



JOINT COMMITTEE ON GOVERNMENT AND FINANCE

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West Virginia Department of Economic Development
Office of Broadband Report to the
Joint Committee on Government and Finance

Prepared by the
West Virginia Office of Broadband
December 22, 2021

1. West Virginia Broadband Infrastructure (WVBIP) Plan: Investing West Virginia's Funding under the American Rescue Plan Act (ARPA) Update

The West Virginia Department of Economic Development (WVDED), in coordination with the West Virginia Broadband Enhancement Council and the Office of Broadband, has officially launched three grant programs to utilize funding under the American Rescue Plan Act (ARPA). The programs are part of the West Virginia Broadband Infrastructure Plan (WVBIP).

Governor Justice announced the State's bold broadband initiative on Friday, October 15, 2021. Learn more about the Governor's announcement here: <https://governor.wv.gov/News/press-releases/2021/Pages/Gov.-Justice-announces-Billion-Dollar-Broadband-Strategy.aspx>.

The Department has conducted WVBIP program specific webinars and has posted all program webinars, maps and programs resources to <https://broadband.wv.gov/>.

The WVBIP includes four separate programs, each designed to meet West Virginia's broadband development needs. Briefly, the proposed programs include:

- a. Line Extension, Advancement and Development (LEAD): Expansions of existing fiber and cable networks,
- b. GigReady: A state incentive for local governments and organizations to pool some of their ARPA allocations or other local funding,
- c. Major Broadband Project Strategies (MPBS): New networks or major expansions of existing networks, and
- d. *Wireless Internet Networks (WIN): Expansions or upgrades of existing fixed wireless networks.

The application portal is now open for LEAD, GigReady and MBPS programs. The Office of Broadband is working with internet service providers and local organizations to develop applications for each program. LEAD applications will be accepted with three monthly submission deadlines on November 30, 2021, December 30, 2021, and January 31, 2022.

The application portal for Major Broadband Project Strategies (MBPS) opened on December 2, 2021. This application launch coincided with release of the MBPS Target Area Map.

*Wireless projects do not appear eligible for funding under current ARPA guidelines. The wireless program is being developed, following the allocation of \$10 million in State general revenue funding.

2. WVBIP LEAD Program Round 1 Application Summary*

- Applications Received: 6
- Total Projects: 15
- Counties Included: 18
- Total Addresses passed: 36,157
- Targeted Addresses served (unserved locations to be covered):16,504
- New Fiber Miles: 1,699
- Addresses Passed per Mile of New Fiber: 16.6

TOTAL SUBMITTED PROJECT COSTS*

- \$96,909,245

TOTAL PROPOSED MATCHING FUNDS* (private \$\$ pledged)

- \$40,637,942

TOTAL GRANT AMOUNT REQUESTED*

- **\$56,271,307**

COUNTIES REPRESENTED*

- Pleasants, Ritchie, Upshur, Kanawha, Harrison, Ohio, Brooke, Monongalia, Marion, Taylor, Marshall, Morgan, Putnam, Hancock, Preston, Hardy, Doddridge, and Cabell

LEAD Scoring Factors

- Technical; Operational – 50 points
- Technical; Financial – 50 points
- Broadband Development Impact – up to 50 points

**Based upon preliminary analysis and subject to revision upon final analysis.*

3. Action Items

- 1. West Virginia Policy Concerning Bridge Attachments:** Bridge Attachments are governed by the WVDOH Utility Manual, available at the following link:

https://transportation.wv.gov/highways/engineering/files/ACCOMMODATION_OF_UTILITIE_S.pdf

(Confirmed that link is active December 22, 2021.)

JOINT COMMITTEE ON GOVERNMENT AND FINANCE

(Speaker Hanshaw)

December 6, 2021

5:00 p.m. – 6:00 p.m.

Senate	House
Blair, Chair	Hanshaw, Chair
Baldwin (absent)	Boggs
Plymale	Capito (absent)
Takubo (absent)	Householder (absent)
Tarr	Howell
Trump	Skaff
Weld	Summers

Speaker Hanshaw: "...today is approval of the minutes from our November 16th meeting. Those minutes are in all the members packets if you'll take a moment and review those draft minutes. Are there questions from any members about the draft minutes as presented in the meeting packets? If not, Chair recognizes President Blair."

President Blair: "Mr. Speaker...(inaudible)...approve the minutes of November 16th, 2021 for the meeting of the Joint Committee on Government and Finance as contained in the member packets be approved."

Speaker Hanshaw: "Question is on President Blair's motion that the draft minutes distributed in the member's packets for the November 16th, 2021 meeting of the committee be approved as distributed. Is there discussion on that motion? If not, those in

favor of the motion will please say aye. Those opposed to the motion will please say no. The ayes have it, that motion is adopted, those draft minutes are approved. Committee reports and requests to the committee? Chair is in receipt of no reports or requests. Let's begin with taking up our regular reports today. Secretary Carmichael!"

Secretary Carmichael: "Thank you Mr. Speaker, Mr. President, ladies and gentlemen of the committee. It's my pleasure to be before you again as we try to do every month to present the status of broadband deployment in West Virginia. First, let me say Merry Christmas as we approach the Christmas season and...I'll be brief I know I probably normally take too much time but in terms of our challenges, you know, we have a lot of challenges in West Virginia in terms of our mountainous...in terms of deploying broadband, just want to set the stage for you...mountainous terrain, rural areas, low density. So, our costs are necessarily higher to deploy broadband in these areas. I wanted to...and this slide I'll make this all available to you...this is from the FCC mapping data where I just wanted to highlight for you the fact that in terms of our contiguous states and surrounding states, some very close to us, we rank nationally 48th in terms of broadband deployment. So, it is an area in which you...I would think would want to invest significant funds to improve. Obviously, internet's important right? You can have water or internet, which would you rather have? All right...both.

So, I wanted to give you a status of the funds that we're pulling down and talk just a little bit about that. First, federal applications \$95 million dollars in current applications, these are the ones that are pending. I won't belabor it but so that you can see we do have them categorized and identified as to the areas which they will be deployed. So those are our federal applications. The ones that have already been awarded federally are \$75

million dollars in USDA ReConnect, Community Connect, Distance Learning and Telemedicine, CAFII, and ARC grants. So, we have those already awarded and in various stages of deployment. I wanted to give you this slide to show you typically what...and some of our awards that I just highlighted, those USDA ReConnect awards...just to give you an idea of for instance the first one, USDA ReConnect for \$14 million dollars, it's 205 square miles, 2,500 locations, when you do the math its roughly \$5,600 dollars per location so keep those numbers in your mind as you move forward. One of our most expensive deployments is the AEP Logan Mingo project which hits you about \$6,600 but that gives you an idea of the scope of the issue in West Virginia. We've leveraged over \$100 million dollars in various matching achieved through local state partnerships and then...the RDOF awards, the various programs that we have in place in West Virginia.

So first, the Rural Digital Opportunity Fund and we've listed...there's roughly \$348 million dollars...you'll maybe notice that we're about \$13 million dollars short on the actual award which is the Starlink amount. We really don't anticipate that that'll be approved by the FCC for second round funding but if it is it'll go up by \$13 million dollars...and then you see the awardees, the private sector/local match as we deploy our programs will be roughly \$300 million, the Capitol Projects Fund allocated from the federal government is roughly \$136 million, USDA/ARC another 120, and then the State ARPA funds that you allocated in the last special session 90, and then the State General Revenue Funds, over a billion dollars that you have allocated to fix the broadband issue in West Virginia...so, you're to be commended for that commitment.

We have four programs in place to address the issues that confront West Virginia. The LEAD program, that line extension program that we've talked about and I've

elaborated on in the past. The Major Broadband Strategies Program, the GigReady, and then the Wireless Internet Service. We've already opened up application portals for two of these and in particular...or I guess just one, right Kelly? That we've received applications for. By the way let me introduce Kelly Workman, if you haven't had an opportunity to meet her and work with her, she's amazing...I call her the First Lady of Broadband...and I'll talk about those LEAD applications that we've already received. So, these are the project launch dates, the target area maps, the webinar, we're conducting webinars on each program on a monthly basis, and they've been incredibly well attended, over a hundred participants in each one of the webinars. Our target areas...what you'll see when you go to the map, if you go to our portal broadbandwv.com you'll see these maps and now we have them categorized as targeted areas, which are absolutely the unserved unfunded areas in West Virginia. So, if you don't have 25/3 service in our state, you're in the targeted area, and that's the area that we're focused the money to deploy...and as you read about digital equity, all those other components that are factored in nationally for deployment of broadband, their overwhelming focus is to hit the ones, go to the areas that do not have it, and we said that very on...the legislature gave us that direction very early on and we've adhered to that.

Again, I don't want to...I know you have a busy agenda and it's December so...but this is the website where our providers can come in and apply for the grants. Just to give you an idea of how the portal looks and so forth and I'll just flip through some of these...these application performance portals. We use ZoomGrants, third party application, it's an incredible tool to help us stay on track in terms of where the money is

deployed, the status that it's in, and so forth...and then the estimated time frames for these rounds of deploying.

So, what we have in place now through the Capital Projects Fund that came from the federal government is...we've put them in these categories, \$25 million in LEAD, 40 in GigReady, 40 in Major Broadband, and 0 in Wireless because it does not qualify under federal guidelines for terrestrial gig service...but we've got a solution for that. The state legislature approved an additional 10 to the LEAD, 40 to the Gig, 40 to the Major, and then \$10 million for the wireless internet. We have not deployed that piece yet, the wireless internet...but it's something we want to explore to get to those areas that would otherwise take a very long time to get to. So, when you total it all up that's what it looks like.

I know this is an eye chart, but you'll have this in front of you, but I wanted to put this before you today to know that there is a scoring metrics in place. So, when we get these applications, they are scored by an independent third party that we've contracted with, Tilson, world renowned or at least nationally renowned for their expertise in broadband deployment and they score these projects based on these factors in the various categories. So, we had some questions recently by individual legislators about we want to see the metrics. This has been...and our scoring metrics has been...in all of our webinars. It's published data, it's on our website, but I just wanted you to see that we have it here available. The evaluation criteria, just to give you an overview of it is based on a technical criteria readiness to proceed which.... because we don't want to fund a program that somebody says in four years, we'll be ready to go...we score it and give it a score if you're ready earlier. Permitting, that includes things like permitting rights of

ways, easements, the things that you in the legislature have put in place to make it easier for people to expand broadband. Those dig once policies and things that have...and then also we really want to only fund gigabit service. Financial resilience, in other words when someone proposes a project, are they within the guidelines of you know roughly \$5,000 dollars, a home pass, a connection, those type things...we don't want to be...someone to be an outlier that's going to be \$20,000 dollars to get to this home, that kind of thing. So, those criteria factor into the decision metrics...and then the impact, we need to make sure we comport with digital literacy, geographic distribution, regional distribution, strategic partnerships, and relationship to the state plans that you've put forth. We have a very strong tool in place for monitoring and oversight, such that we want to make sure that when we, you know, provide funding to someone to enable internet that they actually got it and we can validate it with online tools that ensure that that speed was delivered.

Very excited about this slide, it's the first round of our LEAD application and as you saw earlier, we have roughly \$40 million dollars in that program and we have at this point over...and I'll get to all these...we have six applicants, so six different entities have already applied after the first two weeks. Has it been two weeks yet? Yeah, two weeks...I missed a week with COVID. We have fifteen different projects that effect thirteen different counties. Total addresses passed over 36,000...which is a good point, let me just focus in on that...a lot of you have been concerned about the fact that there's no competition in some of these areas for the providers, you know the best way to improve service is to give you a couple different options of a provider right? So, these...a lot of these homes in order to extend these networks, now these all have not been approved and evaluated and gone through the scoring metrics but just to give you an idea of the applications. Go

through certain areas that currently have service in order to get to an area that doesn't have service. So, necessarily you create another level of competition, which is a great thing. I think it's something that you have said to us in the past, you really want to see more options. So, new miles of plant and equipment almost 1,700 and so addresses passed per mile 16.6, and you can see the total projects submitted were \$96 million. The providers have committed to supplying \$40 million dollars of private capital...and then \$56 million dollars, almost \$57 million dollars of assistance either through state, federal, other avenues. Now, I'm not saying all these will be approved, in fact I've looked at some of them, I'm not sure you know that they would comply but that gives you an idea of the interest in the program and the success of it. All these different counties are represented, these thirteen different counties were affected and...questions and answers. I know you are very busy but thank you and I will...I'm happy to answer any questions Mr. Chairman, Mr. President."

Speaker Hanshaw: "Yes sir and we thank you."

Secretary Carmichael: "Yeah."

Speaker Hanshaw: "Delegate Summers."

Delegate Summers: "Thank you, Mr. Chairman. I have one question, when we talked about the LEAD projects before you told me that individuals would go on and apply so that then whatever companies were in their area would know that they wanted it. So, you're talking about six applicants, I'm confused though, those are companies."

Secretary Carmichael: "Yeah."

Delegate Summers: “How are the people going to alert them to say, I need service--”

Secretary Carmichael: “Through the speed—”

Delegate Summers: “My neighbor.”

Secretary Carmichael: “Yeah.”

Delegate Summers: “Remember?”

Secretary Carmichael: “Through the speed test. We have all the data now and for...and by the way we promoted the online, you may have even gotten one, the speed test data where you got a text message saying go online and check your speeds and so forth but that’s the best method for citizens to provide input is to show us whether or not they have service. So, in terms if they want to connect with their local government authorities or entities or so forth, they can do that but in terms of...we don’t want individuals...we don’t think it’s effective or efficient for individuals to apply for these funds to extend the networks. I mean you know individuals aren’t going to build the network, but they need to make aware the providers in the area that can provide those services.”

Delegate Summers: “So through the broadband.wv.gov--”

Secretary Carmichael: “Yes.”

Delegate Summers: “--they’ll do the speed test. Okay.”

Secretary Carmichael: “The speed tests are there, and I would encourage you to promote that locally within your...you know...social media groups and political connections.”

Delegate Summers: “Thank you.”

Secretary Carmichael: “Yeah.”

Speaker Hanshaw: “Delegate Boggs.”

Delegate Boggs: “Thank you Mr. Speaker. Mr. Secretary, thank you for being here. In the matrix that you discussed; you may have mentioned it but are there any factors in there that factor into counties that are economically distressed?”

Secretary Carmichael: “Yes, the digital equity component of it is...that is an incredible focus...is in fact every project that we approve, or the consultant approves will have a metrics right beside it that shows per capita income of the census block for the approval of that projects, it’s an incredibly important component--”

Delegate Boggs: “Yeah I know that there’s multiple ones in southern West Virginia, I think we have eleven in central West Virginia and it’s something I would hope that would factor into it—”

Secretary Carmichael: “Absolutely.”

Delegate Boggs: “—and also regarding the...I’ve had a lot of telephone calls recently ever since the legislature...we put the other hundred million in...in special session...wanting to know how they let people know that they’re interested but a lot of these people can’t take the speed test because they don’t have internet service so—”

Secretary Carmichael: “It’s true.”

Delegate Boggs: “So what do you—”

Secretary Carmichael: “There’s a—”

Delegate Boggs: “---who do they call? What do they do?”

Secretary Carmichael: “--phone number, yeah.”

Kelly Workman: “There’s a phone number on broadband.wv.gov, I don’t remember it right away, but you can pull that up, we can show it to you, and we can share it with you.”

Secretary Carmichael: “Just so that everyone can hear on the streaming, if you go to the website or just call information for Broadband Council in West Virginia there’s a phone number there that you can report your...and we try to return every one of those calls, we’ve gotten lots of calls saying exactly what you’ve said, is that I can’t take a speed test you know because—”

Delegate Boggs: “Yeah I mean I’ve had probably twenty-five in the last week.”

Secretary Carmichael: “Yeah.”

Delegate Boggs: “I’m just beyond...you know we’ve talked years ago about people that are just outside of certain limits and they can’t seem to get anyone to respond to help them hook up, but you know most of that service was substandard anyway—”

Secretary Carmichael: “Yeah.”

Delegate Boggs: “---and if we’re going to do at least at a minimum...but we’ve got to have a way to make sure that the folks that don’t have it---”

Secretary Carmichael: “Yeah.”

Delegate Boggs: “---aren’t looking at one another saying well how can I take a speed test when I don’t have any---”

Secretary Carmichael: “Right.”

Delegate Boggs: “---don’t have a car.”

