qualified Health Center	22,224,540	21,842,947	470,801		1,747,436		1,580,641	20,262,306
Non-Emergency Medical Transportation	37,037,744	39,243,822	3,553,617		3,139,506		10,490,625	28,753,197
Physical Therapy	1,076,333	923,190	73,397		73,855		245,661	677,529
Occupational Therapy	652,703	367,951	31,767		29,436		98,385	269,566
Services for Speech, Hearing & Language	380,426	157,709	14,626		12,617		43,823	113,886
Prosthetic Devices, Dentures, Eyeglasses	825,415	448,928	17,510		35,914		59,573	389,355
Diagnostic Screening & Preventive Services	86,339	98,702	5,966		7,896		19,002	79,700
Nurse Mid-Wife	139,130	162,976	6,148		13,038		20,439	142,537
Emergency Hospital Services	-	-	-		-		-	-
Critical Access Hospitals	28,488,629	25,164,470	1,547,701		2,013,158		4,838,578	20,325,892
Nurse Practitioner Services	4,338,088	3,556,142	230,857		284,491		759,702	2,796,440
School Based Services	31,425,256	19,999,864	203,630		1,599,989		1,105,735	18,894,129
Rehabilitative Services (Non-School Based)	52,436,190	7,593,781	2,101,434		632,815		5,884,091	1,709,690
2a) Opioid Treatment Program (OTP) - Methadone Services	10,931,763	18,000,000	1,001,460		1,500,000		4,179,230	13,820,770
2a) Opioid Treatment Program (OTP) - Peer Recovery Support Services	1,411,620	-	172,192		-		172,192	(172,192)
2a) Opioid Treatment Program (OTP) - Residential Adult Services	6,354,000	-	182,325		-		182,325	(182,325)
2a) Opioid Treatment Program (OTP) - Other	114,837	-	6,914		-		6,914	(6,914)
Private Duty Nursing	5,385,431	3,355,085	587,513		268,407		1,808,965	1,546,120
Freestanding Birth Centers	-	-	-		-		-	-
Health Home for Enrollees w Chronic Conditions	2,287,345	2,128,164	186,254		170,253		578,236	1,549,928
Other Care Services	30,261,541	31,324,045	1,748,638		2,505,924		6,562,787	24,761,258
Less: Recoupments	-	(200,985)	-		-		(911,334)	911,334
NET EXPENDITURES:	4,145,806,068	4,784,744,287	340,491,029		382,864,855		1,037,730,293	3,747,013,994

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

MONTH OF SEPTEMBER 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)

ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
SFY2020	SFY2021	Current Month Ended 09/30/20	Current Month Ended 09/30/20	Year To-Date Thru 09/30/20	10/1/20 Thru 06/30/21
(3,693,035)	-	-	-	-	-
(1,951,369)	-	-	-	-	-
(4,476)	-	-	-	-	-
(17,727,403)	-	-	-	-	-
4,122,429,785	4,784,744,287	340,491,029	382,864,855	1,037,730,293	3,747,013,994
Plus: Medicaid Part D Expenditures	39,118,976	2,324,064	2,639,633	7,361,555	25,633,857
Plus: State Only Medicaid Expenditures	335,451	20,777	31,500	123,472	270,274
Plus: Money Follow the Person Expenditures	1,015,192	112,889	82,840	364,467	671,029
TOTAL MEDICAID EXPENDITURES	\$ 4,162,899,405	\$ 342,948,759	\$ 385,618,828	\$ 1,045,579,787	\$ 3,773,589,155
Plus: Reimbursables ⁽¹⁾	5,840,605	336,468	-	1,272,336	(1,272,336)
Plus: NATCEP/PASARR/Eligibility Exams	368,501	42,001	6,201	70,651	6,856
Plus: HIT Incentive Payments	64,034	-	20,000	(30,063)	280,063
TOTAL EXPENDITURES	\$ 4,169,172,545	\$ 343,327,229	\$ 385,645,028	\$ 1,046,892,712	\$ 3,772,603,737

(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 \$5,119,797.22 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

3 Months Actuals 9 Months Remaining

MONTH OF SEPTEMBER 2020	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2020	Current Month Ended 9/30/20	Year-To-Date Thru 9/30/20	10/1/2020 Thru 6/30/21	SFY2021
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	54,359,368	19,261,781	25,964,129		25,964,129
MATCHING FUNDS					
General Revenue (0403/189)	260,292,248	13,660,337	37,228,448	260,626,816	297,855,264
IDD Waiver (0403/466)	90,253,483	9,045,144	21,708,347	86,833,389	108,541,736
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,334	649,000	1,947,000	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,666	1,589,000	4,767,000	6,356,000
Traumatic Brain Injury (0403/835)	800,000	53,333	160,000	640,000	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	1,132,802	2,718,724	10,874,896	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	3,011,627	4,015,503
Lottery Waiver (0420/539)	29,950,955	-	7,487,739	22,463,216	29,950,955
Lottery Transfer (5405/871)	16,400,070	-	4,100,018	12,300,052	16,400,070
Excess Lottery (5365/189)	53,202,960	17,000,000	17,000,000	49,302,960	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	-	15,428,275	60,395,824	75,824,099
Provider Tax (5090/189)	213,594,315	10,189,590	70,297,855	312,565,427	382,863,282
NSGO UPL (5084/6717)	-	-	-	-	-
Expirations (5084)	5,360,000	-	-	-	-
Certified Match	13,081,553	126,460	1,093,471	8,771,654	9,865,125
Reimbursables - Amount Reimbursed	6,724,797	-	712,188	(712,188)	-
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	568,267	50	9,400	690,601	700,000
CHIP State Share	-	-	-	-	-
CMS - 64 Adjustments	713,612	-	-	-	-
TOTAL MATCHING FUNDS	\$ 900,337,493	\$ 71,215,497	\$ 207,150,469	\$ 867,478,274	\$ 1,074,628,742
FEDERAL FUNDS	3,292,552,765	307,728,768	875,560,759	3,014,935,021	3,890,495,780
TOTAL REVENUE SOURCES	\$ 4,192,890,258	\$ 378,944,265	\$ 1,082,711,227	\$ 3,882,413,295	\$ 4,965,124,522
TOTAL EXPENDITURES:					
Provider Payments	\$ 4,169,172,545	\$ 343,327,229	\$ 1,046,892,712	\$ 3,772,603,737	\$ 4,819,496,449
TOTAL	\$ 23,717,713	\$ 35,617,037	\$ 35,818,515		\$ 145,628,073

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

Joint Committee on Government and Finance

December 2020

Department of Health and Human Resources

MEDICAID WAIVER REPORT

September 2020

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

Aged & Disabled Waiver Reported September 30, 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	7,026										7,026
-Slots Available for Traditional (ADW-WV) enrollees	6,950	6,950	6,950	6,950										6,950
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	76	76	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	6,669	6,701										6,701
Applicants determined eligible this month and added to MEL (3)	1,731	102	106	117										325
Applicants determined ineligible	76	2	6	3										11
ACTIVE MEMBERS														
Active Traditional Members at the end of the month	6,110	6,415	6,541	6,547										6,547
Active Take Me Home Members at the end of the month	46	46	48	48										48
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	6,589	6,595										6,595
Active members enrolled during the calendar month	1,301	383	204	111										698
-Total Active Traditional members enrolled during the calendar month	1,250	375	193	107										675
-Total Active TMH-WV members enrolled during the calendar month	51	8	11	4										23
-Total Active MFP-WV members enrolled during the calendar month														
Members discharged during the calendar month	1,044	78	76	105										259
ADW Members whose case was closed by reason	Member is deceased	574	58	57	74									189
	Other (4)	470	20	19	31									70
MANAGED ENROLLMENT LIST (MEL)														
# Eligible applicants closed during the calendar month (removed from MEL)	2,042	105	116	93										314
ADW Applicants removed from the MEL	Applicant offered a slot (Traditional + MFP)	1,676	84	99	65									248
	Applicant became deceased	125	6	9	9									24
	Other (5)	241	15	8	19									42
Applicants on the MEL who are in a nursing facility YTD Column reflects average # members in setting	16	1	1	0										0
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting	35	0	0	3										3
Applicants on the MEL at the end of the month	37	34	24	48										48
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days	308	435	405	435										425
Days -Longest time spent on the MEL to date Minus MFP Applicants (7)	54	60	89	119										89
Days -Average time spent on the MEL to date Minus MFP Applicants	28	14	61	25										33

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 Sept 30, 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	5,964										5,964
Total number of members served YTD (unduplicated slots used) (1)	5,446	5,506	5,614	5,707										5,707
Total number of members served YTD in Traditional Slots	5,437	5,497	5,605	5,698										5,698
Total number of members served YTD in Adult Ben H. slots (Active)	6	6	6	6										6
Total number of members served YTD in Children Ben H. slots (Active)	3	3	3	3										3
Applicants determined eligible (2)	264	19	43	38										100
Applicants determined ineligible (3)	292	22	36	31										89
ACTIVE MEMBERS														
# of active members at the end of the month (unduplicated slots active) (1)	5,336	5,495	5,594	5,678										5,678
Discharged members at the end of the calendar month	126	15	9	14										38
Discharged members who were discharged by reason	Deceased	62	4	5	3									12
	Left program to enter a facility	21	2	0	3									5
	a. Hospital	0	0	0	0									0
	b. ICF/IID	13	2	1	2									5
	c. Nursing Facility	14	0	0	1									1
	d. Psychiatric Facility	0	0	0	0									0
	e. Rehabilitation Facility	0	0	0	0									0
	f. Other Facility	0	0	0	0									0
Other (6)	36	9	3	6										18
MANAGED ENROLLMENT LIST (MEL)														
Total number of applicants on the MEL at the end of the month	523	343	273	210										210
Number of applicants added to the MEL (4)	264	19	43	38										100
Applicants enrolled (removed from the MEL)	703	174	108	98										380
Applicants removed from the MEL due to Death (5)	15	1	0	0										1
Applicants removed from the MEL due to Other (6)	141	24	5	3										32
Applicants on the MEL who are in a Nursing Facility (9)	0	0	0	1										1
Applicants on the MEL who are in an ICF/IID Group Home (9)	8	6	6	3										3
Applicants on the MEL receiving Personal Care Services each month (8) (9)	9	8	8	3										3
Longest on the MEL to date (7)	433	464	495	525										525