Secretary Carmichael: “Totally get...don’t have a car...so we know the homes in West Virginia, when you look at our map, we know who has broadband, who does not, and all the money that we’re spending is going to those who do not have it. We have...in fact, some of the real interest is from Braxton County, I mean we’ve got a lot of activity with people wanting to expand in Braxton County and it is just like you say, it’s the ones that do not have it that have contacted our office and we’re designing programs for them.”

Delegate Boggs: “Well if you would, one more thing Mr. Speaker, you mentioned about the wireless, the component is not going to be eligible, but you know you may shift some money over to that. If that’s the case, is that wireless contemplated to be through Starlink, through—”

Secretary Carmichael: “No.”

Delegate Boggs: “---through cellular data networks or...”

Secretary Carmichael: “It’s contemplated to be through a fixed wireless network that would be...the devices will be on towers, not in satellite form. So, the towers that you have in this state, that are state assets in many cases, the siren towers and so forth can be deployed with fixed wireless devices that will reach a seven-mile radius with at least 25/3 service.”

Delegate Boggs: “Well back twenty years ago, I know we did a thing with Gilmer and Braxton County and we actually had a little thing inserted into the code where we

could utilize state towers if they would handle that. Of course, we didn't have any funding, we were just trying to go from scratch, but we did deploy a little but not nearly enough...but is it safe to assume that on some of those towers and in some of this wireless...because number one question is are we going to be able to get broadband? The second question is, what about cellular? What about cell phone service? Is there a chance that that might go hand in hand with this on some of these towers or is that a separate component?"

Secretary Carmichael: "It's totally separate component."

Delegate Boggs: "Okay."

Secretary Carmichael: "Yeah, totally separate component but there are many providers now that are utilizing the state assets as you explained. Like HardyNet is one that positions wireless components on a lot of the siren towers there and was able to reach a nice area with it but we're...you have allocated \$10 million dollars for that project and we're going to analyze and make sure that we can get those areas as efficiently as quickly as possible."

Delegate Boggs: "But the main thing is to go on that website or---"

Secretary Carmichael: "Call."

Delegate Boggs: "---I will go in that website, get them the number, let them call."

Secretary Carmichael: "Yes, yes for those who have no other mechanism to reach us."

Delegate Boggs: "Okay, all right thank you very much."

Secretary Carmichael: "Yeah."

Delegate Boggs: “Thank you, Mr. Speaker.”

Speaker Hanshaw: “Senator Plymale.”

Senator Plymale: “Thank you. I guess there’s a little bit of an issue that I have that the federal government has decided that 25/3 is good service and that’s not even service in most cases.”

Secretary Carmichael: “Yeah.”

Senator Plymale: “When you have children trying to you know, do homework or any types of connection to the internet, 25/3 isn’t even, you know, enough to do this....and through their guidelines they’ve really made it tough to really deploy this into some of the rural areas.”

Secretary Carmichael: “No question.”

Senator Plymale: “Now there are some things that you can do because there’s some...in the treasury outline there are some extra steps that you could take to justify that you could get it into areas. How well are you working with the...to explain that to groups and ..(inaudible)..”

Secretary Carmichael: “Yeah it’s a great question and I’ll readily confess that our initial emphasis has been on getting broadband to those who do not have 25/3. Once we see the application Senator, I think we’ll be able to reach out a little further into that realm that you’re speaking of because you’re absolutely right. The guidelines as they came down from the treasury said you must not go to those who have broadband, go to those who do not have it...but there are---”

Senator Plymale: “Well I mean there’s also one other thing that’s—”

Secretary Carmichael: “Yeah.”

Senator Plymale: “---we have to use the federal maps—”

Secretary Carmichael: “Yes.”

Senator Plymale: “---not the maps that maps that we have made that are more accurate.”

Secretary Carmichael: “And we have more accurate maps.”

Senator Plymale: “Yes.”

Secretary Carmichael: “You guys have put a lot of money into the Broadband Council that enabled them to build great maps. So, you’re right in the fact that the FCC tells us that somebody has broadband, we don’t take their word for it. You know, we make sure that they do have broadband, but I think the essence of your question is there are other factors besides 25/3 that can enable us to spend federal money into those areas and we will absolutely look at those.”

Senator Plymale: “And I think that we’ve got to focus on that to be able to try to serve West Virginians.”

Secretary Carmichael: “Yeah.”

Senator Plymale: “The other thing that I have is in the last action item that you have down here is a West Virginia policy concerning bridge attachments.”

Secretary Carmichael: “Yeah”

Senator Plymale: “The concern...you know, first off the Department of Highways used to tell us they couldn’t...it would hurt the instructional tegrity of the bridge...before, correct?”

Secretary Carmichael: “Yes.”

Senator Plymale: “Okay, so now that’s not an issue, we knew that wasn’t an issue, but I’m really concerned with the policy that if we allow to put a conduit along this that it’s open access, it should be available for everybody.”

Secretary Carmichael: “Totally agree.”

Senator Plymale: “In true confession, as we’re doing the Thundercloud Project, that’s exactly what we’re going to do, so it’s going to be available to anybody that they want to do that. I tried to follow the link and I can’t get to it...that they tell you here...have you all reviewed those extensively to see?”

Secretary Carmichael: “Yeah Kelly you may want to help me with this because I know that we...I assigned someone to go through the process to see what is involved with attachment to highways, state and federal highways, and the Department of Highways controls that process. So, I would, you know there’s not a lot we can do about that in our department but---”

Senator Plymale: “Mr. Speaker, Mr. President, this is an area I think we really need to focus on because I think that this is really important as we start trying to deploy broadband. First off, we said that the highways have no value and now if we stop at the bridge, you know how tough it is to get through West Virginia if you don’t cross a few bridges, so, I think this is a vitally important area that we really need to focus on.”

Secretary Carmichael: “We would love your help on that with the Department of Highways, so yeah.”

Senator Plymale: “Well I’d make a motion that at some appropriate time that we, you know, as the Joint Committee on Government and Finance say that this is vital to the citizens of West Virginia and that we have this policy reviewed here.”

Speaker Hanshaw: “As an agenda item?”

Senator Plymale: “As a motion at some time, yes.”

Speaker Hanshaw: “Okay, let’s take that for consideration as an action item for our next meeting. Is there objection to adding that as a discussion item for our next meeting? Okay if not, we’ll have that as one of our discussion items next month.”

Senator Plymale: “Okay.”

Speaker Hanshaw: “President Blair.”

President Blair: “...(inaudible)... reason I’m sitting there smiling and everything because you sort of got a head start, you warmed him up for the questions I’m going to ask him.”

Senator Plymale: “...(inaudible)...”

President Blair: “Yeah, that’s right. First of all, there’s nothing wrong with 25 down if that provider provides 25 down, that is acceptable, that’s not a problem. The problem is somebody providing 25/3, most of the time you’re not getting 25/3 and we all know that, and we all know who the provider is for that. So...now I feel a little better because of that one but I wanted to ask you a question to start with and that is that you’ve been here for

eight months and doing this, and you've been in the legislature...what things have you identified that you want to come back to the legislature this year and say hey we need to do this, we need to do that, that way the providers can do a better job, be more cost effective at getting it done, getting it throughout West Virginia. I know one of them that you and I have talked about is this pole certifications but anything else that you identified because that leads into where the Senator was coming from on this, and we need that information soon. We're a month away from getting at it and..."

Secretary Carmichael: "Yeah, it's a great question and I think over the past several years the legislature has positioned yourself in the state of West Virginia to be able to...if there were money available...to deploy broadband and make it easier for providers to deploy the asset and I think you've done a great job, I mean I think....I was a part of it at the time....the legislature's done a really great job of knocking down those hurdles and I know President Blair you've been involved with that as well. So, now it's about money and it's you know it's...we just need the money to deploy the assets and get it going. I can't think of...you know maybe I'll think of something later but at this moment...we may run into something...at this moment it's about funding."

President Blair: "She may be carrying something up for you."

Secretary Carmichael: "Yeah, maybe so...oh no here's the phone number to call if you can't get broadband."

President Blair: "Oh."

Secretary Carmichael: "Call 304-356-0138. Yeah, 304-356-0138. Ask for Ryan Weld."

President Blair: “Yeah, all right one last thing from me and that is, how’s it working out for the employees, the technicians to be able to do it? I know there’s a shortage and that’s in your wheelhouse also.”

Secretary Carmichael: “Yeah, that’s an incredible...all the providers have recognized that there is a great need for these technicians and many of them have been recruiting employees and preparing for these grants to be able to deploy the assets. There’s supply chain issues, there’s employee issues, but I will say, and I hope people hearing this on the stream can...if you’re interested in going to work deploying broadband technology you can make good money, have a great long-term career, there is...opportunity abounds in this industry.”

President Blair: “So, next month when we get started and it’ll be the beginning of the session, can you come back with information on supply chain problems so that we’re...we got to be able to communicate this to the public also but we...there’s supply chain issues, the help, all that. It wouldn’t even hurt to have one or two of them in here, but you can compile of that information and put that in front of us as well.”

Secretary Carmichael: “Yes and the next time I appear before you we’ll be able to point to people that have received internet that didn’t have it previously based on your allocation of funding. So, that’ll make difference in people’s lives.”

President Blair: “All right, thank you.”

Secretary Carmichael: “Yeah.”

Speaker Hanshaw: “Senator Trump.”

Senator Trump: “You’re just ...(inaudible)... the bids on that, I think we’re past a year now since those RDOF auctions were held. Is the clock running on the providers who won the bids now?”

Secretary Carmichael: “No, not entirely. Seven different providers...and I should have gone over this, it’s a great question...seven different providers won awards in West Virginia and each one of those processes you have to go through a round two certification from the FCC to...they check your technology, your financials, all that and do sort of a double check, a more in-depth analysis. Only two in West Virginia have received their money...first year’s allocation...Citynet and Prodigy, which would account for, of the \$360 million dollars, \$60 million dollars...roughly \$60 million dollars. So, their clock is running, the others are not because they have not received the money.”

Senator Trump: “Thank you.”

Secretary Carmichael: “As well as, Capital Projects Fund, that was allocated during the first round of, you know, stimulus money, we have not received. The state has not received that money and we were the very first state to put our application in for the funding. So...Merry Christmas everyone.”

Speaker Hanshaw: “Merry Christmas to you.”

Secretary Carmichael: “Yeah!”

Speaker Hanshaw: “Thank you, Mr. Secretary.”

Secretary Carmichael: “Thank you.”

Speaker Hanshaw: “Let’s have the lottery report.”

Director Myers: “Good evening, Mr. Speaker, Mr. President, members of the committee. We submitted the October financial report in your packets, but I did have a few things as far as reporting on sales for this year that I wanted to go over with you quickly. Our instant sales, year to date, for the fiscal year are at \$69,243,000 dollars, that is a 10.05 increase above last year. Our draw games, which is Powerball Mega Millions, Daily 3, Daily 4, those games are at \$30,580,000 and are 21.76% above last year. So, total traditional lottery, which are the things that we do and have control over here in Charleston are \$99,823,000 which is 13.39% above the previous year. In racetrack video lottery we’re at \$197,010,000 which is 22.82% above the previous year. It’s not quite back to pandemic levels but...or pre-pandemic levels but certainly an improvement over the year before. Limited video lottery is at \$198.916 million, which is 8.61% above the previous year. Just a note there, we’ve had fifteen of the top twenty-five months in sales since June of 2020 and that’s our records going back to 2008. So that piece has done very well over the last two years. In sports wagering, inside the casinos \$724,442 dollars that’s down almost 3%. The sports wagering online, on the phone, is at \$1.3 million and that’s 48.6% above the previous year...and then iGaming is at \$4,245,000 which is 325% above last year but that was started...didn’t start until July of last year as well, so...”

Speaker Hanshaw: “Scoot a little closer to the microphone ...(inaudible)... who are listening to our live streaming are having a little difficulty.”

Director Myers: “My apologies.”

Speaker Hanshaw: “Thank you.”

Director Myers: “And to wrap it up, the total sales for lottery, year to date are at \$520,688,000 which is 16.41% above the previous year. So, having a pretty good year so far.”

Speaker Hanshaw: “Okay questions for Mr. Myers about the lottery report? Okay if not, thank you very much.”

Director Myers: “Merry Christmas.”

Speaker Hanshaw: “Let’s have the General Revenue Fund report. Mr. Muchow, good evening.”

Secretary Muchow: “Good evening, I’m Mark Muchow with Department of Revenue. I believe everyone should have November numbers before them, it may look a little different than you’ve seen in the past, it looks like this. It’s coming, it’s coming right now...give the folks a minute here to get that...and this is basically a one-page summary of activity for the General Revenue Fund and the State Road Fund, both for November and also year to date and the columns start with the November estimate. In November, the estimate for general revenue was \$347.5 million, we collected a whole lot more than that, we collected \$435.6 million overall, that was \$88 million above estimate, and compared to last year’s November collections and last year was a reasonable November, we were up 27.2%, so good momentum, strong growth overall in collections. Year to date, the estimate through five months is \$1.74 billion, we collected a little over \$2 billion, that’s \$269.4 million above estimate, it’s 3.8% above last year but you recall last year we got a \$200 million dollar jumpstart last year. When you take that into account we’re actually on an adjusted basis, 15.8% ahead of last year, so this is a really strong revenue growth

scenario that we have for this year. The highlight on the numbers, both for the month and for the year is the severance tax, we had estimated through November that severance tax collections would grow by close to 100%. Well instead of 100% for general revenue we got 250 plus percent, so producing some pretty good numbers...and for severance tax the estimate in November was 32.9, we collected nearly \$75.4 million, that is \$42.5 million above estimate. Last year we only collected \$21 million for November, so 258.5% growth. Year to date \$105.2 million, we've collected \$191.6 million, that's \$86.4 million above estimate, and \$137.4 million dollars above last year. The rate we're going, sometime in January we'll hit the total amount that we hit for all of last fiscal year and counting, so those numbers are strong. Not only are the severance tax numbers strong, the income tax numbers are very strong. The personal income tax in November, \$169.8 million, the estimate was 149.1, that was \$20.7 million above estimate, 13.3% ahead of last year. Withholding tax collections on wage and salaries have consistently been about 10% above last year since the beginning of the fiscal year. Year to date on personal income tax, the estimate was \$764.3 million, we've collected \$854.9 million, that's \$90.6 million above estimate, technically seven and a half percent below last year but when we adjust it for the \$144 million dollars that we collected at the beginning of last year, year to date we're running 9.6% ahead of last year. Corporate income tax, same situation, corporate income tax we collected \$6.8 million in the month of November compared to \$2.1 million last year that was up 218%. Year to date we're running forty-three and a half million dollars above estimate, technically 21% below last year but when I remove the \$56 million dollars that we got at the beginning of last year, that was deferred, corporate income tax collections are up pretty close to 50% year to date through five months. The

sales tax, that's the final of the four big performers, sales tax in November we collected \$149.2 million, the estimate was 130.7, that's eighteen and a half million above estimate, and a very impressive 11.7% ahead of last year. Year to date is \$633.3 million, is \$45.3 million above estimate and 7.1% ahead of last year, so again very strong overall numbers.

State Road Fund, that's at the bottom of the page, shows the major components there. In the month of November, if you take away the federal reimbursements, the estimate was \$81.94 million, we collected \$72 million, that was \$9.9 million below estimate but still 5.3% ahead of last year. Year to date on the state components, we collected \$377.9 million, and the estimate was \$389.9 million, so running pretty close to \$12 million below estimate, compared to last year we're down 8% but if we take away...last year we got \$50 million dollars in Cares Funds it's sitting in there, in the miscellaneous line.... you take away those Cares Funds, we're running about 4.8% ahead of last year on the Road Fund. Motor Fuel Excise taxes are in a state of recovery, even though we were a little bit below estimate in November, we were still 6.2% ahead of last year, and year to date on Motor Fuel Tax we're running \$2.4 million above estimate, and 7.2% ahead of last year. The recovery continues, people are actually beginning to travel the roads a bit more, you can see that in the morning on the morning commute. Registration fees haven't done quite as well, they're \$5.9 million below estimate in November, year to date running \$13.8 million below estimate, about 5.6% below last year, so those are a little weak but the Motor Vehicle Sales Tax continues to be pretty strong, we collected \$24 million in November, the estimate was 19.7, that's 4.3 above estimate, about 21% ahead of last year. Year to date, 3.8% growth above last year and about \$20.4 million ahead of estimate. You'll also notice at the bottom of the page that the federal

reimbursements have been pretty strong this year relative to last year. I never look at the estimate on federal reimbursements, the highway folks tend to inflate those numbers in the hopes that the additional federal money will come and sometimes it does come but look at the growth rate, growth numbers, this year through five months, we have \$213.9 million in federal reimbursements, last year through five months \$147.3 million, so that's 45% increase, so nice movement on the upside on the federal reimbursements. There's a set limit as to how much you can get reimbursed, to keep in mind, but certainly on a cash flow basis the federal reimbursements are way up this year. Any questions?"