(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 September 30, 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	90										90
-Slots Available for Traditional (non TMH-WV) enrollees	89	86	86	86										86
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	1	4	4	4										4
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count	89	78	78	78										78
Applicants determined eligible this month and added to MEL (3)	11	0	1*	2*										3
Applicants determined ineligible	0	0	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	76	76										76
Active members enrolled during the calendar month	16	0	0	0										0
-Total Active Traditional members enrolled during the calendar month	15	0	0	0										0
-Total Active TMH-WV members enrolled during the calendar month	1	0	0	0										0
Members discharged during the calendar month	13	1	1	0										2
TBIW Members whose case was closed by reason	Member is deceased	6	0	0	0									0
	Other (4)	7	1	1	0									2
MANAGED ENROLLMENT LIST (MEL)														
# Eligible applicants closed during the calendar month (removed from MEL)	12	1	0	0										1
TBIW Applicants removed from the MEL	Applicant offered a slot	12	1	0	0									1
	Applicant became deceased	0	0	0	0									0
	Other (5)	0	0	0	0									0
Applicants on the MEL who are in a nursing facility	2	0	0	0										0
Applicants on the MEL receiving Personal Care	2	0	0	0										0
Applicants on the MEL at the end of the month	1	0	0	0										0
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days	110	0	0	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. * **NO MEL awarded a slot**

(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

JANUARY 2021

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 Five Months Ending November 30, 2020 and November 30, 2019

	Annual	Budget	Actual	Actual	Actual		Budget	
	Budget 2021	Year-to-Date	November 30, 2020	November 30, 2019	\$	%	\$	%
Beginning Operating Fund Balance			\$6,218,611	\$5,232,905	\$985,706	19%		
Revenues								
Federal Grants			\$16,665,663	\$22,930,532	(\$6,264,869)	-27%		
State Appropriations			\$2,419,640	\$0	\$0	0%		
Premium Revenues	\$1,243,837	\$518,265	\$39,038	\$633,017	(\$593,979)	-94%	(\$479,228)	-92%
Investment Earnings (Interest)			\$55,715	\$72,358	(\$16,643)	-23%		
Total Operating Fund Revenues			\$19,180,055	\$23,635,907	(\$4,455,852)	-19%		
Expenditures:								
Claims Expenses:								
Physicians & Surgical			\$4,868,165	\$5,774,479	(\$906,314)	-16%		
Prescribed Drugs			\$4,328,141	\$4,338,326	(\$10,185)	0%		
Outpatient Services			\$2,522,862	\$4,172,967	(\$1,650,105)	-40%		
Dental			\$3,456,106	\$3,435,244	\$20,862	1%		
Inpatient Hospital Services			\$1,565,794	\$1,535,037	\$30,757	2%		
Other Services			\$1,198,349	\$1,389,020	(\$190,671)	-14%		
Therapy			\$708,841	\$956,746	(\$247,905)	-26%		
Vision			\$295,321	\$298,843	(\$3,522)	-1%		
Inpatient Mental Health			\$101,669	\$199,633	(\$97,964)	-49%		
Outpatient Mental Health			\$122,844	\$169,685	(\$46,841)	-28%		
Medical Transportation			\$141,860	\$198,006	(\$56,146)	-28%		
Durable & Disposable Med. Equip.			\$164,891	\$188,787	(\$23,896)	-13%		
Less: Other Collections**			(\$88,927)	(\$41,928)	(\$46,999)	112%		
Drug Rebates	(\$2,517,954)	(\$1,049,148)	(\$1,398,637)	(\$1,397,975)	(\$661)	0%	\$438,417	-42%
Total Claims Expenses	\$56,575,040	\$23,572,933	\$17,987,279	\$21,216,869	(\$3,229,590)	-15%	(\$5,585,654)	-24%
Administrative Expenses:								
Salaries and Benefits	\$575,350	\$239,729	\$240,443	\$0	\$240,443	0%	\$714	0%
Program Administration	\$3,305,108	\$1,377,128	\$1,545,674	\$1,486,138	\$59,536	4%	\$168,546	12%
Eligibility			\$0	\$0	\$0	0%	\$0	0%
Outreach & Health Promotion	\$100,000	\$41,667	\$0	\$0	\$0	0%	(\$41,667)	-100%
Current	\$175,000	\$72,917	\$30,804	\$53,355	(\$22,551)	-42%	(\$42,113)	-58%
Total Administrative Expenses in Operating Fund	\$4,155,458	\$1,731,441	\$1,816,921	\$1,539,493	\$277,428	18%	\$85,480	5%
Total Operating Fund Expenditures	\$60,730,498	\$25,304,374	\$19,804,200	\$22,756,362	(\$2,952,162)	-13%	(\$5,500,174)	-22%
Adjustments			\$732,482	\$664,429				
Ending Operating Fund Balance			\$6,326,949	\$6,776,879	(\$449,930)	-7%		
Money Market			\$1,012,753	\$690,543				
Bond Pool			\$3,767,015	\$4,609,730				
Cash on Deposit			\$1,547,180	\$1,476,606				
Unrealized Gain/Loss on Investment				\$1,089				
Ending Fund Balance (Accrued Basis)			\$6,326,949	\$6,777,968	(\$451,019)	-7%		
Revenues Outside of Operating Funds:								
Federal Grants			\$0	\$0	\$0	0%		
Total WVCHIP Revenues			\$19,180,055	\$23,635,907	(\$4,455,852)	-19%		
Program Expenses outside of Operating Funds:								
Salaries and Benefits			\$0	\$250,692	(\$250,692)	-100%		
Eligibility	\$500,000	\$208,333	\$166,451	\$230,880	(\$64,429)	-28%	(\$41,882)	-20%
Total Administrative Expenses	\$4,655,458	\$1,939,774	\$1,983,372	\$2,021,065	(\$37,693)	-2%	\$43,598	2%
Total WVCHIP Expenditures	\$61,230,498	\$25,512,708	\$19,970,651	\$23,237,934	(\$3,267,283)	-14%	(\$5,542,056)	-22%

Footnotes:

- Statement is on cash basis
- Estimate of Incurred but Not Reported (IBNR) claims on November 30, 2021 is \$4,170,000. The November 30, 2019 estimate was \$4,697,000.
- Administrative Accounts Payable balance on November 30, 2020 \$ 284,620. The November 30, 2019 balance was \$1,056,684 .
- 2021 and 2020 adjustments to fund balance represent timing issues between the payment of expense and the draw-down of federal revenues.
- 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.
- Other Collections are primarily provider refunds and subrogation (amounts received from other insurers responsible for bills WVCHIP paid - primarily auto).
- Physician & Surgical services include physicians, clinics, lab, Federally Qualified Health Centers (FQHC), and vaccine payments.
- Other Services include home health, chiropractors, psychologists, podiatrists, and nurse practitioners.
- 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.
- 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

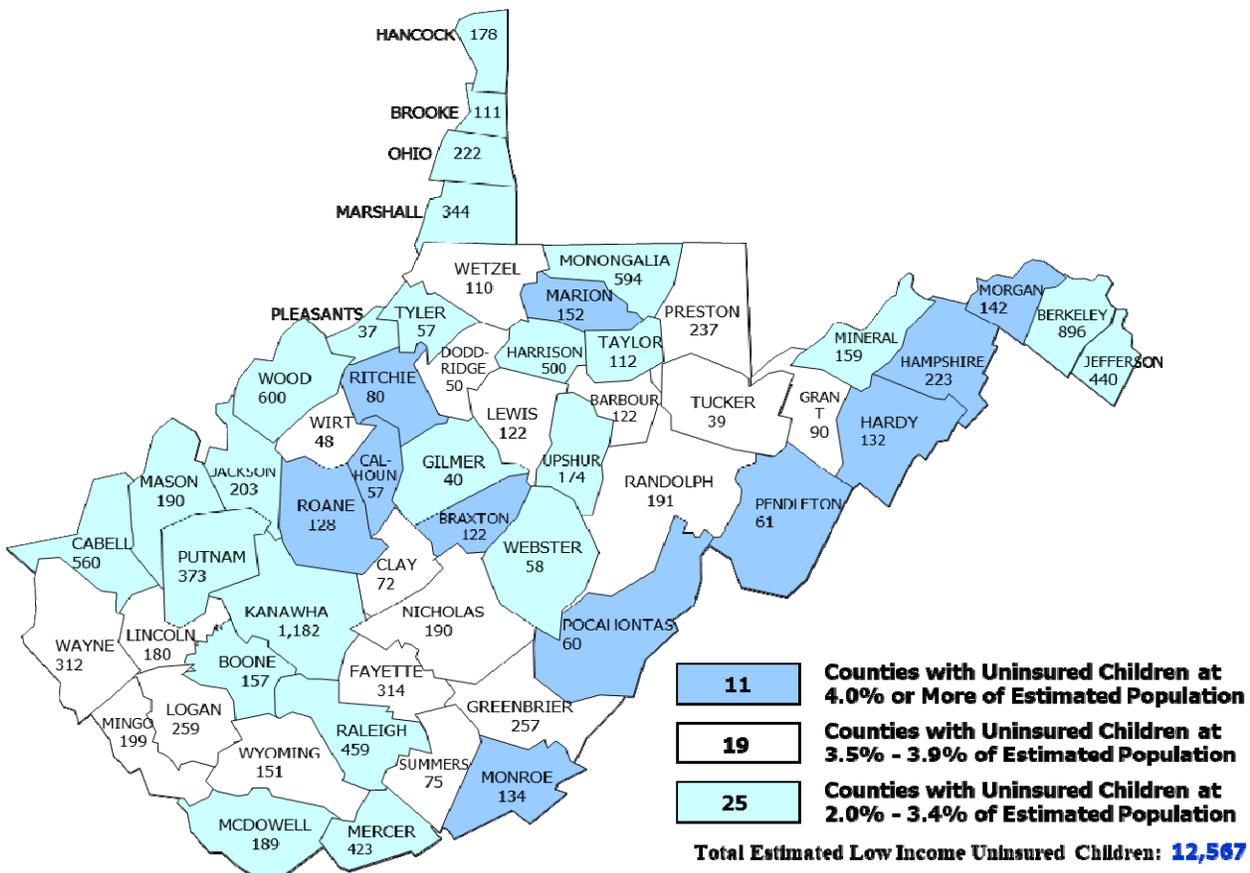
DECEMBER 2020

County	County Pop. 2018 Est. (0-18 Yrs)	Total CHIP Enrollment Dec-20	Total Medicaid Enrollment Dec-20	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2018 SAHIE Uninsured Est.	2018 SAHIE % Uninsured
Pleasants	1,457	70	702	772	53.0%	37	2.5%
Brooke	4,065	1	66	67	1.6%	111	2.7%
Ohio	8,098	444	4,251	4,695	58.0%	222	2.7%
Putnam	13,145	730	4,972	5,702	43.4%	373	2.8%
Mineral	5,476	307	2,418	2,725	49.8%	159	2.9%
Raleigh	15,751	1,170	9,766	10,936	69.4%	459	2.9%
Cabell	18,770	940	9,888	10,828	57.7%	560	3.0%
Marshall	11,544	306	2,774	3,080	26.7%	344	3.0%
Hancock	5,674	582	4,302	4,884	86.1%	178	3.1%
Mason	6,140	273	2,964	3,237	52.7%	190	3.1%
Berkeley	27,917	2,072	13,033	15,105	54.1%	896	3.2%
Jackson	6,264	341	3,210	3,551	56.7%	203	3.2%
Kanawha	36,965	2,232	20,756	22,988	62.2%	1182	3.2%
Taylor	3,493	216	1,744	1,960	56.1%	112	3.2%
Tyler	1,792	94	868	962	53.7%	57	3.2%
Boone	4,775	241	3,139	3,380	70.8%	157	3.3%
Jefferson	13,200	759	4,052	4,811	36.4%	440	3.3%
McDowell	5,708	190	3,039	3,229	56.6%	189	3.3%
Monongalia	17,965	984	6,055	7,039	39.2%	594	3.3%
Wood	18,016	1,087	9,424	10,511	58.3%	600	3.3%
Gilmer	1,184	87	638	725	61.2%	40	3.4%
Harrison	14,835	1,000	7,013	8,013	54.0%	500	3.4%
Mercer	12,368	988	8,541	9,529	77.0%	423	3.4%
Upshur	5,076	407	3,040	3,447	67.9%	174	3.4%
Webster	1,690	120	1,319	1,439	85.1%	58	3.4%
Fayette	9,011	676	5,527	6,203	68.8%	314	3.5%
Lewis	3,480	223	2,183	2,406	69.1%	122	3.5%
Randolph	5,474	457	3,259	3,716	67.9%	191	3.5%
Summers	2,160	160	1,579	1,739	80.5%	75	3.5%
Wetzel	3,126	161	1,913	2,074	66.3%	110	3.5%
Wyoming	4,317	311	2,821	3,132	72.6%	151	3.5%
Preston	6,586	472	3,138	3,610	54.8%	237	3.6%
Barbour	3,332	255	1,954	2,209	66.3%	122	3.7%
Clay	1,961	121	1,401	1,522	77.6%	72	3.7%
Greenbrier	6,860	606	3,976	4,582	66.8%	257	3.7%
Mingo	5,369	266	4,177	4,443	82.8%	199	3.7%
Nicholas	5,199	375	3,125	3,500	67.3%	190	3.7%
Tucker	1,063	120	554	674	63.4%	39	3.7%
Wayne	8,373	451	5,037	5,488	65.5%	312	3.7%
Doddridge	1,308	94	775	869	66.4%	50	3.8%
Logan	6,835	418	4,711	5,129	75.0%	259	3.8%
Wirt	1,269	61	747	808	63.7%	48	3.8%
Grant	2,331	109	1,328	1,437	61.6%	90	3.9%
Lincoln	4,638	287	3,121	3,408	73.5%	180	3.9%
Marion	3,764	697	5,630	6,327	168.1%	152	4.0%
Pocahontas	1,495	109	861	970	64.9%	60	4.0%
Calhoun	1,393	91	918	1,009	72.4%	57	4.1%
Ritchie	1,972	79	1,179	1,258	63.8%	80	4.1%

WVCHIP Enrollment Report

DECEMBER 2020

County	County Pop. 2018 Est. (0-18 Yrs)	Total CHIP Enrollment Dec-20	Total Medicaid Enrollment Dec-20	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2018 SAHIE Uninsured Est.	2018 SAHIE % Uninsured
Morgan	3,320	261	1,555	1,816	54.7%	142	4.3%
Roane	2,970	272	1,904	2,176	73.3%	128	4.3%
Braxton	2,784	134	1,624	1,758	63.1%	122	4.4%
Hardy	2,862	222	1,629	1,851	64.7%	132	4.6%
Pendleton	1,304	100	600	700	53.7%	61	4.7%
Monroe	2,687	275	1,277	1,552	57.8%	134	5.0%
Hampshire	4,388	280	2,531	2,811	64.1%	223	5.1%
Totals	372,999	23,784	199,008		0.0%	12,567	3.4%



The above map shows the most recent 2018 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 3.4%, 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.

CHIP ANNUAL REPORT



WVCHIP
Annual Report on Coverage for Treatment for Autism Spectrum
Disorders – Applied Behavioral Analysis (ABA)
SFY 2020

Number of Children with Autism	295
Cost of Autism Treatments	\$355,190
Number of Children Utilizing ABA Services	16
Cost of ABA Treatment	\$65,371

The number of children with autism is derived from claims payment data indicating a diagnosis of autism.

Policy Changes: WVCHIP made updates to policy this past year to incorporate new ABA service codes. No other changes to policy this year.

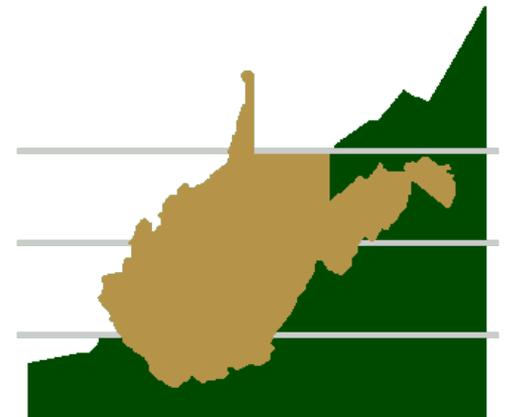
Recommendations: WVCHIP has no recommendations for either law or policy changes.

INVESTMENT MANAGEMENT
BOARD

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

November 30, 2020



Participant Plans Allocation & Performance Net of Fees

Period Ending: November 30, 2020

	6/30/2020		11/30/2020		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	22,039,144	100.0								
Pension Assets	16,181,269	80.4	17,731,289	80.5								
Public Employees' Retirement System	6,899,129	34.3	7,604,169	34.5	7.7	5.1	11.8	11.1	7.9	9.6	9.1	7.3
Teachers' Retirement System	7,820,075	38.8	8,512,344	38.7	7.7	5.1	11.7	11.0	7.9	9.6	9.0	7.2
EMS Retirement System	88,627	0.4	99,618	0.5	7.7	5.1	11.8	11.2	7.9	9.6	9.0	
Public Safety Retirement System	675,608	3.4	732,804	3.3	7.7	5.1	11.7	11.1	7.9	9.6	9.1	7.4
Judges' Retirement System	215,698	1.1	239,310	1.1	7.8	5.1	11.8	11.2	8.0	9.6	9.1	7.3
State Police Retirement System	220,921	1.1	250,363	1.1	7.8	5.1	11.8	11.2	8.0	9.6	9.1	7.3
Deputy Sheriffs' Retirement System	239,121	1.2	266,761	1.2	7.7	5.1	11.8	11.1	7.9	9.6	9.1	7.3
Municipal Police & Firefighter Retirement System	14,669	0.1	17,595	0.1	7.7	5.0	11.7	11.4	8.0	9.5	8.1	
Municipal Model A (I)	5,851	0.0	6,444	0.0	7.8	5.1	12.2	11.4	8.2	9.7		
Municipal Model B (I)	1,570	0.0	1,881	0.0	7.5	4.6	11.9	11.4				
Insurance Assets	2,910,807	14.5	3,182,519	14.4								
Workers' Compensation Old Fund	1,013,189	5.0	1,060,876	4.8	5.1	3.3	8.8	9.8	6.0	6.7	5.6	
Workers' Comp. Self-Insured Guaranty Risk Pool	34,115	0.2	37,075	0.2	5.2	3.5	8.9	9.6	5.9	6.5	5.7	
Workers' Comp. Self-Insured Security Risk Pool	50,505	0.3	53,648	0.2	5.1	3.4	8.9	9.6	5.9	6.5		
Workers' Comp. Uninsured Employers' Fund	14,005	0.1	15,404	0.1	5.1	3.4	8.7	9.3	5.7	6.3	5.6	
Pneumoconiosis	223,717	1.1	238,814	1.1	5.2	3.5	8.9	9.6	5.9	6.5	5.7	5.8
Board of Risk & Insurance Management	164,662	0.8	179,362	0.8	5.2	3.5	8.9	9.7	5.9	6.5	5.8	
Public Employees' Insurance Agency	260,386	1.3	280,236	1.2	4.7	3.2	7.6	9.0	5.8	6.4	5.7	
WV Retiree Health Benefit Trust Fund	1,150,228	5.7	1,317,104	6.0	7.8	5.1	11.6	11.1	8.0	9.6	8.8	
Endowment Assets	1,044,015	5.1	1,125,336	5.1								
Berkeley County Development Authority	6,378	0.0	7,132	0.0	7.8	5.1	11.8	11.2	7.9	9.6		
Wildlife Fund	62,699	0.3	66,951	0.3	7.7	5.1	11.7	11.0	7.9	9.6	9.0	7.7
Revenue Shortfall Reserve Fund	272,021	1.4	289,824	1.3	0.9	0.9	0.9	4.5	4.1	3.9	3.5	
Revenue Shortfall Reserve Fund - Part B	492,955	2.4	528,634	2.4	4.1	2.6	7.2	10.3	6.3	6.8	5.7	
WV DEP Trust	9,053	0.0	10,370	0.1	8.9	5.5	14.6	11.6	6.6	8.6		
WV DEP Agency	200,909	1.0	222,425	1.0	6.4	4.3	10.7	10.4	6.1	7.3		