Speaker Hanshaw: "Questions of Mr. Muchow? Okay if not, Mark we thank you."

Secretary Muchow: "Merry Christmas."

Speaker Hanshaw: "Oh, Senator Plymale sorry."

Senator Plymale: "Mark, could you just briefly give me an...with the coal severance I see some things changing on that but right now when the severance money comes in there's a portion that goes back to the county, correct?"

Secretary Muchow: "Yes, there's a portion of coal severance that goes back to county on a quarterly basis."

Senator Plymale: "So, it's on quarterly and what's the percentage usually per?"

Secretary Muchow: "It's two separate pots of money, one is actually a tax rate itself of 0.35% tax rate that's been in place since the early 1970's and that generates...oh I don't have the exact number in front of me but..."

Senator Plymale: “Well now I’d like to just, I’d like to understand that a little bit better because—”

Secretary Muchow: “It’s 0.35% of the gross receipts attributable to the production of coal, so it’s influenced by the number of tons, but it’s also influenced by the price. I could tell you that number of tons last year we hit a low, last year was a bad year for energy...I think according to John Deskins maybe since 1918, that’s how low it got but down around sixty-five, sixty-eight million tons. This year we’re back up to somewhere around an 80-million-ton neighborhood. Most of the growth in the...on the production side at least until recent months was steam coal because of the higher prices for natural gas but that’s only part of the equation, the other part of the equation is pricing and in the last...and we’re talking only in the last three-four months maximum, the price of coal has significantly shot up...I’m talking mainly metallurgical coal and where we might have seen overall average price of maybe around \$60 a ton of steam and everything thrown together. At the beginning of this fiscal year, we’re now seeing an average price that’s around \$90 a ton, so that’s a big change in a very short period of time—”

Senator Plymale: “Well I have some more specific questions; I’ll call you and ask you about them because I wanted to understand that as we start looking at some opportunities.”

Secretary Muchow: “Okay.”

Senator Plymale: “Okay.”

Secretary Muchow: “Thank you. Merry Christmas.”

Speaker Hanshaw: “Thank you, Mark. All right, let’s have the Workforce West Virginia Unemployment Compensation Report.”

Director Green: “Good evening, my name’s Jeff Green, I’m Deputy Executive Director for Workforce West Virginia. The unemployment trust fund balance as of this morning sits at \$314.8 million, our activity over the course of November we paid out roughly 7,500 claims, which is a reduction from what we had in October, it’s been the lowest number of claims we’ve had this year...at about one million less in total payments from October to November.”

Speaker Hanshaw: “Thank you, questions of Mr. Green? Okay if not, Mr. Green we thank you for not only today’s report but the informative report from yesterday.”

Director Green: “Thank you.”

Speaker Hanshaw: “Secretary Scott. Welcome to the Joint Committee.”

Secretary Scott: “Good evening, it’s a pleasure to be with you this evening. Thank you for having us and I’m Mark Scott, most of you I know but for you who do not know me, I’m the new Secretary of Administration and looking forward to working with all of you to make the Department of Administration as effective and efficient as possible.

So, before you I believe in your packets you have the reports from BRIM, PEIA, and Real Estate Division and just to point out a couple of highlights as far as PEIA is concerned...year to date financial statements for September 30th are before you, the statements indicate that PEIA is currently ahead of plan by about \$13 million dollars. It’s due to lower than forecasted medical claims, the statement would indicate that the RHBT is currently behind plan about \$35 million dollars, and this is mostly due to lower than

expected investment results. The 2022 year end reserve for the State Fund, Non-State Fund, and the RHBT is projected to be balances of \$141 million, \$33 million, and \$68 million respectively. These reserve levels represent 22%, 22%, and 37% of the respective fund's expenses. The required reserve for the State Fund is 14%...and also under the Real Estate Division, you can see that we're still working on contract renewals for new leases, straight renewals, and renewals with increases. You all know there's been a push to make sure that we get rents up where necessary, try to get them more market line with market rates where we can increase our revenues that are coming in from rental income. So, any questions?"

Speaker Hanshaw: "We'll start with the PEIA report, questions from any member about the PEIA report? Okay if not, the BRIM report? And lastly, the Real Estate Division report? Mr. Secretary, we thank you very much."

Secretary Scott: "All right, thank you all. Have a Merry Christmas."

Speaker Hanshaw: "Deputy Secretary Samples, DHHR."

Secretary Samples: "Mr. Speaker, Mr. President, you have the Medicaid and CHIP reports in your packet. We just received a new updated on Medicaid enrollment, we're up to 618,000 West Virginians on the Medicaid program. I know we're short on time, I will just leave it at that unless there are additional questions sir."

Speaker Hanshaw: "Questions for Mr. Samples? On either the Medicaid report or CHIP? Okay Jeremiah, thank you."

Secretary Samples: "Thank you, sir."

Speaker Hanshaw: “Okay, let’s move to the Investment Management Board. Mr. Slaughter, good evening.”

Director Slaughter: “Good evening, ladies and gentlemen. I’m Craig Slaughter, Executive Director of the West Virginia Investment Management Board. Fiscal year to date, you should have October 31st numbers in your packet. You have September? I asked her to send them, I am sorry. Well, you’re...I’m going to take you a month forward then...October was a good month, so we’re up 2.1%...”

Speaker Hanshaw: “Chair’s advised that we do have the October numbers in the report.”

Director Slaughter: “Oh, you have both in there right?”

Speaker Hanshaw: “Yes sir.”

Director Slaughter: “Okay. Okay that explains it, good. All right so October, we’re up 2.1%, October was a great month. You can see from the numbers, September was not a great month so...and then as it turns out this month, this past month November, wasn’t a particular a good month for the markets either. So, it seems like it’s just flip flopping one month to the next, up and down, and so forth. So, through November you can fully expect that we’re probably only about even for the fiscal year, so that’s five months in. So, now on the good side...on the positive side of it are ten years we’re up 10.5 and over twenty years we’re up 8.5% on an annualized basis. I’m more than happy to go into more detail or talk about the markets if anybody has any questions.”

Speaker Hanshaw: “Thank you, Mr. Slaughter. Questions of Mr. Slaughter about the IMB report? Okay if not, Craig thank you very much.”

Director Slaughter: “Thank you, gentlemen.”

Speaker Hanshaw: “Commissioner McVey.”

Commissioner McVey: “Thank you, Mr. Speaker, Mr. President, members of the committee. I can tell you the same thing I told you last month. In your packets you have our reports, we have adequate reserves to take care of projected claims according to our actuaries...and at that I’ll ask if there any questions you may have?”

Speaker Hanshaw: “Very good, questions from any member about the Workers Compensation Report?”

Commissioner McVey: “Were you not going to make the motion? Do you remember?”

President Blair: “No, I don’t remember.”

Commissioner McVey: “About having us come maybe a little more infrequently here.”

President Blair: “Actually, Delegate Summers was talking about that and I wasn’t going to make that today.”

Commissioner McVey: “Okay.”

President Blair: “We’re going to...since we’re moving into the January interims, when we get through this session, we’re going to revamp how we do some of the things in this committee.”

Commissioner McVey: “I was going to tell you, I was going to come to the meeting anyway because it’s so interesting.”

President Blair: “You learn all about broadband here and that’s the plan.”

Commissioner McVey: “Actually, I hope we do get some broadband, I do have relatives that don’t have access in other parts of the state, so I love it.”

President Blair: “Yeah.”

Commissioner McVey: “I love it. Any...okay any other questions? Thank you.”

Speaker Hanshaw: “Thank you very much.”

Commissioner McVey: “And please, have a Merry Christmas, Happy Holidays, and look forward to seeing all of you in January.”

Speaker Hanshaw: “Chair is advised that the Board of Treasury Report is available for all members in your packets for consideration at the appropriate time. That concludes the quarterly and regular report. Let’s move into other business. We do have Pharmacy Benefit Manager Presentation today. Who’s going to be offering that presentation?”

Lynne Fruth: “Senator Blair, I’m...this is my technical staff...okay...Speaker Hanshaw and members of this committee, I am pleased to be here to present and...information around PBMs and offer some perspective on what may benefit the PEIA plan and as I said I thank Senator Blair for the invitation. I have spoken to several other senators and other legislators about this and as the President of Fruth, a West Virginia company, I am here strictly on behalf of doing what I think is in the best interest of West Virginia.

So, the one thing that we know is that the net costs of prescriptions, the medication, the cost has actually decreased the last two years in a row, but the pharmacy spend in insurance plans continues to increase and the practices that the PBMs are doing are a main driver of this. Now, in addition to that, the insurance plans often see the pharmacy benefit as a profit center, which is why they work so hard to keep a hold of that as part of the entire book of insurance. So, what I've put together here are ways that the PBMs, traditional PBMs, drive profitability for themselves and often to the detriment of PEIA and other insured. They will manipulate the formulary to dispense higher cost drugs to try to get increased rebates, but your cost also goes up significantly. They will force mail order or try to compel mail order by offering a zero co-pay to the patient but often a higher cost to the plan than if it had been filled at a regular pharmacy. They often use a subcontractor and add in another layer of markups which can add cost. They can engage in claw backs from the pharmacy, often after the plan year, that may or may not be passed on to that insured's plan. They manipulate formulary to force people to dispense higher cost drugs because that is to their benefit.

What I'm showing you here is that CVS Caremark, Cigna, and UnitedHealth actually control almost 80% of the PBM market. Now, if you say what's the problem with that...well these three are traditional PBMs which means each of them controls almost a third of the national book of business and this lack of competition has led to benefit designs being created that are favorable to the PBMs and often at the detrimental expense of the employers and providers. There's also a lack of understanding about what PBMs do within healthcare system and so it's resulted in a very unregulated industry. States have started to pass legislation directed at reigning in unfair PBM practices and as

I shared with Senator Blair, the House Bill 2263 in the state of West Virginia is considered to be, on a national scale, the most comprehensive and beneficial piece of legislation to date and on many national committees that we're involved in, they are actually following what is West Virginia's doing and looking to replicate that. So, PBMs have come under scrutiny.

So, I want to talk about a few things that actually show what's happened. Well, in Ohio Medicaid, your auditor at the time, Dave Yost uncovered that CVS Caremark had overcharged the state by \$224 million, which is almost a quarter of a billion dollars...and they were able to recover that money. Later, he identified that Centene, another subcontractor on the PBM side, had marked up those services an additional \$88 million and they also paid back the state of Ohio. In the Delaware system, the auditor of Delaware did a three year look back at the public employee plan and estimated that the state of Delaware had been overcharged \$24 million dollars. I want to make sure you're seeing what I'm seeing...good! So, this is the pharmacy benefit manager's report out of the state of Ohio and I just pulled from his entire report I pulled one page to say, they were overcharged by \$224 million by Caremark. They initiated the legal action against Centene and recovered \$88 million. They recommended that you should have a pass-through model for a PBM, meaning a fully transparent PBM, and they recommended better internal controls over monitoring the drug rebates. They also talked about other areas that needed to be studied because of abuse, potentially filling and refilling multiple prescriptions that are not used through mail order. The fact that CVS Caremark is the only pharmacy that has a PBM and a retail pharmacy and therefore puts itself into a conflict of interest...and that withholding of rebates has been identified as a potential of

fraud...and he said a rebate audit should shed light on this very complex and secretive process and I have access to all these full reports that we can share with you. The Delaware auditor, just by chance, happened to be registered pharmacist and she undertook looking at their public employees plan and likewise I've...you know.... narrowed this down to a couple pages. What she found was that the Delaware drug costs, the increase of their drug costs was triple that of national overall drug inflation, and that Delawareans could have saved \$24 million dollars in prescription drug costs. She further went on to say that their overall drug spend was nearly triple of the inflation, that the...this is really significant...the PBM charged the state employee program more than 50 different administrative services and clinical programs ranging from a few cents to hundreds of dollars, and those fees accounted for 13% of the total pharmacy cost. Meaning that there was an additional \$21 added to every claim over that three-year period. So, that \$4 drug was paid \$4 plus 21 when you average out those fees. Their fees increased from 2018 to 2020 over three-year period, they increased from \$610,000 dollars to \$1.8 million dollars in two years, for basically the same volume of service and the same volume of claims.

So, you know one of the things that we hold up and we talk in West Virginia, Ohio, or any place is show us what works. Well, West Virginia Medicaid is the sparkling example of what works, there's proof in the results. West Virginia Medicaid moved from a Managed Medicaid Plan with a traditional PBM that was designed to save the state money and when they did that they moved to a straight NADAC which is National Average Drug Acquisition Cost, plus a \$10.49 dispense fee. A retroactive audit after the first year showed that West Virginia Medicaid saved \$54 million dollars. I will tell you this, that we were involved in some of those discussions when Vicki Cunningham was at Medicaid as

to the appropriate dispensing fee and at Fruth Pharmacy, our dispensing fee when we take all the factors in and divide it out by the number of prescriptions we fill, our dispensing fee, the cost for the pharmacist, the cost for the transmitting the claim, the label, the vial, so on, is generally speaking between \$10 and \$12, so we find that to be a fair assessment of the cost of that professional service. I will also tell you that once we started into use of the NADAC as a measurement, I asked Andy Becker who's here with me today, a registered pharmacist who will be available for questions, to do a data analysis and tell me how close is NADAC to what Fruth Pharmacy is actually paying and Andy tells me that we are consistently within eighty basis points. We either buy at eighty cents better or eighty cents worse. So, NADAC is a very true and accurate cost of the cost of the drug, and it is the best cost that is out there at this point in time.

Spread pricing is not a factor in PEIA but you need to understand what happens and I'm going to quickly move to here. A PBM will say to an insured, we are going to guarantee you you're going to get a 50% discount and you say wow 50%. So, you're going to get AWP which is Average Wholesale Price minus 50%, what a deal. Well, the problem is that AWP is a made-up number by the PBMs and the fact of the matter is right now Fruth Pharmacy and most of your independent pharmacies, probably a lot of your chains, are consistently being reimbursed AWP minus 90, so if that AWP cost is \$100, they're discounting it 50 and your plan's only paying 50 for it, the pharmacy's getting 10 and the PBM is keeping the rest.

So, let's talk about the real story behind rebates, rebates are received on brand named drugs and because PBMs traditionally do not act as a fiduciary, they will....they are incentivized to use...it's almost like a commission salesman, they are incentivized to

put more expensive drugs on the formulary for the purpose of getting the rebates and studies have shown that traditional PBMs typically do not pass all the rebates back to the plan's sponsor. They frequently will require patients to change drugs to be required to take a more expensive drug, which is more expensive to the plan and more expensive on the copay for the patient for the purpose of getting up to that rebate guarantee. In large part, the plan's sponsor has no knowledge about the PBM and what it negotiates with the manufacturers, or if there is any spread or the difference between the rebates. PBMs also charge an aggregation fee. Now you say well that aggregation fee can go from seventy basis points to a few percent but what's that on \$200 million dollar spend, it's a lot of money, it's another way of profit taking. PBMs claim that they pass all rebates on in some models, and I believe PEIA is a model where they are saying they're passing the rebates on. I don't know that for sure but what PBMs are doing it's all becomes in the semantics. PBMs are now beginning to negotiate with manufacturers to change what the rebate structure is. So, traditionally what we've seen in rebates is on a brand drug has been in a 45, 40-50% range when you, you know, average it all out. So, if you have a \$200 drug, the manufacturer says there's \$100 available to you in cash back rebate, whatever you want to call it, the PBMs are now starting to say oh no we don't want \$100 rebate, we'll take a \$50 rebate, and we want the rest of that money to come to us in a data fee or a service fee or other fees. Those other discounts may not ever make it back to the plan because if the language in the contract says all rebates, well we're not calling this a rebate anymore. Our plan that we just entered in to with a transparent PBM, we required it to say any and all discounts provided by the drug manufacturer have to be a straight pass through. So, because more plans are looking at this transparency, there's an interesting

concept that's starting to develop with the three big PBMs. They've all started negotiating different, service fees, data fees, etc. and this design just adds another layer of secrecy between the PBM and the plan sponsor and then the plans have no way to go back and audit to ensure that they actually are getting the full rebate.