Composite Asset Allocation & Performance Net of Fees

Period Ending: November 30, 2020

	Asset (\$000)	%	Performance %								
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year	
Investment Pools Composite	22,044,910	100.00									
Portable Alpha Composite +/- S&P 500 Index	4,252,945	19.29	11.45 0.50	3.23 (0.66)	16.96 (0.68)						
Large Cap Domestic Equity Composite +/- S&P 500 Index	351,804	1.60	10.93 (0.02)	3.85 (0.04)	17.62 (0.02)	17.56 0.10	12.61 (0.56)	13.59 (0.40)	14.19 0.00	7.26 (0.03)	
Non-Large Cap Domestic Equity Composite +/- Russell 2500 Index	895,803	4.06	13.75 (2.54)	12.54 (2.80)	22.44 (2.92)	9.52 (4.34)	7.56 (1.20)	9.75 (1.31)	11.75 (0.22)	10.08 0.59	
International Equity Composite +/- MSCI AC World ex US IMI Index (b)	5,122,461	23.24	12.82 (0.70)	9.03 0.53	20.42 1.74	11.16 0.85	3.19 (1.03)	8.64 0.69	6.79 1.04	6.81 1.17	
Fixed Income Composite +/- Bloomberg Barclays Capital Universal (c)	3,684,975	16.72	2.13 0.83	1.80 1.04	3.91 1.97	8.13 0.77	5.67 0.18	5.41 0.72	4.54 0.51	5.61 0.49	
Core Fixed Income Composite +/- Bloomberg Barclays Capital Aggregate	1,094,803	4.97	1.13 0.15	0.92 0.44	1.90 0.75	8.11 0.83	6.01 0.56	4.77 0.43	4.25 0.54		
Total Return Fixed Income Composite (j) +/- Bloomberg Barclays Capital Universal	2,590,172	11.75	2.56 1.26	2.18 1.42	4.78 2.84	8.04 0.68	5.49 0.00	5.67 0.98	4.67 0.64	5.98 0.78	
TIPS Composite +/- Bloomberg Barclays Capital U.S.TIPS	390,380	1.77	1.14 0.02	0.10 0.00	3.55 0.03	10.34 0.19	5.94 0.10	4.74 0.06	3.55 0.02		
Cash Composite +/- FTSE 3 Month US T-Bill (d)	236,523	1.07	(0.01) (0.02)	0.01 (0.02)	0.02 (0.03)	0.50 (0.22)	1.48 (0.11)	1.11 (0.05)	0.61 (0.04)	1.58 (0.04)	
Private Equity Composite +/- Russell 3000 + 3% (e, f)	2,249,469	10.20	6.59 (5.82)	7.15 0.66	7.15 (13.94)	21.29 (0.73)	21.29 5.09	19.01 2.06	16.00 (1.62)		
Real Estate Composite +/- NCREIF + 1% (e)	2,057,523	9.33	1.67 1.34	1.62 1.21	2.11 2.20	1.11 (2.12)	5.59 (0.63)	7.07 (0.37)	8.70 (1.78)		
Hedge Fund Composite +/- HFRI FOF + 1% (g)	2,129,002	9.66	3.38 (0.44)	3.46 (0.68)	6.99 (1.92)	5.44 (4.03)	4.39 (0.48)	3.77 (0.91)	4.49 0.29		
Private Credit & Income Composite +/- CS Leveraged Loan + 2% (e, k)	674,025	3.06	2.17 (0.12)	3.48 (0.03)	3.29 (4.07)	3.16 (1.94)	5.54 (0.14)	4.71 (2.14)			

Participant Plans Allocation vs. Strategy

Period Ending: November 30, 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	51.2	50.0	13.2	15.0	11.8	10.0	10.8	10.0	3.5	5.0	9.2	10.0	0.3	0.0
Teachers' Retirement System	51.2	50.0	13.0	15.0	11.9	10.0	10.9	10.0	3.6	5.0	9.3	10.0	0.1	0.0
EMS Retirement System	51.4	50.0	13.6	15.0	11.4	10.0	10.4	10.0	3.4	5.0	9.1	10.0	0.7	0.0
Public Safety Retirement System	51.2	50.0	12.5	15.0	12.1	10.0	11.0	10.0	3.6	5.0	9.5	10.0	0.1	0.0
Judges' Retirement System	51.4	50.0	13.2	15.0	11.7	10.0	10.7	10.0	3.5	5.0	9.4	10.0	0.1	0.0
State Police Retirement System	51.7	50.0	14.0	15.0	11.2	10.0	10.2	10.0	3.4	5.0	9.1	10.0	0.4	0.0
Deputy Sheriffs' Retirement System	51.4	50.0	13.4	15.0	11.6	10.0	10.6	10.0	3.5	5.0	9.3	10.0	0.2	0.0
Municipal Police & Firefighter Retirement System	51.8	50.0	14.3	15.0	10.4	10.0	9.5	10.0	3.1	5.0	8.9	10.0	2.0	0.0
Municipal Model A	52.1	50.0	13.0	15.0	11.0	10.0	10.1	10.0	3.3	5.0	9.4	10.0	1.1	0.0
Municipal Model B	56.5	55.0	41.8	45.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7	0.0

Insurance Assets

Workers' Compensation Old Fund	31.7	30.0	48.7	50.0	0.0	0.0	0.0	0.0	0.0	0.0	14.9	15.0	4.7	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	32.3	30.0	43.8	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.3	20.0	4.6	5.0
Workers' Comp. Self-Insured Security Risk Pool	31.8	30.0	43.9	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.9	20.0	4.4	5.0
Workers' Comp. Uninsured Employers Fund	32.2	30.0	39.0	40.0	0.0	0.0	0.0	0.0	0.0	0.0	19.1	20.0	9.7	10.0
Pneumoconiosis	32.0	30.0	44.0	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.8	20.0	4.2	5.0
Board of Risk & Insurance Mgmt.	32.2	30.0	43.7	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.3	20.0	4.8	5.0
Public Employees' Insurance Agency	27.1	25.0	53.8	55.0	0.0	0.0	0.0	0.0	0.0	0.0	19.1	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	52.8	50.0	14.8	15.0	10.5	10.0	9.6	10.0	3.1	5.0	9.2	10.0	0.0	0.0

Endowment Assets

Berkeley County Development Authority	51.5	50.0	13.7	15.0	11.5	10.0	10.5	10.0	3.5	5.0	9.3	10.0	0.0	0.0
Wildlife Fund	50.7	50.0	13.0	15.0	12.1	10.0	11.1	10.0	3.6	5.0	9.5	10.0	0.0	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	56.9	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	43.1	0.0
Revenue Shortfall Reserve Fund - Part B	24.0	22.5	76.0	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	67.3	65.0	14.4	15.0	0.0	0.0	0.0	0.0	0.0	0.0	18.3	20.0	0.0	0.0
WV DEP Agency	42.4	40.0	38.8	40.0	0.0	0.0	0.0	0.0	0.0	0.0	18.8	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) Prior to January 2014, the index was the MSCI ACW ex USA (Standard).
- (c) Prior to April 2008, the index was Bloomberg Barclays Capital Aggregate.
- (d) Prior to January 2014, the index was FTSE 3 Month US T-Bill plus 15 basis points.
- (e) Private Equity, Real Estate, and Private Credit & Income consist primarily of private market investments. The time lag in determining the fair value of these investments makes the comparison to their public market benchmarks less meaningful over shorter time periods.
- (f) Prior to January 2014, the index was S&P 500 plus 500 basis points.
- (g) Prior to January 2014, the index was Libor plus 400 basis points.
- (h) 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.
- (i) Prior to April 2008, the index was a custom index.
- (j) From October 2015 to March 2017, performance returns from the Opportunistic Income Pool were included in the Total Return Fixed Income Composite.
- (k) Prior to April 2017, the index was CS Leveraged Loan plus 250 basis points.
- (l) 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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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

January 2021

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Introduction

The passage of S.B. 1004 in January 2005 brought significant changes to workers' compensation insurance in West Virginia. The State-administered monopolistic system effectively ended when a new, legislatively-created domestic mutual insurance company, "BrickStreet"¹, was formed to thereafter issue workers' compensation insurance. BrickStreet began writing new workers' compensation insurance policies in January 2006 (Brickstreet also retained the workers' compensation insurance premium and incurred liability starting in July 2005). The West Virginia workers' compensation insurance market was further privatized and opened to full competition beginning in July 2008.

When Brickstreet was formed 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. This legacy liability was retained by the State of West Virginia in what is known as the "Old Fund." The Old Fund consists of all historical claims with dates of injuries or last exposure through June 30, 2005. In addition to the following sections that specifically reference other "funds," the "private market," or the "self-insured" community (which began in July 2004), this report to the Joint Committee on Government & Finance 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 December 2020, the number of active claims fell to less than 10,000 for the first time, to 9,886 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 Insurance Commissioner by the Legislature.

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

Definitions:

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.

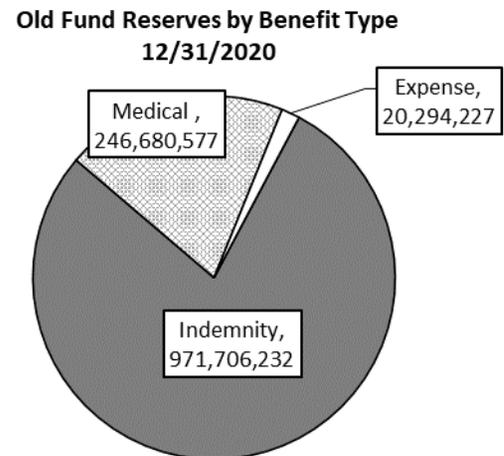
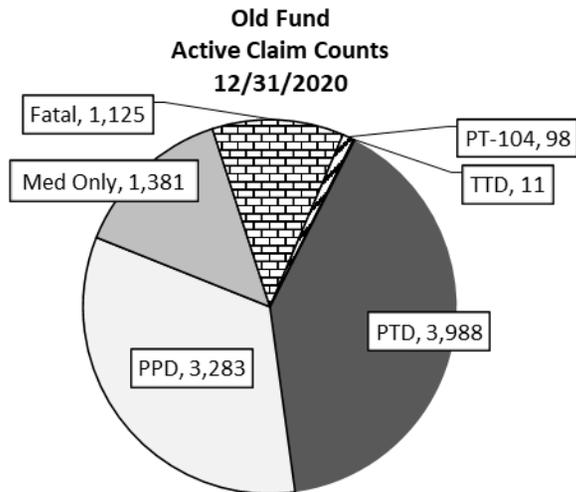
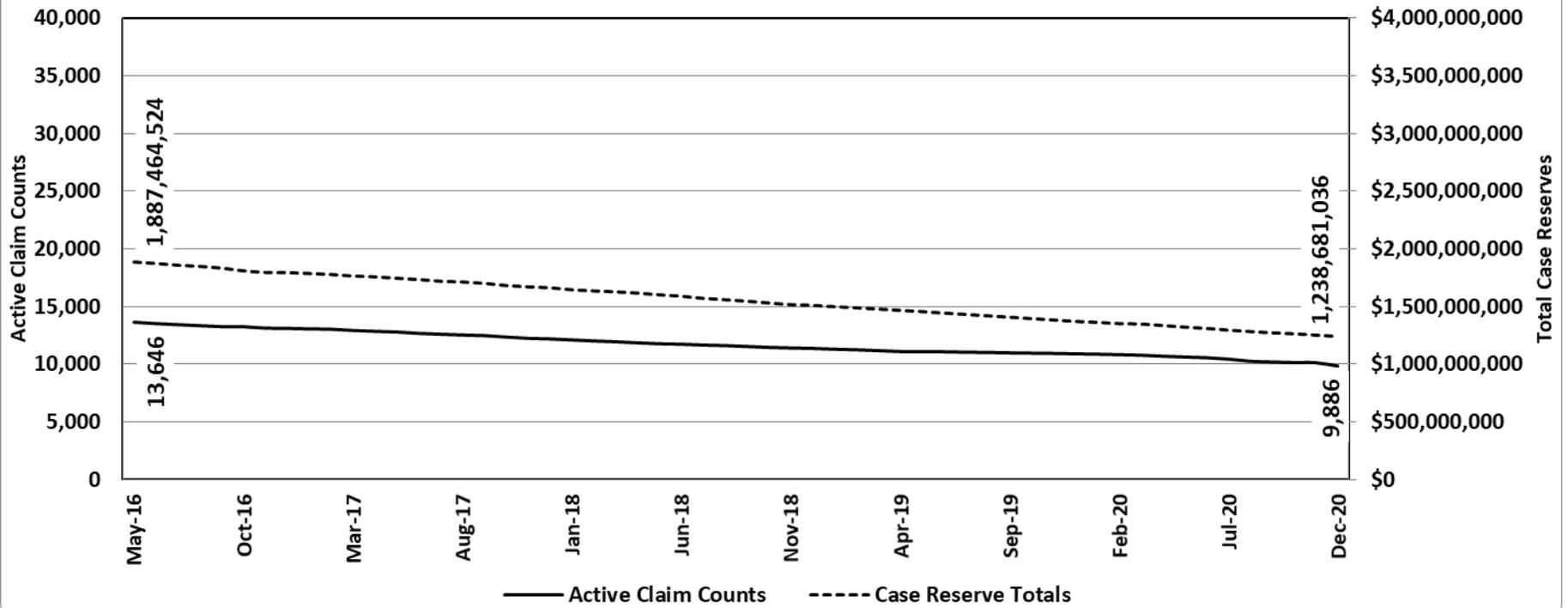
Self-Insured Security Fund: State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last 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.

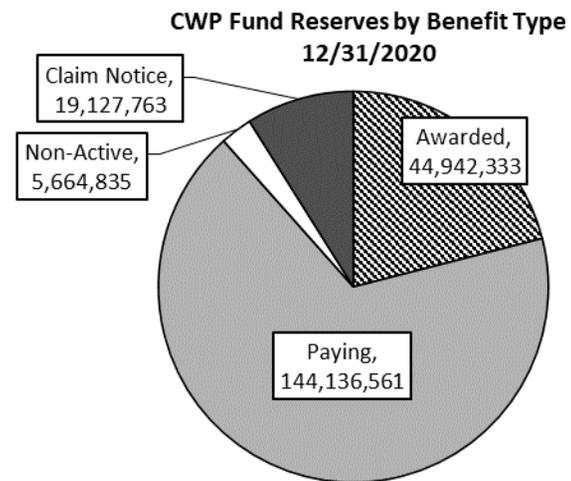
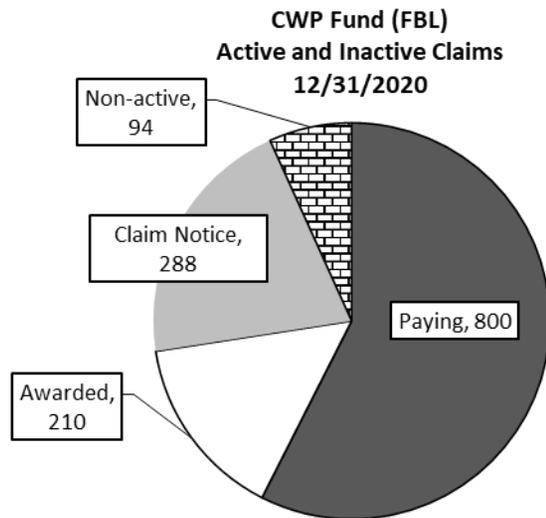
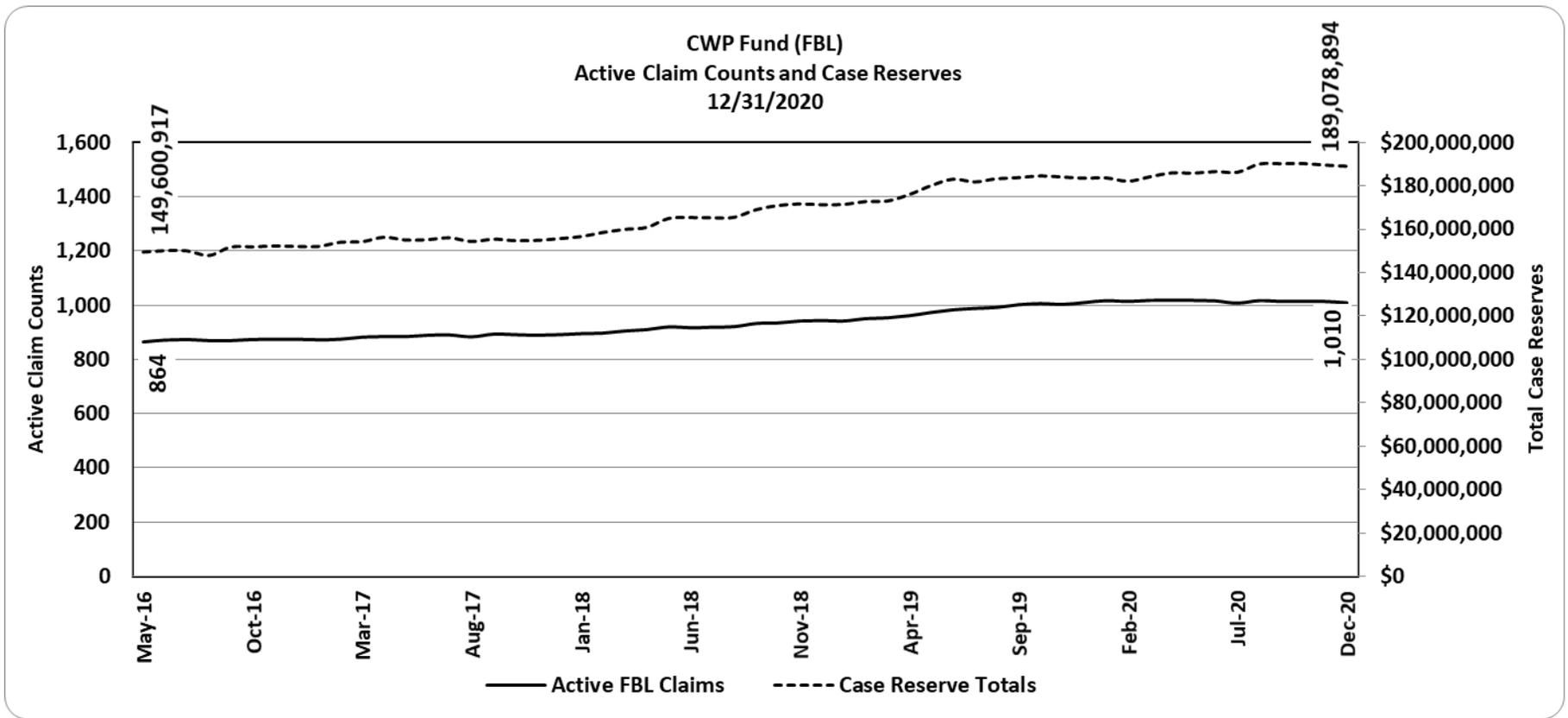
TPD: (Temporary Partial Disability) also referred to as TPR, is paid when an injured worker is released to return to work with restrictions or modifications that restrict, he/she from obtaining their pre-injury wages. The TPD benefit is paid at seventy percent of the difference between the average weekly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

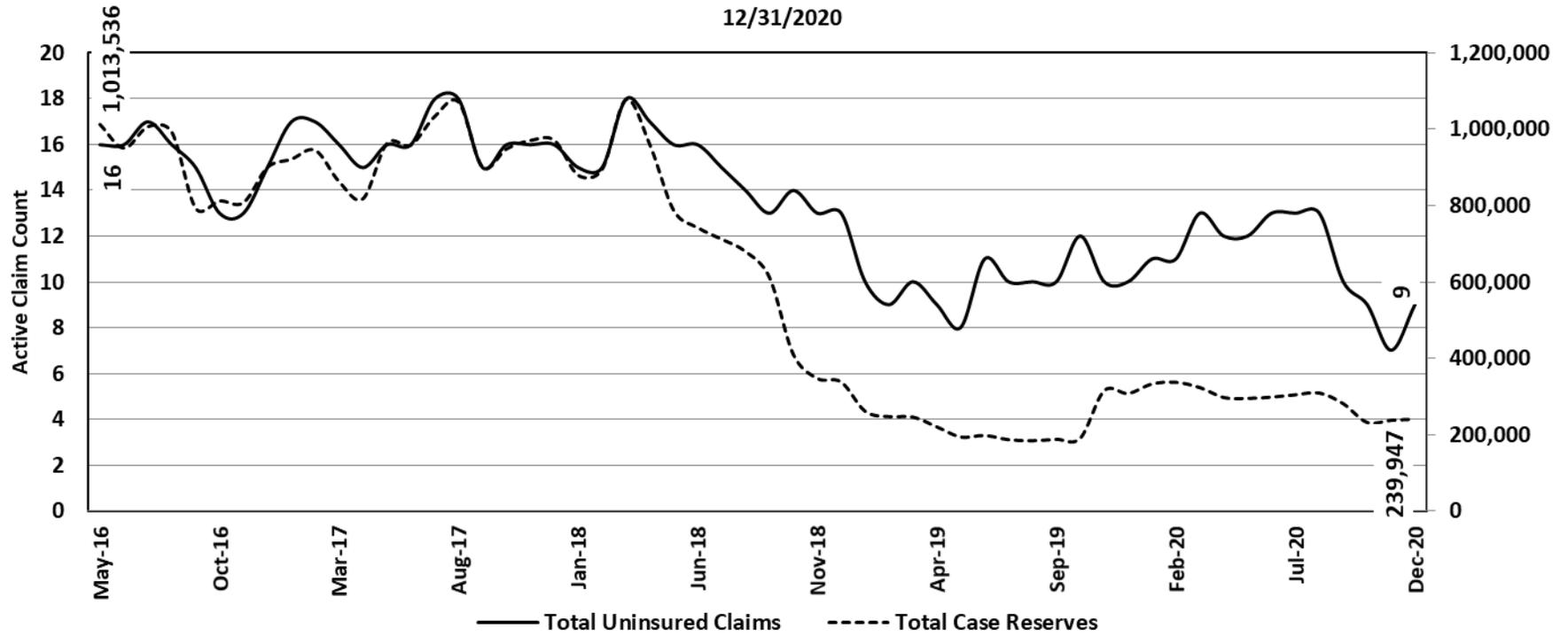
Uninsured Fund: State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