As a matter of fact, Caremark, Cigna Express Scripts, and United Healthcare Optum, have all recently started a subsidiary company, two of which are based off-shore. Caremark has started a company named Zinc, Express Scripts has started a company named Ascent, which is located in Switzerland, and United Health Optum has started a company named Emisar, which is located in Ireland, and the purpose of all three of these companies is to negotiate with drug manufacturers for rebates and service fees. So, what we anticipate happening is that this becomes another middleman. So, Zinc negotiates on behalf of Caremark and they take that 500 available rebate and they put 200 rebate bucket and 100 in this bucket, and 100 in that bucket, and 100 in that bucket, and those buckets never make their way back to PEIA or the plan. So, if the PBMs have nothing to hide, why are they creating these offshore businesses to obscure the process and access of transparency. This additional layer will enable those PBMs to literally hand you a report that shows 100% of the rebate's been passed on because it's been stopped in that previous, some of that's been syphoned off in the previous step. Now, interestingly the First Court of Appeals said the health benefit provider, in this case, PEIA or whatever your plan is, often have no idea that a PBM may not be working in its best interest. This lack of awareness, awareness is a result of the fact that there is little transparency in a PBMs dealing with the manufacturers and the pharmacy.

So, the real issue becomes what are we paying over here, what is PEIA paying, and then folks what are the pharmacies receiving? Because anything that's in the middle is money that I feel is available for the state. So, what does PEIA need? We need real transparency, we need zero spread pricing, and I don't believe there's spread pricing in there now which tells me that if there is profit taking, it's in the form of service fees and other things, and withholding rebates. You need 100% pass through, you need 100% of all discounts from the drug manufacturer, clarity in your contracts, a clear and concise administration fee so that you know exactly what the processing is going to cost you. What a drug utilization is going to cost you, what a prior auth is going to cost you, and then you need to eliminate the conflicts of interest and pharmacy network's formularies, rebates, and other available discounts. No one can manage what they don't understand.

So, when you look at a PBM what do you look for? It's all about cost containment. It's really about providing the service at the best cost. You want to choose the best cost for PEIA not the PBM. You want an accountability on every prescription dollar which would be claim level detail for every prescription filled for the purpose of being able to do internal audits. You want AWP rebate guarantees and those things do not tell you what the true cost of the plan is. The only way to know what the true cost of a plan is, is to be evaluated on the basis of what is the per person per month charge, net of any rebates, and with all the service fees in there. What is that charge and if you can reduce that charge, you're saving money. The size of the discount doesn't matter, it's the overall spend per person per month that shows the true cost.

A true transparent PBM...and there are some out there...will charge the plan sponsor exactly what the pharmacy got paid. If Fruth Pharmacy got paid \$22.15, PEIA

gets a bill for \$22.15 and whatever the cost to process that claim. A real transparent PBM will agree to sign a fiduciary statement and also to act as a fiduciary for the plan. Meaning that they have a responsibility to do what is in the best interest of the plan. They will have no financial interest in any pharmacy, retail specialty, or mail order. That way they have no conflict of interest to direct something to themselves. They will manage your plan design and other programs for a defined fee, they will pass on all revenue, they will disclose any and all fees, and they will make all transactions readily available and auditable...and like I said, from my perspective it's all about reducing PEIA's spend because after all it's West Virginia's money.

I have another, if you can pass me one of those, this wasn't the most updated so I'm going to pull something up, there's just one thing that I want to cover. There was a study that just came out this week and it was of such significance that I thought it needed to be included. December 2nd, from Business Wire, which is a Berkshire Hathaway Company, that despite decreases in the PBM retention of rebates, so in other words in spite of the fact that they're retaining less of the rebates, from 2017 to 2019 PBM gross profit from retained administration fees paid by manufacturers increased 51%. That's what I'm talking about, we've shifted the rebate to fees. From \$3.8 billion to \$5.7 billion, the gross profit from PBM mail order and specialty pharmacies increased more than 13% from \$8.9 billion to \$10.1 billion, and PBM gross profit from other sources...meaning spread pricing, pharmacy fees, claw backs, fees collected from payers, non-administrative fees...increased 26% from \$8.5 billion in 2017 to \$10.7 billion in 2019. Now, the group doing this study says although these other sources constitute nearly 40%

of a PBM's gross profit, analysis of the publicly available financial information sheds little light on how much profit is derived from these components. So, you're back in the dark.

Now, this is our recommendation, PEIA a pathway to a better plan...and I apologize because there was an updated one and I will provide that to you. Not to enter another three-year contract with a traditional PBM where every year you come back and they say we need more money, it's cost more than we thought, and oh by the way these are the same guys who are involved in the fraud or this or that, that's the first one. Execute an RFP that will allow transparent PBM to compete for the contract based on your current spend is...let's just say it's \$100 per person per month, if a transparent PBM comes in and says we guarantee it'll be \$90 per person per month, that's the person that ought to get the contract. You take the rebates and all this stuff out of it and bottom line is, how much money do we have to take out of our checkbook to pay you. Number three focus on lowering the net per person per month, and not focusing on rebates. Then utilize these savings from the pharmacy spend to support other areas in PEIA. I added two things after I met...we actually had a meeting with Jason Haught from PEIA, I felt that I wanted him to be educated from our perspective...you need to require that PBM to sign a fiduciary agreement and you also need to encourage PEIA to engage in a cost comparison utilizing a fully transparent PBM. Now, in the spirit of transparency I want to say we did meet with Mr. Haught from the PEIA, we have prior to this never had the opportunity to meet with anyone from PEIA, although we have, you know, asked on multiple occasions. I believe that following our conversation that there is an opportunity at this point in time with new administration and consideration of a different way to look at things, that there is a great opportunity that you finally have somebody who says yes, we will think about another

model that might be better. So, I thank Mr. Haught for meeting with us and you know spending two hours being educated in much, you know, more detail than this relative to the PBMs...and then finally I will provide you with any and all articles, reports, auditor's reports, that have been named in this. You know I'll provide your staff, Senator Blair, with any references that we've used in this plan. So, I guess at that point in time, I said does anybody have any questions?"

Speaker Hanshaw: "Yes, thank you very much. Questions of Miss Fruth? President Blair."

President Blair: "First of all, thank you for being here and...look, the information you presented...and you've presented basically to this committee without a PowerPoint...it made sense, hard to digest. I give you a lot of credit, you must have put a lot of time to be able to do this because I'm listening to it a second time and maybe you guys....and one of the ways you can tell that you don't get a lot of questions...they didn't get anything out of it, or they got everything out of it. In between, you can get some questions on it, nobody is asking questions at this point in time, but they probably will. I found this very very informative and what makes me even happier, you had the wisdom and the foresight to go to PEIA, have a conversation with them, get involved and thank you for being a West Virginian and be looking out for things like that. That's what we're trying to do and I got it today, you made it digestible for somebody that's not in the industry, and that's one of the hardest things that we have to deal with with PEIA. We don't understand all that...or I don't understand I'm not going to say we...and it's hard to digest everything that comes out of there but yet we keep fanning money at them. So, thank you and if anybody...I got it all, I don't have a question—"

Lynne Fruth: “So Senator Blair, if I could...I think that one of the problems that we’ve had with PEIA is that we’ve been stuck in a model of doing the same thing and believing that there were no other options, and so you keep doing what you’ve always done, and you keep getting what you’ve always got and then you wake up one day and say this is really not working. So, I applaud the fact that PEIA is in a transition of leadership and like I said Mr. Haught was very open. You know, he basically said you’re going to have to prove this to me, and I said we would welcome the chance to try to get somebody to prove that to you but I do think that there’s an opportunity for the state to save money and it would be...in my opinion...it would be incredibly reckless of the state to continue to do what they know has not really worked for PEIA when a better opportunity might exist, where you could save \$10 million dollars, \$20 million dollars, more than that...and as I said to Jason, if you validate nothing more than you have the best deal, then now you all can sleep at night knowing we took it to market, we saw what the market would bear, and there’s not a better deal, but from my perspective I totally believe that there is.”

Speaker Hanshaw: “Senator Tarr, then Senator Trump.”

Senator Tarr: “Thank you, Mr. Chairman. Lynne thank you for being here today, I appreciate this. I got a couple questions, one is that you know, you started off talking about Medicaid and getting rid of the PBM and saving \$58 million dollars a year. In investigating this are you aware of any states that in their public employee plan, they do not use a PBM? I mean why are we paying a PBM in the first place I guess is the question I have?”

Lynne Fruth: “Okay so, the reason that you’re using a PBM is because we’ve all been told this is such a big plan you have to have one of the big three. You’ve got to have

ESI, you got to have Caremark, no one else can handle it. That's what your representatives from Express Scripts and Optum and all these places are telling you and if you hear it long enough you start to believe it, but the fact that West Virginia Medicaid could leave this and essentially go to a PBM. They've essentially gone to a processor...and Andy and I were talking about it on the way up here...they have a processor and that processor charges them a fee for doing this, but that processor is not working to enrich themselves at every step. So, you're just paying for a service and I would say...and I'm going to defer, Andy do you, are you aware of any other states that have utilized..."

Andy Becker: "I'm not aware of any states doing that off the top of my head but I'll research that and find out for you."

Senator Tarr: "Okay, thank you...so and then the transparency part I had a question about as well."

Lynne Fruth: "Yes."

Senator Tarr: "So, we've had problems with employers in West Virginia. Being an employer you're probably aware of this, also have had history with transparency with insurance plans in general."

Lynne Fruth: "Huh! I'm sorry. Yeah."

Senator Tarr: "So...I'll take that as you agree. I know recently the feds have given some transparency, or not transparency, they've given states the ability to go in and do some regulation on ERISA plans."

Lynne Fruth: “Well there have been, there have been two significant cases federally that have started this ball rolling in terms of being able to...for states to do the kind of regulation that West Virginia’s done. One, was the Arkansas case of *Rutledge v. PCMA* where it went all the way to Supreme Court and Supreme Court basically said ERISA is ERISA but it doesn’t have...it cannot dictate payments and that sort of thing so it can only control certain aspects. If you want more detail on that then I’m going to have to Andy come up and kind of fill you in specifically.”

Senator Tarr: “Well, let me go ahead and get to the question, we’ll see if that’s what I’m...in my experience as an employer, and insuring employees, and having a plan before going to self-insured was that I’m seeing double digit increases in a plan--”

Lynne Fruth: “Right.”

Senator Tarr: “—and I’m hearing from your presentation that a large part of that may be from the pharmacy spend, it sounds like. However, when I would go back and question those rates, there was nothing legally that would permit to see the spend for our company.”

Lynne Fruth: “That’s correct.”

Senator Tarr: “So...so the only way for me to see the spend was to ditch the company, go to self-insured so I could see what we actually go spend but even then, I really still can’t see the pharmacy spend.”

Lynne Fruth: “On self-insured I would, I would hope—”

Senator Tarr: “Take that, partially self-insured—”

Lynne Fruth: “Okay—”

Senator Tarr: “—let’s put it that way.”

Lynne Fruth: “--partially self-insured, you were probably still with a traditional PBM...with a transparent PBM, which is what Fruth Pharmacy has moved to this year, away from being fully funded for the first time in the history of our company because I so firmly believe that commercial insurances are telling me this is how much...this is how much you spent but then they’re going over here and paying the people this much because we see it on our side. We see examples all the time where a drug will get billed at an exorbitant amount and Mr. Walker can speak to a particular drug that we researched to find out...I think it’d be appropriate for you to share that right now.”

Senator Tarr: “Well I guess my question is is that is there...are there agreements between the plan and the PBM that crank up the price of the plan?”

Lynne Fruth: “Oh I—”

Senator Tarr: “You see what I’m saying since you can’t—”

Lynne Fruth: “—are you asking me my opinion?”

Senator Tarr: “—well I’m asking if you know? Not necessarily the opinion, I guess in your investigation, I see—”

Lynne Fruth: “In my investigation—”

Senator Tarr: “--Mr. Walker looking over there ...(inaudible)...--”

Lynne Fruth: “—and I will say that...that Mr. Becker and I actually met with Highmark and had a lengthy discussion about the need for a transparent PBM with the

President, and all the leadership there, and at the end I said, I understand that this is a source of revenue and that's why you're not going to want to change it."

Senator Tarr: "So I guess the answer's yes."

Lynne Fruth: "So I guess the answer to that is yes, but with a transparent model you should be able to see, and I would hope that the state would be in a position that says this prescription got filled or this medical service got performed, what...I don't want to know we got charged, I want to know what we paid. I can charge you guys \$10,000 dollars for a prescription but if I only get paid a hundred, that's all I'm getting paid, and all that rest of that money is going someplace else. So, there is definitely evidence that in commercial insurances, Aetna has been brought to case for charging \$30,000 dollars for an operation to the plan sponsor when it was found out that only \$4,000 dollars was remitted to the hospital. So, that is a practice that I think happens all the time and that's part of the problem with health insurance and I don't know that we can solve that problem today but I think that the place to start is if there's money to be saved on the pharmacy side, that can be your first best pass, and now that Mr. Haught is willing to look at that and have a true transparent kind of auditor come in and say this is what...based on what you've dispensed, based on what you've actually spent...this is what we think your rate should be. Then you're going to have a comparison between what you're actually paying and what is probably the true cost and I think there will be a difference."

Senator Tarr: "Thank you and thank you Mr. Chairman."

Speaker Hanshaw: "Senator Trump."

Senator Trump: “No Mr. Speaker, she answered my questions asked by the Finance Chair.”

Lynne Fruth: “Alrighty.”

Speaker Hanshaw: “Very well. Questions from any other members? Okay if not, we thank you very much.”

Lynne Fruth: “Thank you.”

Speaker Hanshaw: “Do we have any other business from any other member to come before the committee today? If not, question before the committee is President Blair’s motion that the committee adjourn. Those in favor will please say aye, any opposed will please say no, the ayes have it we are adjourned.”

WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor



*Budget Division
Building 1, Room 314-West Wing
1900 Kanawha Blvd. East
Charleston, WV 25301*

304-347-4870

December 28, 2021

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

- West Virginia Lottery as of November 30, 2021
Gross profit as of November 30, 2021 was \$235.4 million. Gross profit as of November 30, 2020 was \$199.4 million.
- West Virginia Unemployment Compensation Fund as of November 30, 2021:
Total disbursements were \$351.5 million lower than in fiscal year 2021. Overall ending trust fund balance was \$308.6 million higher on November 30, 2021 than on November 30, 2020.
- General Revenue Fund as of November 30, 2021
The general revenue collections ended the fifth month of fiscal year 2022 at 115% of the estimate for the year. Total collections were \$269.5 million above the estimate for the fiscal year.
- State Road Fund as of November 30, 2021:
The state road fund collections ended the fifth month of fiscal year 2022 at 97% of the estimate for the year. Total collections were \$12 million below the estimate for the fiscal year.

aWEST 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: December 17, 2021

Re: Review of West Virginia Lottery Financial Information
As of November 30, 2021

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for November 30, 2021, 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 529.4 million for July - November of fiscal year 2021-2022. Table games accounted for \$15.5 million of this total. Historic Resort Hotel video lottery accounted for \$3.8 million of total gross receipts. Gross lottery revenue has increased by 17.4% when compared with July - November of fiscal year 2020-2021. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July - November was \$235.4 million; for July - November of last fiscal year it was \$199.4 million. Expressed as a percentage, gross profit is 18% higher for fiscal year 2022 than for

Lottery continued

fiscal year 2021.