**Old Fund
Active Claim Counts and Case Reserves
12/31/2020**

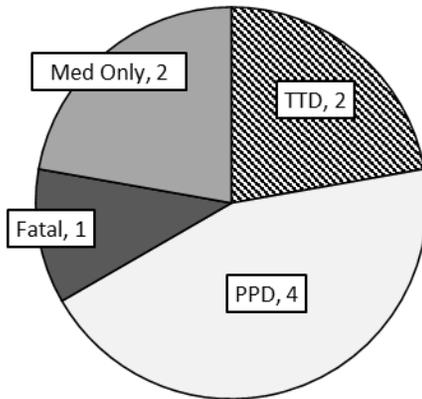




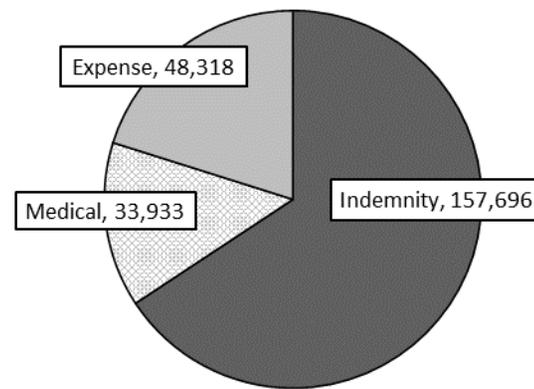
**Uninsured Fund
Active Claim Counts and Case Reserves
12/31/2020**



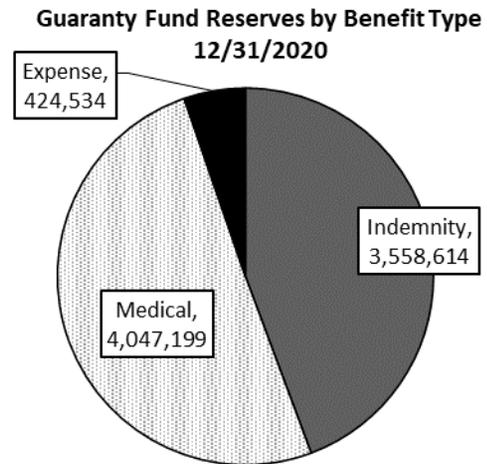
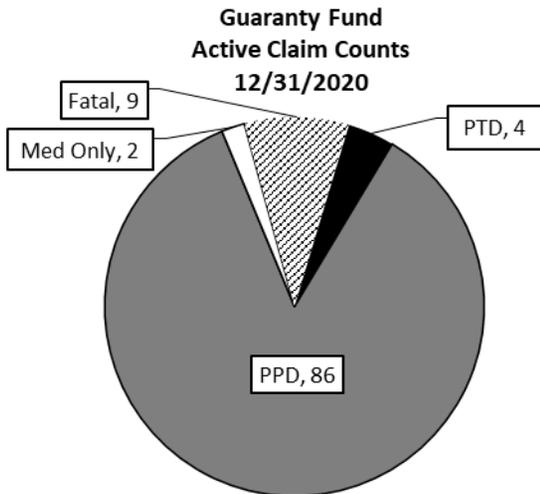
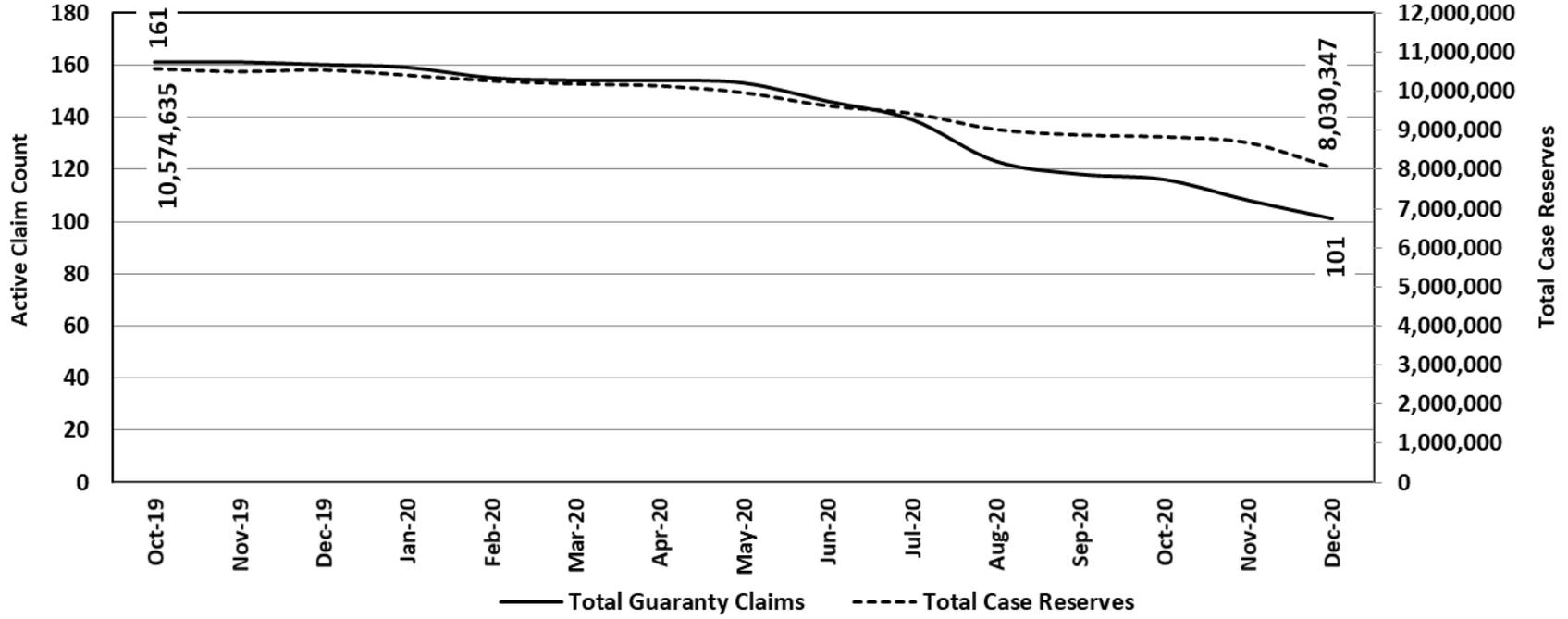
**Uninsured Fund
Active Claim Counts
12/31/2020**



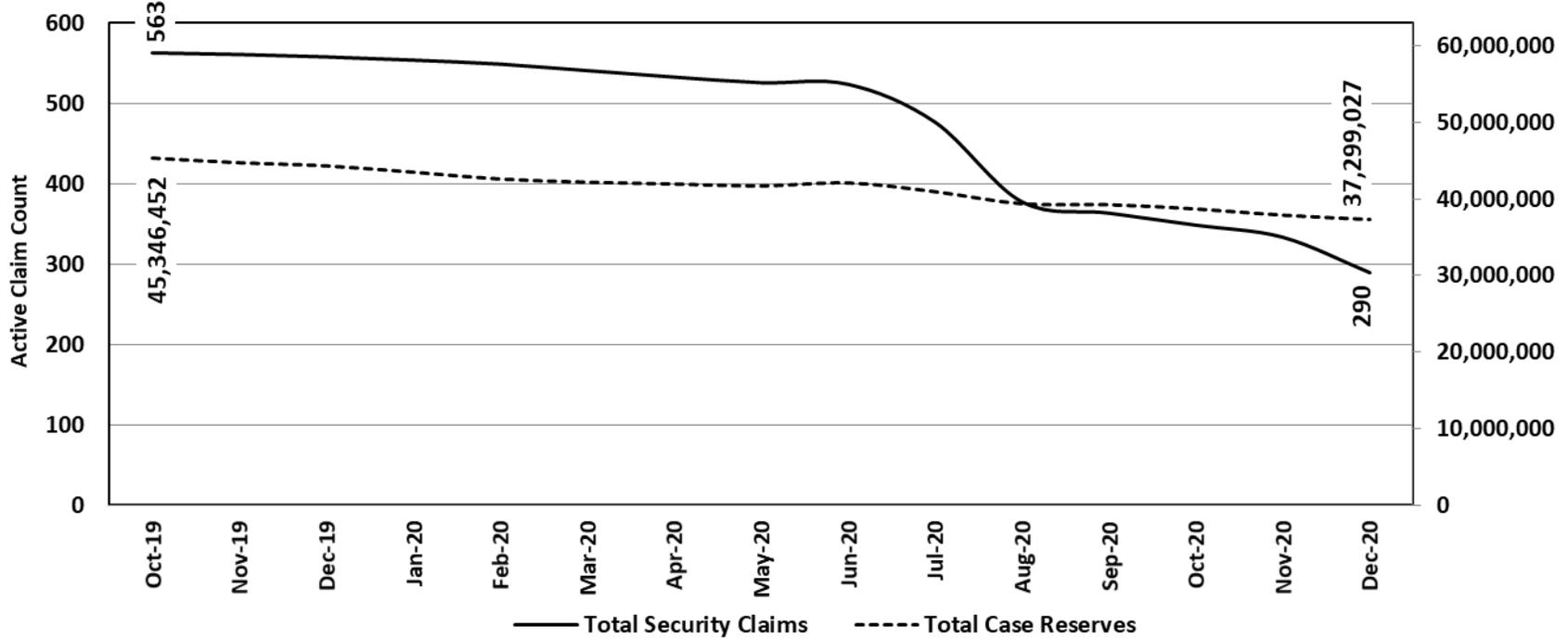
**Uninsured Fund Reserves by Benefit Type
12/31/2020**



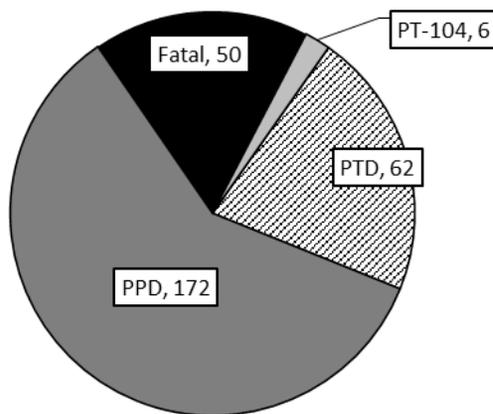
**Guaranty Fund
Active Claim Counts and Case Reserves
12/31/2020**