Operating Transfers to the State of West Virginia:

A total of \$222,871,000.00 has been accrued to the state of West Virginia for fiscal year 2021-2022. 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	\$59,003,000.00
Community and Technical College	\$2,497,000.00
Department of Education	\$13,524,000.00
Library Commission	\$10,846,000.00
Higher Education-Policy Commission	\$6,840,000.00
Tourism	\$6,341,000.00
Department of Natural Resources	\$3,244,000.00
Division of Culture and History	\$4,016,000.00
General Revenue Fund	\$0.00
Economic Development Authority	\$4,998,000.00
School Building Authority	\$9,000,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$120,309,000.00

Lottery continued

Excess Lottery Fund

Economic Development Fund	\$10,510,000.00
Higher Education Improvement Fund	\$7,500,000.00
General Purpose Fund	\$25,684,000.00
Higher Education Improvement Fund	\$11,459,000.00
State Park Improvement Fund	\$594,000.00
School Building Authority	\$9,493,000.00
Refundable Credit	\$558,000.00
WV Racing Commission	\$1,590,000.00
WV DHHR	\$0.00
Teacher's Retirement Savings	\$0.00
Division of Human Services	\$17,000,000.00
WV Lottery Statutory Transfers	\$24,112,000.00
Economic Development Authority	\$2,196,000.00
General Revenue Fund	\$0.00
Office of Technology	\$0.00
Excess Lottery Surplus	\$0.00
WV Infrastructure Council Fund	\$18,809,000.00
Total State Excess Lottery Revenue Fund	\$129,505,000.00

Total Budgetary Distributions:	\$249,814,000.00
Veterans Instant Ticket Fund	\$282,000.00
Pension Plan	\$00.00

Lottery continued

TOTAL TRANSFERS	*\$250,096,000.00
------------------------	--------------------------

* CASH BASIS

Total Accrued last FY 2021:	\$166,942,000.00
Total Cash Distributions FY 2022:	\$250,096,000.00
Applied to FY 2021:	\$166,942,000.00
Applied to FY 2022:	\$ 83,154,000.00
Accrued for FY 2022 as of Nov 30:	\$139,717,000.00



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 November 30, 2021

DATE: December 16, 2021

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

Financial statements of the Lottery for the month ending November 30, 2021 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, sports wagering, and interactive gaming was \$101,472,496 for the month of November.

Transfers of lottery revenue totaling \$42,890,143 made for the month of November 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 November 30, 2021 was 1,518 and 1,218 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
Riley Moore, Treasurer
J. B. McCuskey, Auditor
Members of the West Virginia Lottery Commission

WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

November 30, 2021

WEST VIRGINIA LOTTERY

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

ASSETS	November 30 2021	June 30, 2021
Current Assets:		
Cash and cash equivalents	\$ 159,162	\$ 198,583
Accounts receivable	44,093	35,077
Inventory	1,019	911
Other assets	1,449	1,806
Total Current Assets	<u>205,723</u>	<u>236,377</u>
Capital assets	60,923	60,923
Less accumulated depreciation and amortization	<u>(19,194)</u>	<u>(18,503)</u>
Net Capital Assets	<u>41,729</u>	<u>42,420</u>
Total Noncurrent Assets	<u>41,729</u>	<u>42,420</u>
Total Assets	<u>\$ 247,452</u>	<u>\$ 278,797</u>
Deferred outflows of resources	<u>\$ 2,537</u>	<u>\$ 2,537</u>
Total assets and deferred outflows	<u>\$ 249,989</u>	<u>\$ 281,334</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 139,717	\$ 166,942
Estimated prize claims	17,049	16,445
Accounts payable	1,993	2,265
Other accrued liabilities	31,843	36,295
Total Current Liabilities	<u>190,602</u>	<u>221,947</u>
Deferred inflows	<u>\$ 2,355</u>	<u>2,355</u>
Net Position:		
Net Investment in capital assets	41,729	42,420
Unrestricted	<u>15,303</u>	<u>14,612</u>
Total Net Position	<u>57,032</u>	<u>57,032</u>
Total net position, liabilities, and deferred inflows	<u>\$ 249,989</u>	<u>\$ 281,334</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FOUR MONTH PERIOD ENDED NOVEMBER 30, 2021

(In Thousands)
- Unaudited -

	CURRENT MONTH		YEAR TO DATE	
	FY 2022	FY 2021	FY 2022	FY 2021
Lottery revenues				
On-line games	\$ 5,333	\$ 4,968	\$ 30,967	\$ 25,311
Instant games	15,208	10,693	71,030	63,402
Racetrack video lottery	36,502	26,491	199,588	161,627
Limited video lottery	38,620	32,734	202,117	184,894
Table games	3,483	1,976	15,473	9,915
Historic resort	666	594	3,763	3,291
Sports Wagering	684	459	2,099	1,648
Interactive Wagering	975	339	4,361	1,027
	<u>101,471</u>	<u>78,254</u>	<u>529,398</u>	<u>451,115</u>
Less commissions				
On-line games	375	361	2,174	1,776
Instant games	1,064	748	4,972	4,438
Racetrack video lottery	20,026	14,534	109,502	88,675
Limited video lottery	18,924	16,040	99,037	90,598
Table games	1,476	838	6,556	4,201
Historic resort	334	316	1,874	1,687
	<u>42,199</u>	<u>32,837</u>	<u>224,115</u>	<u>191,375</u>
Less on-line prizes	2,736	2,829	16,346	12,968
Less instant prizes	10,343	7,263	48,356	42,967
Less ticket costs	228	99	778	610
Less vendor fees and costs	796	646	4,393	3,840
	<u>14,103</u>	<u>10,837</u>	<u>69,873</u>	<u>60,385</u>
Gross profit	<u>45,169</u>	<u>34,580</u>	<u>235,410</u>	<u>199,355</u>
Administrative expenses				
Advertising and promotions	232	314	2,540	1,928
Wages and related benefits	829	878	4,308	4,313
Telecommunications	46	28	326	249
Contractual and professional	960	484	1,596	2,444
Rental	17	19	105	80
Depreciation and amortization	138	138	691	691
Other administrative expenses	194	56	986	614
	<u>2,416</u>	<u>1,917</u>	<u>10,552</u>	<u>10,319</u>
Other Operating Income	<u>181</u>	<u>130</u>	<u>2,179</u>	<u>3,822</u>
Operating Income	<u>42,934</u>	<u>32,793</u>	<u>227,037</u>	<u>192,858</u>
Nonoperating income (expense)				
Investment income	(34)	143	(53)	459
Distributions to municipalities and counties	(757)	(641)	(3,962)	(3,624)
Distributions -capital reinvestment	(29)	(21)	(151)	(106)
Distributions to the State of West Virginia	(42,114)	(32,274)	(222,871)	(189,587)
	<u>(42,934)</u>	<u>(32,793)</u>	<u>(227,037)</u>	<u>(192,858)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>57,032</u>	<u>55,589</u>	<u>57,032</u>	<u>55,589</u>
Net position, end of period	<u>\$ 57,032</u>	<u>\$ 55,589</u>	<u>\$ 57,032</u>	<u>\$ 55,589</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE FIVE MONTH PERIOD ENDED NOVEMBER 30, 2021
(In Thousands)
-Unaudited-

	2022	2021
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 522,561	\$ 566,657
Cash payments for:		
Personnel costs	(4,308)	(4,313)
Suppliers	(6,126)	(5,667)
Other operating costs	(293,406)	(361,852)
Cash provided by operating activities	<u>218,721</u>	<u>194,825</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(250,096)	(228,727)
Distributions to municipalities and counties	(3,999)	(3,784)
Distributions to racetrack from racetrack cap. reinv. fund	(4,331)	(3,827)
Cash used in noncapital financing activities	<u>(258,426)</u>	<u>(236,338)</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>284</u>	<u>573</u>
Cash provided by investing activities	<u>284</u>	<u>573</u>
Increase (decrease) in cash and cash equivalents	(39,421)	(40,940)
Cash and cash equivalents - beginning of period	<u>198,583</u>	<u>132,073</u>
Cash and cash equivalents - end of period	<u>\$ 159,162</u>	<u>\$ 91,133</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 227,037	\$ 192,858
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	691	691
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(9,016)	111,720
(Increase) decrease in inventory	(108)	(397)
(Increase) decrease in other assets	20	(9)
Increase (decrease) in estimated prize claims	606	(108,179)
Increase (decrease) in accounts payable	(271)	(152)
Increase (decrease) in other accrued liabilities	(238)	(1,707)
Cash provided by operating activities	<u>\$ 218,721</u>	<u>\$ 194,825</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
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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 \$835,830 and \$813,247 at June 30, 2021 and 2020, respectively, for estimated obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. Employees fully vest in all earned but unused vacation. To the extent that accumulated sick leave is expected to be converted to benefits on termination or retirement, the Lottery participates in another postemployment benefits plan.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS

At November 30, 2021 the carrying amounts of deposits (overdraft) with financial institutions were \$492 thousand with a bank balance (overdraft) of \$585 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>November 30, 2021</u>	<u>June 30, 2021</u>
Deposits with financial institutions	\$ 492	\$ 461
Cash on hand at the Treasurer's Office	38,334	26,655
Investments with BTI reported as cash equivalents	<u>120,336</u>	<u>171,467</u>
	<u>\$ 159,162</u>	<u>\$ 198,583</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 4 – CAPITAL ASSETS

A summary of capital asset activity for the month ended November 30, 2021 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2021	Additions	Deletions	Historical Cost At November 30, 2021
Buildings	48,243	-	-	48,243
Land	1,681	-	-	1,681
Equipment	10,999	-	-	10,999
	<u>\$ 60,923</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,923</u>

Accumulated
Depreciation:

	Historical Cost At June 30, 2021	Additions	Deletions	Historical Cost At November 30, 2021
Buildings	\$ 10,165	\$ 514	\$ -	\$ 10,679
Equipment	8,338	177	-	8,515
	<u>\$ 18,503</u>	<u>\$ 691</u>	<u>\$ -</u>	<u>\$ 19,194</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 November 30, 2021 and fiscal year-to-date is as follows:

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY (continued)

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 2,205,446	\$ 13,498,654
Lotto America	335,355	1,863,631
Mega Millions	843,560	5,727,667
Total	\$ 3,384,361	\$ 21,089,952

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,107,134	\$ 6,776,461
Lotta America	167,677	931,836
Mega Millions	421,782	2,863,903
Total	\$ 1,696,593	\$ 10,572,200

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 November 30, 2021, 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	\$ 116,571,666	\$ 1,384,413
Lotto America	4,781,006	361,433
Mega Millions	93,745,481	915,930
Total	\$ 215,098,153	\$ 2,661,776

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 \$19,282,318 at November 30, 2021, of which the Lottery's share was \$1,421,892.

NOTE 6 - RACETRACK VIDEO LOTTERY

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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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 November 30, 2021 and fiscal year-to-date follows (in thousands):

	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Total credits played	\$ 418,212	\$ 307,471	\$ 2,279,883	\$ 1,841,035
Credits (prizes) won	(375,832)	(276,456)	(2,046,374)	(1,652,560)
Promotional credits played	(5,878)	(4,524)	(33,921)	(26,848)
Gross terminal income	<u>36,502</u>	<u>26,491</u>	<u>199,588</u>	<u>161,627</u>
Administrative costs	(1,460)	(1,060)	(7,984)	(6,465)
Net Terminal Income	<u>35,042</u>	<u>25,431</u>	<u>191,604</u>	<u>155,162</u>
Less distribution to agents	(20,026)	(14,534)	(109,502)	(88,675)
Racetrack video lottery revenues	<u>\$ 15,016</u>	<u>\$ 10,897</u>	<u>\$ 82,102</u>	<u>\$ 66,487</u>

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

	<u>November 30, 2021</u>	<u>Year-to-Date</u>
State Lottery Fund	\$ 10,513	\$ 57,481
State Excess Lottery Revenue Fund	4,503	24,621
Capital Reinvestment Fund	-	-
Total nonoperating distributions	<u>\$ 15,016</u>	<u>\$ 82,102</u>

NOTE 7 - LIMITED VIDEO LOTTERY

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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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 November 30, 2021 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2022	2021	2022	2021
Total credits played	\$ 507,825	\$ 424,784	\$ 2,625,046	\$ 2,387,779
Credits (prizes) won	(469,205)	(392,050)	(2,422,929)	(2,202,885)
Gross terminal income	\$ 38,620	\$ 32,734	\$ 202,117	\$ 184,894
Administrative costs	(772)	(655)	(4,042)	(3,698)
Gross Profit	37,848	32,079	198,075	181,196
Commissions	(18,924)	(16,040)	(99,037)	(90,598)
Municipalities and Counties	(757)	(641)	(3,962)	(3,624)
Limited video lottery revenues	<u>\$ 18,167</u>	<u>\$ 15,398</u>	<u>\$ 95,076</u>	<u>\$ 86,974</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 November 30, 2021 were \$9,951,219 and \$44,208,610, 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	
	2022	2021	2022	2021
Table Games Privilege Tax	\$ 3,483	\$ 1,976	\$ 15,473	\$ 9,915
Interest on Table Games Fund	-	-	1	2
Administrative costs	(299)	(169)	(1,326)	(850)
Total Available for Distribution	<u>3,184</u>	<u>1,807</u>	<u>14,148</u>	<u>9,067</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	224	127	995	637
Thoroughbred & Greyhound Development Funds	179	102	796	510
Racing Association Pension Plan	88	50	389	249
Municipalities/ Counties	<u>985</u>	<u>559</u>	<u>4,376</u>	<u>2,805</u>
Total Distributions	<u>1,476</u>	<u>838</u>	<u>6,556</u>	<u>4,201</u>
Excess Lottery Fund	<u>\$ 1,708</u>	<u>\$ 969</u>	<u>\$ 7,592</u>	<u>\$ 4,866</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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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 November 30, 2021 and fiscal year-to-date follows (in thousands):

	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Total credits played	\$ 6,365	\$ 5,933	\$ 37,052	\$ 41,024
Credits (prizes) won	(5,850)	(5,424)	(34,216)	(38,167)
Promotional credits played	(74)	(72)	(391)	(599)
Gross terminal income	<u>441</u>	<u>437</u>	<u>2,445</u>	<u>2,258</u>
Capital reinvestment	(21)	(21)	(115)	(106)
Excess Lottery Fund	(4)	(3)	(22)	(20)
Administrative costs	(24)	(24)	(132)	(122)
Hotel commissions	(186)	(185)	(1,034)	(955)
Net terminal income	<u>206</u>	<u>204</u>	<u>1,142</u>	<u>1,055</u>
Historic Resort Hotel Fund	131	130	726	671
Human Resource Benefit Fund	75	74	416	384

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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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 November 30, 2021 were \$643,197 and \$3,766,732 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Table games privilege tax	\$ 225	\$ 157	\$ 1,318	\$ 1,033
Administrative Costs	<u>(29)</u>	<u>(20)</u>	<u>(169)</u>	<u>(133)</u>
Total Available for Distribution	196	137	1,149	900
Historic Resort Hotel Fund	164	114	961	752
Human Resource Benefit Fund	32	23	188	148

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	\$ 131	\$ 726
Historic Resort Table Games	164	961
Interest on Historic Resort Hotel Fund	<u>-</u>	<u>-</u>
Historic Resort Hotel Fund Net Income	295	1,687
Municipalities/ Counties	41	236
Excess Lottery Fund	254	1,451
Total Distributions	<u>\$ 295</u>	<u>\$ 1,687</u>

WEST VIRGINIA LOTTERY
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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 November 30, 2021 were \$6,843,302 and \$20,991,349, 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	
	2022	2021	2022	2021
Sports Wagering Privilege Tax	\$ 684	\$ 459	\$ 2,099	\$ 1,648
Interest on Sports Waging Fund	-	-	-	-
Administrative Costs	(102)	(69)	(315)	(247)
Total Available for Distribution	582	390	1,784	1,401

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 11– INTERACTIVE WAGERING

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

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

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

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

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

The Interactive Wagering adjusted gross interactive gaming receipts for the month and year-to-date periods ended November 30, 2021 were \$6,503,040 and \$29,075,650 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	
	2022	2021	2022	2021
Interactive Wagering Privilege Tax	\$ 975	\$ 339	\$ 4,361	\$ 1,027
Interest on Interactive Wagering Fund	-	-	-	-
Administrative Costs	(146)	(51)	(654)	(154)
Total Available for Distribution	<u>829</u>	<u>288</u>	<u>3,707</u>	<u>873</u>

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

	Current Month	Year-to-Date
Pensions	8	37
Lottery Fund	821	3,670
Total Distributions	<u>\$ 829</u>	<u>\$ 3,707</u>

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, 2022 the State Legislature budgeted \$125,422,650 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 \$6,539,201 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 November 30, 2021 the Lottery has accrued additional distributions of \$139,716,809. 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>November 30, 2021</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 2,497
Bureau of Senior Services	6,484	59,003
Department of Education	2,075	13,524
Library Commission	1,664	10,846
Higher Education-Policy Commission	1,048	6,840
Tourism	973	6,341
General Revenue		
Natural Resources	498	3,244
Division of Culture & History	617	4,016
Economic Development Authority	1,000	4,998
School Building Authority	1,800	9,000
Total State Lottery Fund	<u>\$ 16,659</u>	<u>\$ 120,309</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 2,101	\$ 10,510
Higher Education Improvement Fund	1,500	7,500
General Purpose Account	6,432	25,684
Higher Education Improvement Fund	2,870	11,459
State Park Improvement Fund	149	594
School Building Authority	1,898	9,493
Refundable Credit		558
WV Racing Commission	198	1,590
WV Department of Health and Human Resources		
Teacher's Retirement Savings		
Division of Human Services		17,000
WV Lottery Statutory Transfers	6,039	24,112
Economic Development Authority	439	2,196
General Revenue Fund		
Office of Technology		
Excess Lottery Surplus		
West Va. Infrastructure Council	4,559	18,809
Total State Excess Lottery Revenue Fund	<u>\$ 26,185</u>	<u>\$ 129,505</u>
Total Budgetary distributions:	<u>\$ 42,844</u>	<u>\$ 249,814</u>
Veterans Instant Ticket Fund	\$ 46	\$ 282
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 42,890	\$ 250,096
Accrued nonoperating distributions, beginning	(140,493)	(166,942)
Accrued nonoperating distributions, end	<u>139,717</u>	<u>139,717</u>
	<u>\$ 42,114</u>	<u>\$ 222,871</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 13 – LEASES

The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. The Lottery also leases various office equipment under agreements considered to be cancellable operating leases. Rental expense for the fiscal year-to-date ended November 30, 2021 and November 30, 2020 approximated \$104,462 and \$79,903 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 November 30, 2021 and November 30, 2020 approximated \$445,538 and \$450,171 respectively.

NOTE 14 – COMMITMENTS

For the years ended June 30, 2021 and 2020 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2021 and 2020, \$7,612,621 and \$8,073,287, 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 November 30, 2021 and fiscal year-to-date are as follows (in thousands):

	November 30, 2021	Year-to-Date
Employee contributions	\$ 29	\$ 167
Lottery contributions	60	350
Total contributions	\$ 89	\$ 517

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 FIVE MONTH PERIOD ENDED NOVEMBER 30, 2021
 (In Thousands)**

	Current Month		FISCAL YEAR	
	Actual	Projected	Actual	Projected
Gross Revenues				
Instant games	15,208	7,500	71,030	37,500
On-line games	5,333	5,033	30,967	25,166
Racetrack video lottery	36,502	36,838	199,588	191,001
Limited video lottery	38,620	27,851	202,117	141,495
Racetrack table games	3,483	2,395	15,473	12,246
Historic resort	666	395	3,763	2,028
Sports wagering	684	208	2,099	1,041
Interactive wagering	975	-	4,361	-
Total gross revenues	<u>101,471</u>	<u>80,220</u>	<u>529,398</u>	<u>410,477</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,640	871	7,524	4,353
On-line games	1,479	1,444	8,130	7,222
Racetrack Video Lottery	10,514	10,609	57,489	55,008
Sports wagering	582	177	1,785	885
Interactive wagering	821	-	3,671	-
Total Lottery Fund net revenues	<u>15,036</u>	<u>13,101</u>	<u>78,599</u>	<u>67,468</u>
Excess Lottery Fund				
Racetrack Video Lottery	4,503	4,546	24,623	23,561
Limited Video Lottery	18,130	13,101	95,005	66,559
Limited Video Lottery Fees	8	-	1,077	-
Racetrack table games	1,709	1,175	7,591	6,007
Historic resort	258	159	1,473	794
Total Excess Lottery Fund Net Revenues	<u>24,608</u>	<u>18,981</u>	<u>129,769</u>	<u>96,921</u>
Total Net Revenues	<u>39,644</u>	<u>32,082</u>	<u>208,368</u>	<u>164,389</u>

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: December 21, 2021

Re: Status of General Revenue Fund and State Road Fund as of
November 30, 2021 (FY 22)

We have read the cash flow of the West Virginia general revenue fund as of November 30, 2021 which is the fifth month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 115% of the estimate for the fiscal year. Total collections were \$269.4 million above the estimate for the fiscal year.

Personal Income Tax collections were \$90.6 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$45.3 million above the estimate for the year.

Severance Tax was \$86.4 million above the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$43.5 million above the estimate for the fiscal year.

State Road Fund

The state road fund collections were 97% of the estimate for the fiscal year. Total collections were \$12 million below the estimate for the fiscal year.

Rainy Day and Personal Income Tax Reserve

Revenue Shortfall Reserve **Fund A** (Rainy Day Fund) had a cash balance of \$463,162,483.82 as of November 30, 2021.

Balance July 1, 2021	\$441,663,052.88
*Loan-General Revenue Fund 7-1-21	(68,500,000.00)
Loan payback 9-17-21	68,500,000.00
Fiscal year 21 Surplus	15,401,416.45
6-24-21 Special Session appropriation	50,000,000.00
Earnings/(Loss)	(43,901,985.51)
Balance November 30, 2021	\$463,162,483.82

*\$68.5 million loan to state General Revenue Fund 7/1/2021 for beginning of the year cash flow, to be repaid within 90 days. Loan was repaid 9-17-21.

Revenue Shortfall Reserve **Fund B** (Tobacco Settlement Monies) had a cash balance of \$564,689,773.93 as of November 30, 2021.

Balance July 1, 2021	\$553,481,351.13
Earnings	11,208,422.80
Balance November 30, 2021	\$564,689,773.93

The **Personal Income Tax Reserve** Fund had a \$11,000,000.00 cash balance as of November 30, 2021.

Balance July 1, 2021	\$11,000,000.00
Balance November 30, 2021	\$11,000,000.00

**STATE OF WEST VIRGINIA
COMPARISON OF REVENUE
NOVEMBER 2020 vs NOVEMBER 2021**

GENERAL REVENUE FUND

	Actual Collections November 2020	Actual Collections November 2021	Actual Collections 5 Months Jul-Nov 2020	Actual Collections 5 Months Jul-Nov 2021	YTD \$ Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Personal Income Tax	\$ 149,830,002	\$ 169,796,890	\$ 923,821,967	\$ 854,871,016	\$ (68,950,951)	-7%
Consumer Sales Tax & Use Tax	133,611,445	149,223,423	591,635,562	633,349,462	41,713,900	7%
Severance Tax	21,020,291	75,353,154	54,210,003	191,617,796	137,407,793	253%
Corporate Net Income Tax	2,144,437	6,838,109	118,647,118	93,707,842	(24,939,276)	-21%
Insurance Tax	482,119	360,309	58,380,957	60,346,969	1,966,011	3%
Tobacco Products Tax	12,576,403	13,050,951	72,432,534	71,267,918	(1,164,617)	-2%
Business and Occupation	8,784,126	8,775,621	50,994,793	41,620,034	(9,374,759)	-18%
Liquor Profit Transfers	1,524,400	2,007,758	9,143,827	11,709,870	2,566,043	28%
Departmental Collections	1,336,573	1,403,224	6,990,512	7,465,865	475,353	7%
Property Transfer Tax	1,434,135	1,402,649	6,634,837	8,058,070	1,423,233	21%
Property Tax	375,796	446,949	4,669,624	4,700,848	31,224	1%
Beer Tax and Licenses	528,337	609,717	3,348,449	3,126,391	(222,058)	-7%
Miscellaneous Transfers	-	268,655	339,794	997,125	657,331	193%
Interest Income	1,132,243	(711,950)	7,152,526	197,056	(6,955,470)	-97%
Refundable Credit Reimb Liability	-	-	1,188,177	557,719	(630,458.00)	0%
HB 102 - Lottery Transfers	5,472,177	6,432,250	22,100,337	25,684,268	3,583,930.47	0%
Miscellaneous	2,189,871	232,529	4,957,022	973,548	(3,983,474)	-80%
Business Franchise Fees	42,165	35,425	304,534	422,296	117,761	39%
Estate & Inheritance Tax	-	-	-	-	-	0%
Liquor License Renewal	-	45,151	269,050	337,986	68,936	0%
Special Revenue Transfers	-	-	-	-	-	0%
Charter Tax	819	812	6,153	(197)	(6,350)	-103%
Video Lottery Transfers	9,927	-	50,432	-	(50,432)	-100%
July-Dec Retro Rev Adj	-	-	-	112,986	112,986.19	0%
Cash Flow Transfer	-	-	-	-	-	0%
SUBTOTALS	\$ 342,495,269	\$ 435,571,626	\$ 1,937,278,211	\$ 2,011,124,868	\$ 73,846,657	
Less: Cash Flow Transfer	-	-	-	-	-	
Less: Special Revenue Transfer	-	-	-	-	-	
TOTALS	\$ 342,495,269	\$ 435,571,626	\$ 1,937,278,211	\$ 2,011,124,868	\$ 73,846,657	
 Increase/Decrease over Prior Period		\$ 93,076,357		\$ 73,846,657		
 % Increase/Decrease over Prior Period		27%		4%		

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
December 20, 2021

**STATE OF WEST VIRGINIA
REVENUE COLLECTIONS
FISCAL YEAR 2022
as of November 30, 2021**

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	\$ 149,100,000	\$ 169,796,890	\$ 20,696,890	\$ 764,300,000	\$ 854,871,016	\$ 90,571,016	112%
Consumer Sales Tax & Use Tax	130,700,000	149,223,423	18,523,423	588,000,000	633,349,462	45,349,462	108%
Severance Tax	32,900,000	75,353,154	42,453,154	105,200,000	191,617,796	86,417,796	182%
Corporate Net Income Tax	1,500,000	6,838,109	5,338,109	50,200,000	93,707,842	43,507,842	187%
Insurance Tax	400,000	360,309	(39,691)	57,220,000	60,346,969	3,126,969	105%
Tobacco Products Tax	13,700,000	13,050,951	(649,049)	70,600,000	71,267,918	667,918	101%
Business and Occupation	7,300,000	8,775,621	1,475,621	44,800,000	41,620,034	(3,179,966)	93%
Liquor Profit Transfers	2,000,000	2,007,758	7,758	11,000,000	11,709,870	709,870	106%
Departmental Collections	1,330,000	1,403,224	73,224	6,930,000	7,465,865	535,865	108%
Property Transfer Tax	1,300,000	1,402,649	102,649	6,200,000	8,058,070	1,858,070	130%
Property Tax	450,000	446,949	(3,051)	4,540,000	4,700,848	160,848	104%
Beer Tax and Licenses	530,000	609,717	79,717	3,110,000	3,126,391	16,391	101%
Miscellaneous Transfers	20,000	268,655	248,655	1,260,000	997,125	(262,875)	79%
Interest Income	400,000	(711,950)	(1,111,950)	2,100,000	197,056	(1,902,944)	9%
Refundable Credit Reimb Liability	-	-	-	500,000	557,719	57,719	0%
HB 102 - Lottery Transfers	5,500,000	6,432,250	932,250	22,000,000	25,684,268	3,684,268	0%
Miscellaneous	320,000	232,529	(87,471)	3,110,000	973,548	(2,136,452)	31%
Business Franchise Fees	50,000	35,425	(14,575)	283,000	422,296	139,296	149%
Estate & Inheritance Tax	-	-	-	-	-	-	0%
Liquor License Renewal	45,000	45,151	151	337,000	337,986	986	100%
Special Revenue Transfers	-	-	-	-	-	-	0%
Charter Tax	-	812	812	-	(197)	(197)	0%
Telecommunications Tax	-	-	-	-	-	-	0%
Video Lottery Transfers	-	-	-	-	112,986	112,986	0%
July-Dec Retro Rev Adj	-	-	-	-	-	-	0%
Cash Flow Transfer	-	-	-	-	-	-	0%
SUBTOTALS	\$ 347,545,000	\$ 435,571,626	\$ 88,026,626	\$ 1,741,690,000	\$ 2,011,124,868	\$ 269,434,868	
Less: Cash Flow Transfer	-	-	-	-	-	-	
Less: Special Revenue Transfer	-	-	-	-	-	-	
TOTALS	\$ 347,545,000	\$ 435,571,626	\$ 88,026,626	\$ 1,741,690,000	\$ 2,011,124,868	\$ 269,434,868	
Percent of Estimates		125%			115%		
Collections this day		\$ 37,322,599					

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

December 01, 2021

**STATE OF WEST VIRGINIA
REVENUE COLLECTIONS
FISCAL YEAR 2022
as of November 30, 2021**

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	\$ 42,200,000	\$ 39,629,795	\$ (2,570,205)	\$ 180,600,000	\$ 183,014,497	\$ 2,414,497	101%
Sales/Privilege Tax	19,659,000	24,010,785	4,351,785	112,336,000	132,723,417	20,387,417	118%
Licenses & Registration	14,013,000	8,112,124	(5,900,876)	70,343,000	56,525,951	(13,817,049)	80%
Miscellaneous	6,000,000	174,735	(5,825,265)	26,000,000	4,895,400	(21,104,600)	19%
Highway Litter Control	68,000	105,900	37,900	572,000	718,163	146,163	126%
Federal Reimbursement	58,000,000	36,905,343	(21,094,657)	260,000,000	213,870,452	(46,129,548)	82%
SUBTOTALS	\$ 139,940,000	\$ 108,938,683	\$ (31,001,317)	\$ 649,851,000	\$ 591,747,880	\$ (58,103,120)	
Less: Federal Reimbursement	58,000,000	36,905,343	(21,094,657)	260,000,000	213,870,452	(46,129,548)	
TOTALS	\$ 81,940,000	\$ 72,033,339	\$ (9,906,661)	\$ 389,851,000	\$ 377,877,428	\$ (11,973,572)	

Percent of Estimates

88%

97%

Collections this day

\$ 15,322,694

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of November 30, 2021 : \$ 463,162,483.42

\$68.5 million loan to General Revenue fund 7/1/21 for beginning of the year cash flow, to be repaid within 90 days.

Loan was repaid 9-17-21

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of November 30, 2021: \$ 564,689,773.93

SPECIAL INCOME TAX REFUND RESERVE FUND as of November 30, 2021: \$11,000,000.00

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

December 01, 2021

**STATE OF WEST VIRGINIA
COMPARISON OF REVENUE
NOVEMBER 2020 vs NOVEMBER 2021**

STATE ROAD FUND

	Actual Collections November 2020	Actual Collections November 2021	Actual Collections 5 Months Jul-Nov 2020	Actual Collections 5 months Jul-Nov 2021	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Gasoline & Motor Carrier Rd Tax	\$ 37,304,005	\$ 39,629,795	\$ 170,673,389	\$ 183,014,497	\$ 12,341,108	7%
Privilege Tax	19,884,191	24,010,785	127,831,755	132,723,417	4,891,663	4%
Licenses & Registration	10,625,550	8,112,124	59,885,625	56,525,951	(3,359,674)	-6%
Miscellaneous	333,943	174,735	51,396,190	4,895,400	(46,500,790)	-90%
Highway Litter Control	261,003	105,900	947,791	718,163	(229,628)	-24%
Federal Reimbursement	27,090,181	36,905,343	147,282,440	213,870,452	66,588,012	45%
SUBTOTALS	<u>\$ 95,498,871</u>	<u>\$ 108,938,683</u>	<u>\$ 558,017,189</u>	<u>\$ 591,747,880</u>	<u>\$ 33,730,691</u>	
Less: Federal Reimbursement	27,090,181	36,905,343	147,282,440	213,870,452	66,588,012	
TOTALS	<u>\$ 68,408,690</u>	<u>\$ 72,033,339</u>	<u>\$ 410,734,749</u>	<u>\$ 377,877,428</u>	<u>\$ (32,857,321)</u>	
 Increase/Decrease over Prior Period		\$ 3,624,649		\$ (32,857,321)		
 % Increase/Decrease over Prior Period		5%		-8%		

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
December 20, 2021

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: December 28, 2021

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the November 30, 2021 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of November 30, 2021 of fiscal year 2021-2022, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2021	\$ 79,633,106.11
Receipts July 1,2021 thru June 30, 2022	\$ 795,102,309.19
Disbursements July 1, 2021 thru June 30, 2022	\$ 546,288,472.64
Balance November 30, 2021	\$ 328,446,942.66

ITEMS OF NOTE:

Regular benefits paid for July - November 2021 were \$ 52.6 million more than July - November 2020.