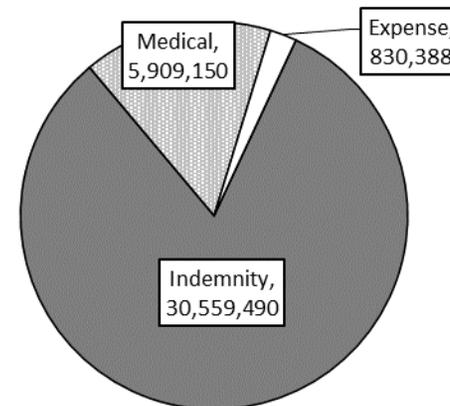
**Security Fund
Active Claim Counts and Case Reserves
12/31/2020**



**Security Fund
Active Claim Counts
12/31/2020**



**Security Fund Reserves by Benefit Type
12/31/2020**



OLD FUND CASH STATEMENT
DECEMBER 31, 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	164,929	91,852	73,076	138,119	70,302	513,387
Other Income - Return of Unclaimed Property	-	-	-	-	-	273,871
Operating Revenues	164,929	91,852	73,076	138,119	6,590,241	12,335,675
Investment / Interest Earnings (Losses)	109,590,142	62,511,954	47,078,188	48,614,936	17,915,993	67,551,779
Total Revenues	109,755,070	62,603,806	47,151,264	48,753,055	24,506,234	79,887,454
Expenditures						
Claims Benefits Paid:						
Medical	9,153,513	11,581,045	(2,427,533)	21,141,087	21,861,068	25,531,399
Permanent Total Disability	35,669,193	38,308,924	(2,639,732)	75,310,561	81,018,639	86,779,468
Permanent Partial Disability	47,231	29,330	17,900	70,989	120,930	301,824
Temporary Disability	-	(486)	486	(486)	49,001	18,268
Fatals	9,398,334	9,819,883	(421,549)	19,297,908	20,440,045	21,608,332
104 weeks death benefit	2,694,675	2,742,641	(47,965)	5,474,959	4,630,636	5,182,930
Settlements	1,824,250	2,573,951	(749,701)	4,452,419	3,688,819	7,058,622
Loss Adjustment Expenses	676,621	843,073	(166,452)	1,603,551	1,400,225	1,324,887
Total	59,463,816	65,898,361	(6,434,545)	127,350,987	133,209,364	147,805,732
Less: Claims credits and overpayments	115,375	674,607	(559,232)	982,782	2,443,869	2,877,784
Total Benefits Paid	59,348,441	65,223,755	(5,875,313)	126,368,205	130,765,495	144,927,948
Administrative Expenses	2,498,153	2,677,547	(179,394)	6,260,679	6,799,283	8,168,444
Total Expenditures	61,846,594	67,901,302	(6,054,708)	132,628,883	137,564,778	153,096,392
Excess (Deficiency) of Revenues over Expenditures	47,908,476	(5,297,496)	53,205,972	(83,875,828)	(113,058,544)	(73,208,938)
Transfer from Operating Fund	10,000,000	-	10,000,000			
Cash Ending Balances	1,051,137,614	1,071,807,470	(20,669,856)	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
DECEMBER 31, 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)	24,605,883	13,319,277	11,286,606	9,366,126	3,546,660	13,912,317
Other Income - Return of Unclaimed Property	-	-	-	-	-	645
Total Revenues	24,605,883	13,319,277	11,286,606	9,366,126	3,546,660	13,912,961
Expenditures						
Claims Benefits Paid:						
Medical	1,647,267	2,411,916	(764,650)	7,541,269	4,623,840	6,709,112
PTD and Fatal Indemnity	4,462,116	4,487,513	(25,397)	8,899,722	8,683,360	7,945,389
Loss Adjustment Expenses	1,803,819	2,053,170	(249,351)	3,933,266	3,620,512	3,165,542
Total	7,913,201	8,952,600	(1,039,398)	20,374,258	16,927,711	17,820,043
Less: Claims Credits and Overpayments	19,107	49,916	(30,809)	360,474	85,884	268,646
Total Benefits Paid	7,894,094	8,902,684	(1,008,589)	20,013,784	16,841,827	17,551,397
Administrative Expenses	352,065	465,427	(113,362)	923,707	987,312	906,527
Total Expenditures	8,246,159	9,368,111	(1,121,951)	20,937,491	17,829,139	18,457,924
Excess (Deficiency) of Revenues over Expenditures	16,359,724	3,951,166	12,408,557	(11,571,365)	(14,282,479)	(4,544,963)
Cash Ending Balances	237,274,245	236,437,053	837,193	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
DECEMBER 31, 2020

	YTD FY2021	YTD FY2020	Change	Three Year History for years ended:		
				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)	3,789,367	1,918,860	1,870,507	1,367,274	523,349	1,873,190
Total Revenues	3,789,367	1,918,860	1,870,507	1,367,274	775,921	1,873,190
Expenditures						
Claims Benefits Paid:						
Medical	119,940	143,406	(23,466)	346,473	496,368	239,490
Permanent Total Disability	51,194	51,194	-	102,389	102,389	181,821
Permanent Partial Disability	42,862	117,167	(74,305)	225,842	260,557	522,798
Temporary Disability	-	-	-	-	13,148	56,649
Fatals	103,498	113,404	(9,906)	223,506	226,808	253,055
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	22,750	-	22,750	10,000	125,000	170,000
Non Awarded Partial Disability	-	-	-	-	-	10,904
Loss Adjustment Expenses	33,140	43,774	(10,634)	76,110	112,306	123,706
Total	373,385	468,945	(95,560)	984,319	1,336,576	1,558,423
Less: Claims Credits and Overpayments	63	383	(320)	45,480	205	12,868
Total Benefits Paid	373,322	468,562	(95,240)	938,840	1,336,371	1,545,555
Administrative Expenses	30,949	37,211	(6,262)	77,951	108,508	121,127
Total Expenditures	404,271	505,773	(101,502)	1,016,791	1,444,879	1,666,682
Excess (Deficiency) of Revenues over Expenditures	3,385,097	1,413,087	1,972,010	350,483	(668,958)	206,509
Cash Ending Balances	37,109,453	34,786,960	2,322,493	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
DECEMBER 31, 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)	5,544,981	2,922,184	2,622,797	2,087,341	770,092	3,015,368
Total Revenues	5,544,981	2,922,184	2,622,797	2,087,341	1,013,099	3,015,368
Expenditures						
Claims Benefits Paid:						
Medical	277,900	288,973	(11,073)	549,908	527,648	802,935
Permanent Total Disability	642,972	708,974	(66,002)	1,379,159	1,519,062	1,603,037
Permanent Partial Disability	2,068	(60)	2,128	(60)	5,702	-
Temporary Disability	-	-	-	-	-	-
Fatals	439,801	507,941	(68,140)	979,631	1,090,855	1,230,799
104 Weeks Death Benefit	67,601	28,484	39,117	78,073	8,932	37,804
Settlement Agreements	166,800	20,883	145,917	162,665	19,065	207,565
Loss Adjustment Expenses	35,630	77,078	(41,448)	118,818	96,587	88,371
Total	1,632,773	1,632,273	500	3,268,194	3,267,851	3,970,511
Less: Claims Credits and Overpayments	72,325	76,570	(4,245)	102,299	54,962	223,585
Total Benefits Paid	1,560,448	1,555,703	4,745	3,165,895	3,212,889	3,746,926
Administrative Expenses	97,641	120,433	(22,792)	258,428	298,987	312,386
Total Expenditures	1,658,089	1,676,136	(18,047)	3,424,323	3,511,876	4,059,312
Excess (Deficiency) of Revenues over Expenditures	3,886,892	1,246,048	2,640,844	(1,336,982)	(2,498,778)	(1,043,944)
Cash Ending Balances	53,455,391	52,151,529	1,303,862	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
DECEMBER 31, 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	158,392	209,174	(50,783)	385,577	588,767	436,728
Investment Earnings (Losses)	1,522,284	739,165	783,119	517,439	179,479	660,537
Total Revenues	1,680,675	948,339	732,336	903,016	768,246	1,097,265
Expenditures						
Claims Benefits Paid:						
Medical	1,713	5,867	(4,154)	7,169	129,612	164,187
Permanent Total Disability	-	-	-	-	-	-
Permanent Partial Disability	-	6,841	(6,841)	15,617	30,633	33,025
Temporary Disability	2,324	20,485	(18,161)	22,059	35,751	104,582
Fatals	12,801	25,015	(12,215)	37,816	50,030	50,030
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	40,276	40,500	(224)	82,000	106,000	344,000
Loss Adjustment Expenses	17,217	23,340	(6,123)	46,867	52,714	5,846
Total	74,331	122,048	(47,717)	211,528	404,740	701,671
Less: Claims Credits and Overpayments	19,008	5,732	13,276	7,535	50,676	47,333
Total Benefits Paid	55,323	116,315	(60,993)	203,993	354,064	654,338
Administrative Expenses	1,710	87,725	(86,015)	93,224	192,238	213,501
Total Expenditures	57,033	204,040	(147,008)	297,217	546,302	867,839
Excess (Deficiency) of Revenues over Expenditures	1,623,643	744,299	879,344	605,799	221,944	229,426
Cash Ending Balances	15,441,357	13,956,214	1,485,143	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

WEST VIRGINIA

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
January 28, 2021

OPERATING REPORT

DECEMBER 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

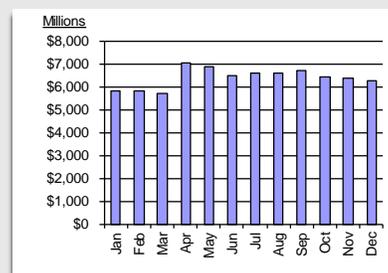
Chief Financial
Officer
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$6,275,269,000

Last Month
\$6,369,698,000

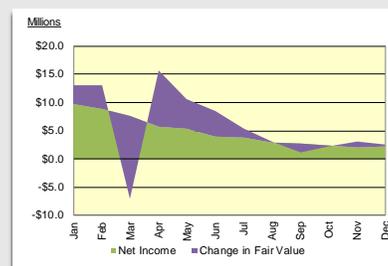
Beginning of Fiscal Year
\$6,467,527,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$17,495,000



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

Money Market Pools

As of December 31, 2020

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	0.1323%	41 Days	\$4.9 Billion
WV Gov't Money Market	0.0394%	53 Days	\$257.9 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

DECEMBER 2020

Expect Continued Volatility

Market Results

Global equities ended 2020 with a bang, adding to already sizable gains from earlier months, as positive news around COVID-19 vaccines and a fiscal stimulus plan bolstered sentiment. In the U.S., the S&P 500 Index increased 3.8% in December; small-cap equities outperformed with the Russell 2000 Index gaining 8.7% last month. Non-U.S. equities outperformed their domestic counterparts as U.S. dollar weakness strengthened local-currency returns. The DXY Index fell 2.1% during the month and is down 6.7% year-to-date, as record-low interest rates in the United States and unprecedented stimulus have negatively impacted demand for the dollar. As a result, the MSCI EAFE and MSCI Emerging Markets indexes rose 4.6% and 7.4%, respectively, in December.

Within fixed income, Treasury rates moved modestly higher with 10- and 30-year yields increasing eight and seven basis points, respectively. The movement in nominal yields reflected rising inflation expectations with additional fiscal stimulus. As such, the 10-year Treasury breakeven rate increased 21 basis points to 1.98% in December – supporting a 1.1% monthly return for the Barclays Treasury Inflation Protected Securities Index. In credit, spreads continued to tighten, reflecting broad risk-on market sentiment. Lower-quality credit saw the greatest movement, as the option-adjusted spread on the Barclays U.S. Corporate High Yield Index fell 52 basis points last month, fueling returns of 1.9% for the index.

In real assets, commodity indexes rallied given spot-price appreciation in energy and metals; spot WTI crude oil was up 7.3% during the month.

Market Outlook

As we look to 2021, significant uncertainties surrounding the global economy remain. We expect continued volatility across capital markets and encourage investors to be disciplined and mindful of market liquidity. We would like to remind our clients that disciplined rebalancing is not only about buying undervalued or overlooked assets, but also selling them when they have delivered robust returns and outperformed the rest of a diversified portfolio. We also encourage investors to maintain 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 markets.

West Virginia Board of Treasury Investments Financial Highlights as of December 31, 2020

WV Short Term Bond Pool

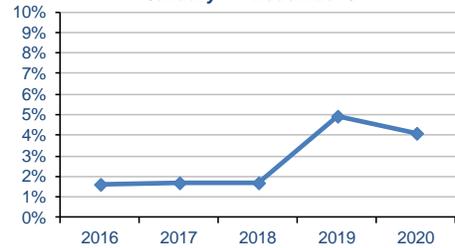
Rates of Return for the Past 12 Months *Net of All Fees*

<u>January 1 - December 31</u>	<u>Return</u>	<u>Net Assets At Dec 31 (In Millions)</u>
2020	4.1%	\$ 816.0
2019	4.9%	\$ 817.2
2018	1.7%	\$ 714.9
2017	1.7%	\$ 744.1
2016	1.6%	\$ 768.5

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

WV Short Term Bond Pool Rates of Return

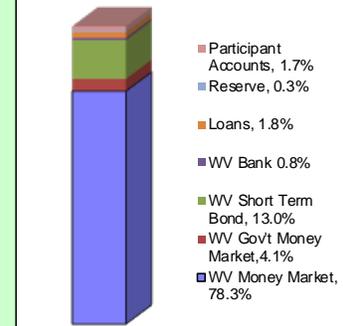
*Past 12 Months
January 1 - December 31*



Summary of Value and Earnings (In Thousands)

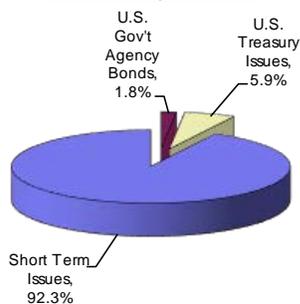
<u>Pool</u>	<u>Net Asset Value</u>	<u>Dec Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 4,910,239	\$ 552	\$ 5,767
WV Gov't Money Market	257,883	10	149
WV Short Term Bond	816,032	1,763	9,943
WV Bank	51,186	12	127
Loans	115,130	162	980
Reserve	19,925	3	19
Participant Accounts	104,874	88	510
	<u>\$ 6,275,269</u>	<u>\$ 2,590</u>	<u>\$ 17,495</u>

Percent of Total Net Asset Value

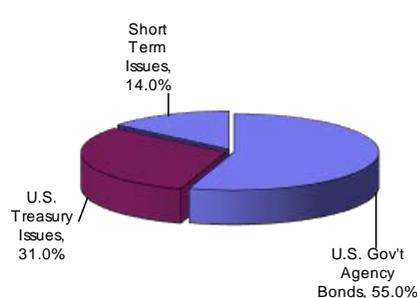


Securities by Type for Operating Pools (Percentage of Asset Value)

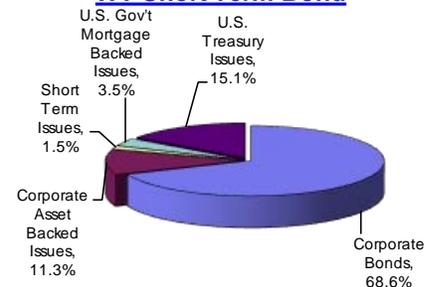
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
DECEMBER 31, 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	\$ 4,910,647	\$ 257,943	\$ -	\$ 51,148	\$ 134,895	\$ -	\$ 5,354,633
At fair value	-	-	813,542	-	-	104,657	918,199
Other assets	814	21	4,582	43	170	218	5,848
Total assets	<u>4,911,461</u>	<u>257,964</u>	<u>818,124</u>	<u>51,191</u>	<u>135,065</u>	<u>104,875</u>	<u>6,278,680</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased							
	1,222	81	2,092	5	10	1	3,411
Total liabilities	<u>1,222</u>	<u>81</u>	<u>2,092</u>	<u>5</u>	<u>10</u>	<u>1</u>	<u>3,411</u>
Net Position							
Held in trust for investment pool participants	4,910,239	257,883	816,032	51,186	135,055	-	6,170,395
Held in trust for individual investment account holders	-	-	-	-	-	104,874	104,874
Total net position	<u>\$ 4,910,239</u>	<u>\$ 257,883</u>	<u>\$ 816,032</u>	<u>\$ 51,186</u>	<u>\$ 135,055</u>	<u>\$ 104,874</u>	<u>\$ 6,275,269</u>
Additions							
Investment income:							
Interest and dividends	\$ 318	\$ 11	\$ 1,658	\$ 13	\$ 167	\$ 95	\$ 2,262
Net (amortization) accretion	465	14	(228)	-	-	(1)	250
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>783</u>	<u>25</u>	<u>1,430</u>	<u>13</u>	<u>167</u>	<u>94</u>	<u>2,512</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	231	15	57	1	2	1	307
Total investment expenses	<u>231</u>	<u>15</u>	<u>57</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>307</u>
Net investment income	552	10	1,373	12	165	93	2,205
Net realized gain (loss) from investments	-	-	408	-	-	-	408
Net increase (decrease) in fair value of investments	-	-	(18)	-	-	(5)	(23)
Net increase (decrease) in net position from operations	552	10	1,763	12	165	88	2,590
Participant transaction additions:							
Purchase of pool units by participants	992,249	39,181	-	12	3	-	1,031,445
Reinvestment of pool distributions	552	10	1,241	12	165	-	1,980
Contributions to individual investment accounts	-	-	-	-	-	-	-
Total participant transaction additions	<u>992,801</u>	<u>39,191</u>	<u>1,241</u>	<u>24</u>	<u>168</u>	<u>-</u>	<u>1,033,425</u>
Total additions	993,353	39,201	3,004	36	333	88	1,036,015
Deductions							
Distributions to pool participants:							
Net investment income	552	10	1,373	12	165	-	2,112
Net realized gain (loss) from investments	-	-	408	-	-	-	408
Total distributions to pool participants	<u>552</u>	<u>10</u>	<u>1,781</u>	<u>12</u>	<u>165</u>	<u>-</u>	<u>2,520</u>
Participant transaction deductions:							
Redemption of pool units by participants	1,080,222	43,743	2,987	12	960	-	1,127,924
Withdrawals from individual investment accounts	-	-	-	-	-	-	-
Total participant transaction deductions	<u>1,080,222</u>	<u>43,743</u>	<u>2,987</u>	<u>12</u>	<u>960</u>	<u>-</u>	<u>1,127,924</u>
Total deductions	<u>1,080,774</u>	<u>43,753</u>	<u>4,768</u>	<u>24</u>	<u>1,125</u>	<u>-</u>	<u>1,130,444</u>
Net increase (decrease) in net position from operations	(87,421)	(4,552)	(1,764)	12	(792)	88	(94,429)
Inter-pool transfers in							
Inter-pool transfers out	-	-	-	-	-	-	-
Net inter-pool transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(87,421)	(4,552)	(1,764)	12	(792)	88	(94,429)
Net position at beginning of period	4,997,660	262,435	817,796	51,174	135,847	104,786	6,369,698
Net position at end of period	<u>\$ 4,910,239</u>	<u>\$ 257,883</u>	<u>\$ 816,032</u>	<u>\$ 51,186</u>	<u>\$ 135,055</u>	<u>\$ 104,874</u>	<u>\$ 6,275,269</u>

HRC 2020 ANNUAL REPORT



PREGNANT WORKERS' FAIRNESS ACT CASE FILINGS

State Fiscal Year 2020



Yodora Booth
Director of Operations
January 21, 2021

The West Virginia Human Rights Commission (HRC) encourages and endeavors to bring about respect, tolerance, and mutual understanding among all citizens of West Virginia regardless of their race, gender, religion, ethnicity, or disability. Through education, investigation, mediation, and adjudication, the HRC administers and ensures adherence to the Human Rights Act which prohibits discrimination in employment, housing, and places of public accommodation.

The West Virginia Human Rights Act, W. Va. Code §5-11-1, *et seq.*, prohibits discrimination in employment and in places of public accommodations based on race, religion, color, national origin, ancestry, sex, age (40 or above), blindness, or disability. In addition, discrimination in housing because of race, religion, color, national origin, ancestry, sex, blindness, disability, or familial status is forbidden under the West Virginia Fair Housing Act, W. Va. Code §5-11B-1, *et seq.*

Pursuant to W. Va. Code §5-11-8 and W. Va. Code §5-11B-3, the HRC filed 35 sexual discrimination cases in fiscal year 2020, one of which was a pregnancy discrimination case under the Pregnant Workers' Fairness Act, W. Va. Code §5-11B-1, *et seq.* During this same time period, the HRC closed 41 sexual discrimination cases; of those, three fell under the Pregnant Workers' Fairness Act.

- EDBS-151-19 was found without cause on July 30, 2019
- EBS-120-18 was found without cause on November 8, 2019
- EBS-166-18 was found with cause on April 25, 2019, and closed November 7, 2019