Federal emergency benefits totaled negative \$(5098) for July - November 2021. For July - November 2020, federal emergency benefits totaled negative \$(2645).

Total disbursements were \$351.5 million less in July - November 2021 than the preceding July - November 2020.

Receipts as of July - November 2021, were \$114 million less than in July - November 2020. Overall ending trust fund balance was \$308.6 million higher on November 30, 2021 than on November 30, 2020.

Seasonally adjusted unemployment rates for November 2021 were 4.0 percent for West Virginia and 4.2 percent nationally.

Since November 2020, employment has increased by 17,800. Employment increases included 5,300 in leisure and hospitality, 4,800 in trade, transportation and utilities, 2,000 in professional and business services, 1,800 in government, 1,700 in construction, 1,600 in manufacturing, 1,600 in mining and logging, and 600 in other services. Employment declines included 800 in educational and health services, 600 in financial activities and 200 in information.

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING SEPTEMBER 2020 AND SEPTEMBER 2021**

	SEPTEMBER 2020	OCTOBER 2020	NOVEMBER 2020	SEPTEMBER 2021	OCTOBER 2021	NOVEMBER 2021	THREE MONTH TOTAL VARIANCE *	
Balance Forward	<u>(\$12,608,708.22)</u>	<u>\$16,355,484.00</u>	<u>\$23,131,966.04</u>	<u>\$102,028,153.60</u>	<u>\$317,033,613.41</u>	<u>\$321,809,262.05</u>	<u>\$713,992,287.24</u>	
Add Receipts:								
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1. Bond Assessment
2. Regular Contributions:	\$3,883,159.83	\$10,861,567.94	\$18,462,077.77	\$1,998,882.59	\$8,487,147.80	\$15,675,124.97	(\$7,045,650.18)	2. Regular Contributions:
3. Federal Emergency Benefits (PEUC)	\$7,486,766.02	\$14,220,728.60	\$19,003,880.52	\$321,778.23	\$130,319.55	\$76,413.64	(\$40,182,863.72)	3. Federal Emergency Benefits (PEUC)
4. Federal Share Extended Benefits (EB)	\$2,770,895.81	\$2,518,317.44	\$2,905,197.91	\$42,036.71	\$218.00	\$1,224.00	(\$8,150,932.45)	4. Federal Share Extended Benefits (EB)
5. Federal Additional Compensation - FPUC	\$23,939,628.62	\$7,964,831.98	\$3,953,246.71	\$1,718,102.64	\$652,424.75	\$66,062.92	(\$33,421,117.00)	5. Federal Additional Compensation - FPUC
6. Pandemic Unemployment Assistance PUA	\$13,988,061.58	\$7,393,071.00	\$6,185,135.00	\$210,549.00	\$46,952.00	\$3,327.00	(\$27,305,439.58)	6. Pandemic Unemployment Assistance PUA
7. UCFE (Federal Agencies)	\$0.00	\$0.00	\$0.00	\$92,270.78	\$47,241.20	\$54,657.34	\$194,169.32	7. UCFE (Federal Agencies)
8. TSFR From Non-Invstd FUA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	8. TSFR From Non-Invstd FUA
9. EUISAA - EMER US RELIEF	\$1,355,000.00	\$1,145,648.00	\$831,311.00	\$473,469.00	\$460,844.00	\$17,547,465.66	\$15,149,819.66	9. EUISAA - EMER US RELIEF
10. Treasury Interest Credits	\$113,362.54	(\$107,631.28)	\$0.00	\$583,614.11	(\$227,160.07)	\$0.00	\$350,722.78	10. Treasury Interest Credits
11. UCX (Military Agencies)	\$88,852.87	\$89,165.76	\$77,078.90	\$31,124.13	\$34,341.64	\$32,848.34	(\$156,783.42)	11. UCX (Military Agencies)
12. Temporary Compensation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	12. Temporary Compensation
13. BT to State UI Account	\$0.00	\$0.00	\$0.00	\$220,559,606.30	\$0.00	\$0.00	\$220,559,606.30	13. BT to State UI Account
14. UI Modernization	\$91,019.42	\$62,011.06	\$126,412.72	\$0.00	\$0.00	\$0.00	(\$279,443.20)	14. UI Modernization
15. Loan Advance	\$34,451,666.42	\$21,962,071.38	\$2,489,704.01	\$0.00	\$0.00	\$0.00	(\$58,903,441.81)	15. Loan Advance
Total Monthly Receipts	<u>\$151,935,458.73</u>	<u>\$121,691,554.26</u>	<u>\$120,311,579.59</u>	<u>\$236,522,852.00</u>	<u>\$23,642,721.99</u>	<u>\$57,549,198.02</u>	<u>\$60,808,646.70</u>	Total Monthly Receipts
Less Disbursements:								
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	Debt Bond Repayment
Regular Benefits:	\$36,651,782.41	28,424,000.39	\$23,288,977.11	\$8,765,352.19	\$7,303,194.29	\$26,048,905.83	(\$25,174,881.57)	Regular Benefits:
Federal Emergency Compensation - PEUC	\$7,326,213.70	\$14,224,984.83	\$19,848,003.96	\$173,063.31	\$128,955.54	\$69,845.67	(\$24,159,088.49)	PEUC
Federal Additional Compensation - FPUC	\$5,612,725.20	\$5,987,356.85	\$3,794,990.35	\$1,486,197.16	(\$2,029,362.00)	\$577,631.03	(\$11,565,615.86)	FPUC
Pandemic Unemployment Assistance PUA	\$6,295,694.58	\$7,244,406.00	\$7,140,923.00	\$200,694.00	(\$626,281.13)	\$41,321.00	(\$13,924,366.71)	PUA
Federal Emergency Benefits (EUC08)	(\$150.00)	(\$910.00)	(\$30.00)	(\$100.00)	(\$125.00)	(\$4,848.00)	(\$136,793.60)	Federal Emergency Benefits (EUC08)
Federal Extended - 2112	\$2,713,454.99	\$2,497,650.76	\$2,979,754.48	(\$20,341.00)	\$218.00	\$1,224.00	(\$5,230,004.75)	Federal Extended - 2112
Emergency Benefits (TEUC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$21,432.03)	Emergency Benefits (TEUC)
UCFE (Federal Workers) Benefits	\$90,937.01	\$69,916.61	\$132,780.60	\$94,449.79	\$51,747.19	\$51,893.17	\$37,236.53	UCFE (Federal Workers) Benefits
UCX (Military Workers) Benefits	\$88,728.91	\$98,618.35	\$77,435.29	\$39,270.27	\$28,333.34	\$33,470.55	(\$123,689,517.94)	UCX (Military Workers) Benefits
Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Reed Act Funds
EUISAA Title IX	\$424,834.09	\$787,276.05	\$62,875.00	\$287,387.96	\$0.00	\$0.00	(\$20,765,022.97)	EUISAA Title IX
Total Monthly Disbursements	<u>\$122,971,266.51</u>	<u>\$114,915,072.22</u>	<u>\$123,603,244.84</u>	<u>\$21,517,392.20</u>	<u>\$18,867,073.35</u>	<u>\$50,911,517.40</u>	<u>(\$224,629,487.39)</u>	Total Monthly Disbursements
Trust Fund Balance	<u>\$16,355,484.00</u>	<u>\$23,131,966.04</u>	<u>\$19,840,300.79</u>	<u>\$317,033,613.41</u>	<u>\$321,809,262.05</u>	<u>\$328,446,942.67</u>	<u>\$999,430,421.33</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	<u>50.00</u>

**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.

UC TRUST FUND ACTUAL – 2021

Month	Receipts	Disbursements	Trust Fund Balance
2020			
Balance 1/1/2020			\$ 191,802,022
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	\$ 254,628,576	\$ 280,291,428	\$ 108,433,438
May	\$ 501,990,833	\$ 609,424,785	\$ 999,486
June	\$ 407,289,482	\$ 399,999,484	\$ 8,289,484
July	\$ 310,154,605	\$ 293,185,225	\$ 25,258,864
August	\$ 128,416,645	\$ 165,111,304	\$ (11,435,795)
September	\$ 99,198,241	\$ 71,775,296	\$ 15,987,150
October	\$ 72,249,659	\$ 65,457,768	\$ 22,779,041
November	\$ 90,121,076	\$ 92,585,739	\$ 20,314,378
December	\$ 53,179,447	\$ 49,949,488	\$ 23,544,337
Totals - 2020	\$ 1,941,769,538	\$ 2,110,027,223	\$ 23,544,337
2021			
January	\$ 95,188,576	\$ 108,717,538	\$ 10,015,373
February	\$ 133,688,137	\$ 138,034,358	\$ 5,649,152
March	\$ 115,410,886	\$ 104,337,623	\$ 16,722,416
April	\$ 218,662,207	\$ 168,209,884	\$ 67,174,738
May	\$ 158,261,915	\$ 149,664,548	\$ 79,937,020
June	\$ 97,054,348	\$ 98,146,445	\$ 78,844,923
July	\$ 47,555,707	\$ 38,271,882	\$ 88,128,748
August	\$ 429,831,829	\$ 416,716,670	\$ 102,018,654
September	\$ 236,522,852	\$ 21,517,392	\$ 317,033,613
October	\$ 23,642,722	\$ 18,867,073	\$ 321,809,262
November	\$ 57,549,198	\$ 50,911,517	\$ 328,446,942
December	\$	\$	\$
Totals - 2021	\$ 95,188,576	\$ 108,717,538	\$ 10,015,373

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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FOR RELEASE: December 14, 2021

Contact: Andy Malinoski

Andy.E.Malinoski@wv.gov

304-957-9318

State Unemployment Rate Drops to 4.0 Percent in November

West Virginia's seasonally adjusted unemployment rate dropped three-tenths of a percentage point to 4.0 percent in November 2021, becoming the lowest seasonally adjusted unemployment rate for the state on record. The number of unemployed state residents decreased by 2,800 to 34,400. Total employment grew by 1,700 over the month. The national unemployment rate declined four-tenths of a percentage point to 4.2 percent in November 2021, continuing the trend of the lowest seasonally adjusted unemployment rates for the nation since the onset of the pandemic.

Total nonfarm payroll employment increased 600 in November, the gain solely in the service-providing sector. Employment in the goods-producing sector was unchanged over the month.

Within the goods producing sector, declines of 200 in mining and logging and 200 in construction offset an increase of 400 in manufacturing. Within the service-providing sector, employment gains included 700 in trade, transportation, and utilities, 500 in professional and business services, 200 in leisure and hospitality, and 100 in other services. Employment declines included 400 in education and health services, 300 in government, and 200 in finance and insurance. Employment in information services was unchanged over the month.

Since November 2020, total nonfarm payroll employment has increased by 17,800. Employment gains included 5,300 in leisure and hospitality, 4,800 in trade, transportation, and utilities, 2,000 in professional and business services, 1,800 in government, 1,700 in construction, 1,600 in mining and logging, 1,600 in manufacturing, and 600 in other services. Employment declines over the year included 800 in education and health services, 600 in financial activities, and 200 in information.

West Virginia's not seasonally adjusted unemployment rate declined three-tenths of a percentage point to 2.6 percent, becoming the lowest not seasonally adjusted unemployment rate on record for the state.

WEST VIRGINIA
(In Thousands - Seasonally Adjusted)
November 2021

	Prelim. Nov 2021	Revised Oct 2021	Revised Nov 2020	Change from:	
				Oct 2021	Nov 2020
Civilian Labor Force	791.0	792.0	795.1	-1.0	-4.1
Total Employment	759.3	757.6	739.1	1.7	20.2
Total Unemployment	31.6	34.4	56.0	-2.8	-24.4
Unemployment Rate	4.0	4.3	7.0	xx	xx
NONFARM PAYROLL EMPLOYMENT BY INDUSTRY					
Total Nonfarm	692.9	692.3	675.1	0.6	17.8
Total Private	544.4	543.5	528.4	0.9	16.0
Goods Producing	97.5	97.5	92.6	0.0	4.9
Mining and Logging	19.7	19.9	18.1	-0.2	1.6
Construction	31.8	32.0	30.1	-0.2	1.7
Manufacturing	46.0	45.6	44.4	0.4	1.6
Durable Goods	27.3	27.1	25.4	0.2	1.9
Non-Durable Goods	18.7	18.5	19.0	0.2	-0.3
Service-Providing	595.4	594.8	582.5	0.6	12.9
Private Service-Providing	446.9	446.0	435.8	0.9	11.1
Trade, Transportation, and Utilities	125.4	124.7	120.6	0.7	4.8
Wholesale Trade	19.7	19.3	18.9	0.4	0.8
Retail Trade	79.9	79.3	77.9	0.6	2.0
Transportation, Warehousing, and Utilities	25.8	26.1	23.8	-0.3	2.0
Information	7.0	7.0	7.2	0.0	-0.2
Financial Activities	28.9	29.1	29.5	-0.2	-0.6
Finance and Insurance	22.5	22.7	23.0	-0.2	-0.5
Real Estate and Rental and Leasing	6.4	6.4	6.5	0.0	-0.1
Professional and Business Services	67.4	66.9	65.4	0.5	2.0
Professional, Scientific & Technical Services	26.1	26.1	26.0	0.0	0.1
Administrative and Support and Waste Mgmt	33.7	33.2	31.8	0.5	1.9
Educational and Health Service	126.9	127.3	127.7	-0.4	-0.8
Educational Services	7.5	7.5	7.1	0.0	0.4
Health Care and Social Assistance	119.4	119.8	120.6	-0.4	-1.2
Leisure and Hospitality	69.4	69.2	64.1	0.2	5.3
Arts, Entertainment, and Recreation	7.7	8.0	7.5	-0.3	0.2
Accommodation and Food Service	61.7	61.2	56.6	0.5	5.1
Other Services	21.9	21.8	21.3	0.1	0.6
Government	148.5	148.8	146.7	-0.3	1.8
Federal Government	25.5	25.5	25.0	0.0	0.5
State Government	46.5	46.6	45.6	-0.1	0.9
Local Government	76.5	76.7	76.1	-0.2	0.4

**West Virginia Labor Force Statistics by Calendar Year
Seasonally Adjusted**

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	796,500	796,100	795,700	796,000	794,700	793,500	793,100	792,700	793,100	792,000	791,000		
Employment	744,900	746,400	748,400	750,100	750,900	751,500	753,100	754,600	756,400	757,600	759,300		
Unemployment Rate	6.5	6.2	5.9	5.8	5.5	5.3	5.0	4.8	4.6	4.3	4.0		
2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	805,300	805,700	805,700	768,200	780,900	784,600	787,400	789,500	791,400	793,300	795,100	796,600	792,200
Employment	765,000	764,300	763,100	648,700	688,100	701,900	713,100	722,100	729,100	734,500	739,100	742,900	726,000
Unemployment Rate	5.0	5.1	5.3	15.6	11.9	10.5	9.4	8.5	7.9	7.4	7.0	6.7	8.3
2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	795,100	794,500	794,000	794,100	795,000	796,500	798,300	800,000	801,600	803,000	803,900	804,700	798,300
Employment	755,000	755,000	755,200	755,900	757,000	758,300	759,500	760,600	761,800	763,300	764,500	765,000	759,000
Unemployment Rate	5.0	5.0	4.9	4.8	4.8	4.8	4.9	4.9	5.0	4.9	4.9	4.9	4.9
2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	787,700	789,300	791,300	793,100	794,200	794,800	794,900	794,900	794,900	795,100	795,400	795,400	793,400
Employment	744,900	746,300	748,400	750,600	752,300	753,500	754,300	754,700	755,000	755,000	755,000	755,000	752,200
Unemployment Rate	5.4	5.4	5.4	5.4	5.3	5.2	5.1	5.0	5.0	5.0	5.1	5.1	5.2
2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	781,300	780,800	780,600	780,800	781,500	782,700	784,200	785,500	786,300	786,700	786,800	787,000	783,800
Employment	738,900	739,800	740,600	741,200	742,100	743,000	743,900	744,500	744,800	744,800	744,500	744,400	742,700
Unemployment Rate	5.4	5.3	5.1	5.1	5.0	5.1	5.1	5.2	5.3	5.3	5.4	5.4	5.2
2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	789,400	789,400	788,800	787,500	785,900	784,600	783,600	783,000	782,600	782,300	782,000	781,700	785,100
Employment	739,200	739,300	739,000	738,300	737,300	736,300	735,600	735,300	735,400	735,800	736,700	737,800	737,200
Unemployment Rate	6.4	6.3	6.3	6.2	6.2	6.2	6.1	6.1	6.0	5.9	5.8	5.6	6.1
2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	793,800	793,600	793,800	794,000	794,000	793,300	792,000	790,400	789,000	788,300	788,300	788,800	791,500
Employment	742,900	741,800	740,900	740,200	739,800	739,300	738,700	738,200	737,900	737,900	738,200	738,700	739,500
Unemployment Rate	6.4	6.5	6.7	6.8	6.8	6.8	6.7	6.6	6.5	6.4	6.4	6.4	6.6
2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	797,600	797,900	797,800	797,100	796,000	795,000	794,400	794,300	794,500	794,700	794,600	794,200	795,700
Employment	743,700	744,300	744,600	744,400	743,900	743,400	743,200	743,300	743,700	744,100	744,200	743,800	744,000
Unemployment Rate	6.7	6.7	6.7	6.6	6.5	6.5	6.4	6.4	6.4	6.4	6.3	6.4	6.5
2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	804,800	802,800	801,200	800,300	799,900	799,700	799,500	798,900	798,000	797,100	796,800	797,000	799,500
Employment	747,900	747,100	746,600	746,800	747,100	747,200	746,900	746,200	745,100	744,100	743,400	743,300	745,800
Unemployment Rate	7.1	6.9	6.8	6.7	6.6	6.6	6.6	6.6	6.6	6.7	6.7	6.7	6.7
2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	808,100	807,800	807,900	808,200	808,600	808,900	808,900	808,800	808,700	808,400	807,800	806,600	808,000
Employment	750,900	751,000	750,900	750,300	749,700	749,300	749,000	749,000	749,100	749,200	749,100	748,700	749,600
Unemployment Rate	7.1	7.0	7.1	7.2	7.3	7.4	7.4	7.4	7.4	7.3	7.3	7.2	7.2
2011	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	807,800	806,800	805,500	804,300	803,500	803,500	804,500	806,100	807,700	808,800	809,100	808,700	806,600
Employment	739,700	739,900	740,100	740,100	740,100	740,600	741,800	743,600	745,700	747,700	749,400	750,400	743,300
Unemployment Rate	8.4	8.3	8.1	8.0	7.9	7.8	7.8	7.8	7.7	7.5	7.4	7.2	7.8
2010	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	807,700	809,100	810,200	810,800	811,100	811,000	810,700	810,500	810,300	809,900	809,400	808,700	810,100
Employment	735,300	737,000	738,800	740,500	741,700	742,400	742,300	741,700	740,900	740,100	739,700	739,600	739,900
Unemployment Rate	9.0	8.9	8.8	8.7	8.5	8.5	8.4	8.5	8.6	8.6	8.6	8.5	8.7

**West Virginia Labor Force Statistics by Calendar Year
Not Seasonally Adjusted**

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	783,500	790,200	783,200	792,500	790,300	802,600	800,100	795,000	791,800	791,300	784,700		
Employment	727,900	735,900	735,100	747,200	751,000	761,400	763,700	761,300	766,100	768,100	764,200		
Unemployment	55,600	54,300	48,000	45,300	39,300	41,100	36,400	33,700	25,700	23,200	20,500		
Rate	7.1	6.9	6.1	5.7	5.0	5.1	4.5	4.2	3.2	2.9	2.6		
2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	799,700	805,200	795,000	763,200	786,800	795,500	794,000	793,800	794,300	794,000	792,100	792,600	792,200
Employment	754,500	758,800	745,800	644,300	690,200	715,000	718,700	728,000	736,800	743,800	740,500	735,800	726,000
Unemployment	45,200	46,300	49,200	118,900	96,600	80,500	75,300	65,800	57,500	50,100	51,600	56,700	66,100
Rate	5.6	5.8	6.2	15.6	12.3	10.1	9.5	8.3	7.2	6.3	6.5	7.2	8.3
2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	789,100	792,300	785,700	790,000	794,600	809,400	806,400	804,400	803,700	807,300	799,000	797,600	798,300
Employment	740,700	744,300	742,600	754,600	758,800	768,500	767,300	765,000	770,600	772,000	763,100	760,400	759,000
Unemployment	48,400	48,000	43,100	35,300	35,800	41,000	39,100	39,400	33,100	35,300	35,900	37,200	39,300
Rate	6.1	6.1	5.5	4.5	4.5	5.1	4.9	4.9	4.1	4.4	4.5	4.7	4.9
2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	778,500	788,200	783,400	791,100	795,600	808,400	804,000	795,400	795,900	800,100	791,200	789,600	793,400
Employment	730,800	736,500	735,500	749,200	756,900	764,200	762,700	756,100	762,100	765,100	756,600	751,400	752,200
Unemployment	47,700	51,700	47,900	42,000	38,700	44,300	41,300	39,300	33,800	35,000	34,600	38,200	41,200
Rate	6.1	6.6	6.1	5.3	4.9	5.5	5.1	4.9	4.3	4.4	4.4	4.8	5.2
2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	774,400	778,300	774,000	780,800	779,800	794,700	791,000	789,800	791,800	788,600	782,800	779,300	783,800
Employment	725,200	729,100	729,900	742,200	743,900	752,600	750,100	746,800	756,500	753,400	744,100	739,100	742,700
Unemployment	49,100	49,200	44,100	38,600	35,900	42,100	40,900	42,900	35,300	35,200	38,700	40,200	41,000
Rate	6.3	6.3	5.7	4.9	4.6	5.3	5.2	5.4	4.5	4.5	4.9	5.2	5.2
2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	782,600	787,400	782,200	786,200	788,300	796,900	789,000	785,800	784,800	786,700	778,300	773,100	785,100
Employment	726,500	728,800	727,800	737,800	742,300	746,200	741,700	737,600	741,600	744,500	739,100	732,500	737,200
Unemployment	56,100	58,500	54,400	48,400	45,900	50,700	47,300	48,300	43,200	42,200	39,300	40,600	47,900
Rate	7.2	7.4	7.0	6.2	5.8	6.4	6.0	6.1	5.5	5.4	5.0	5.2	6.1
2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	787,000	789,700	784,900	793,800	797,700	806,900	799,800	793,900	788,100	790,200	783,900	782,400	791,500
Employment	730,400	730,400	727,800	741,200	744,400	750,700	744,400	741,500	743,100	745,900	738,400	735,300	739,500
Unemployment	56,600	59,300	57,100	52,600	53,300	56,200	55,400	52,400	45,000	44,400	45,500	47,100	52,100
Rate	7.2	7.5	7.3	6.6	6.7	7.0	6.9	6.6	5.7	5.6	5.8	6.0	6.6
2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	789,400	795,700	792,000	795,300	800,800	805,300	800,900	796,900	795,800	799,900	791,000	785,700	795,700
Employment	730,800	732,700	733,300	745,400	750,400	753,500	748,000	744,200	749,900	754,700	745,000	739,600	744,000
Unemployment	58,700	63,100	58,700	49,900	50,400	51,800	52,900	52,700	45,900	45,200	46,000	46,100	51,800
Rate	7.4	7.9	7.4	6.3	6.3	6.4	6.6	6.6	5.8	5.7	5.8	5.9	6.5
2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	798,800	798,000	790,900	799,200	802,400	814,200	807,700	802,100	800,700	798,100	792,900	788,800	799,500
Employment	734,500	734,900	733,800	747,400	752,100	758,400	754,200	749,400	752,500	749,100	744,500	739,200	745,800
Unemployment	64,300	63,100	57,100	51,800	50,300	55,800	53,500	52,700	48,100	49,000	48,400	49,600	53,600
Rate	8.0	7.9	7.2	6.5	6.3	6.9	6.6	6.6	6.0	6.1	6.1	6.3	6.7
2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	797,500	802,500	799,100	806,600	815,200	822,700	815,800	809,500	811,600	813,000	802,600	800,200	808,000
Employment	736,100	738,000	738,900	750,500	757,200	760,400	754,300	749,300	757,500	759,400	749,400	744,000	749,600
Unemployment	61,400	64,500	60,200	56,100	58,000	62,300	61,500	60,200	54,100	53,600	53,200	56,100	58,400
Rate	7.7	8.0	7.5	7.0	7.1	7.6	7.5	7.4	6.7	6.6	6.6	7.0	7.2
2011	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	799,900	801,500	798,100	803,700	806,900	816,100	810,100	810,100	812,200	812,200	805,300	802,700	806,600
Employment	725,700	726,800	728,600	741,100	745,400	750,700	747,900	747,200	753,700	756,200	750,800	746,100	743,300
Unemployment	74,200	74,700	69,500	62,600	61,500	65,500	62,100	62,900	58,500	56,000	54,500	56,600	63,200
Rate	9.3	9.3	8.7	7.8	7.6	8.0	7.7	7.8	7.2	6.9	6.8	7.0	7.8
2010	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	799,300	805,500	801,600	811,900	814,800	822,200	819,100	816,400	814,100	810,800	804,700	801,000	810,100
Employment	720,800	722,100	724,900	743,100	747,700	752,800	750,000	746,500	749,800	747,900	739,400	733,900	739,900
Unemployment	78,500	83,400	76,800	68,800	67,100	69,400	69,100	69,900	64,300	62,900	65,300	67,100	70,200
Rate	9.8	10.4	9.6	8.5	8.2	8.4	8.4	8.6	7.9	7.8	8.1	8.4	8.7

BRIM

January 2022

Interim Packet

West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET AND INCOME STATEMENT
For the Four Months Ending October 31, 2021

Talking Points for December 2021/January 2022

-
1. **Premium Revenue** thru October reflects the premiums earned for the first four months of the fiscal year. BRIM premiums increased slightly in FY'22 based on the actuarially projected estimates for claims costs for the current fiscal year.
 2. **Claims Expense** reflects all claims payments made thru October plus reserve increases. Higher net claims payments thru October negatively impacted the results for the current fiscal year vs. last year.
 3. **Investment Income** for the current year reflects a net gain of \$1.3 million for the first four months primarily vs. \$6.0 million for same period last year that was driven by better equity returns.
 4. BRIM has no un-funded liability and continues to pursue pro-active loss control initiatives.

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Four Months Ended October 31st

	2021	2020
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 14,129	\$ 23,232
Advance deposits with insurance company and trustee	249,267	267,641
Receivables	6,131	3,907
Prepaid insurance	3,267	1,569
Restricted cash and cash equivalents	12,196	22,211
Premiums due from other entities	1,184	1,134
Total current assets	286,174	319,694
Noncurrent assets:		
Equity position in internal investments pools	125,372	108,101
Restricted investments	72,402	62,428
Total noncurrent assets	197,774	170,528
Total assets	483,948	490,222
Deferred Outflows of Resources		
	438	215
Deferred Outflows of Resources - OPEB	115	84
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	61,326	69,336
Unearned premiums	16,360	16,201
Agent commissions payable	991	773
Claims Payable	45	-
Accrued expenses and other liabilities	1,576	2,302
Total current liabilities	80,298	88,613
Estimated unpaid claims and claims adjustment expense net of current portion		
	130,270	138,191
Compensated absences	172	150
Net pension liability	533	214
Total noncurrent liabilities	130,975	138,556
Total liabilities	211,273	227,168
Deferred Inflows of Resources		
	35	145
Deferred Inflows of Resources - OPEB	351	171
Net position:		
Restricted by State code for mine subsidence coverage	80,155	78,617
Unrestricted	196,713	179,166
Net Assets (Deficiency)	(4,026)	5,254
Net position	\$ 272,842	\$ 263,036

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Four Months Ended October 31st

	<u>2021</u>	<u>2020</u>
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 27,051	\$ 26,652
Less coverage/reinsurance programs	(1,489)	(1,509)
Net operating revenues	<u>25,562</u>	<u>25,144</u>
Operating expenses		
Claims and claims adjustment expense	29,361	24,058
General and administrative	1,555	1,794
Total operating expenses	<u>30,916</u>	<u>25,852</u>
Operating income (loss)	(5,354)	(708)
Nonoperating revenues		
Investment income	1,328	5,962
Net nonoperating revenues	<u>1,328</u>	<u>5,962</u>
Changes in net position	(4,026)	5,254
Total net position, beginning of year	276,868	257,782
Total net position, end of period	<u>\$ 272,842</u>	<u>\$ 263,036</u>

Unaudited

PEIA

January 2022

Interim Packet

PEIA January Interim Talking Points

- **PEIA and RHBT year to date financial statements for October 31, 2021 are available for your review.**
- **PEIA statements indicate PEIA is currently behind plan by \$10 million. This is due to higher than forecast medical claims.**
- **RHBT statements indicate RHBT is currently behind plan by \$1 million. This is due to lower than forecast investment income.**
- **The 2022 year-end reserve for the State Fund, non-State Fund and RHBT is projected to be \$141, \$33 and \$68 million respectively.**
- **These reserve levels represent 22%, 22% and 37% of the respective funds' expenses. The required reserve for the State Fund is 14% of expenses.**

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For Four Months Ending Sunday, October 31, 2021
In Thousands

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
			ADDITIONS				
			Employer Premiums:				
\$710	\$716	\$738	Health premiums - Non Par	(\$6)	(1%)	(\$28)	(4%)
3,815	3,867	4,451	Health Premiums - RLC Health, Life	(52)	(1%)	(636)	(14%)
32,989	33,333	45,746	Pay Go Premiums	(344)	(1%)	(12,757)	(28%)
10,000	10,000	10,000	State appropriation - OPEB	-	0%	-	0%
47,514	47,916	60,935	Total Employer Premiums	(402)	(1%)	(13,421)	(22%)
			Other Additions:				
267	333	267	Retiree Drug Subsidy	(66)	(20%)	-	0%
32,740	34,808	41,152	Investment Income	(2,068)	(6%)	(8,412)	(20%)
80,521	83,057	102,354	TOTAL ADDITIONS	(2,536)	(3%)	(21,833)	(21%)
			DEDUCTIONS				
31,912	35,274	37,966	Payments to Managed Care Org.	3,362	10%	6,054	16%
8,945	9,370	8,923	Life Insurance Expense	425	5%	(22)	(0%)
18,068	16,614	16,150	Medical Claims Expense	(1,454)	(9%)	(1,918)	(12%)
8,633	9,156	9,076	Pharmacy Claims Expense	523	6%	443	5%
558	554	487	Administrative Service Fees (External)	(4)	(1%)	(71)	(15%)
(22,476)	(23,548)	(22,526)	Member Health premiums	(1,072)	5%	(50)	0%
(8,935)	(9,544)	(9,089)	Member Life Insurance Premiums	(609)	6%	(154)	2%
818	1,074	963	Other Operating Expenses	256	24%	145	15%
37,523	38,950	41,950	TOTAL DEDUCTIONS	1,427	4%	4,427	11%
42,998	44,107	60,404	NET POSITION INCREASE (DECREASE)	(1,109)	(3%)	(17,406)	(29%)
			Net Position Restricted for Post Employment Benefits				
1,673,024	1,673,024	1,224,642	Beginning of Period Total Net Position	-	0%	448,382	37%
1,447,915	1,449,024	1,216,939	End of Period Net Position - Restricted	(1,109)	(0%)	230,976	19%
268,107	268,107	68,107	End of Period Net Position - PSR	-	0%	200,000	294%
\$1,716,022	\$1,717,131	\$1,285,046	End of Period Total Net Position	(\$1,109)	(0%)	\$430,976	34%

West Virginia Public Employees Insurance Agency
Statement of Changes in Plan Net Position
For the Four Months Ending Sunday, October 31, 2021
(Dollars in Thousands)
(Unaudited-For Internal Use Only)

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
OPERATING REVENUE							
Premium Revenue							
\$136,709	\$137,623	\$127,733	Health Insurance - State Gov. - Employers	(\$914)	(1%)	\$8,976	7%
40,205	40,216	40,216	Health Insurance - State Gov. - Employees	(11)	(0%)	(11)	(0%)
42,088	41,844	39,321	Health Insurance - Local Gov. - All	244	1%	2,767	7%
1,553	1,549	1,549	Administrative Fees, Net of Refunds	4	0%	4	0%
614	691	652	Other Premium Revenue	(77)	(11%)	(38)	(6%)
221,169	221,923	209,471	Total Operating Revenue	(754)	(0%)	11,698	6%
NON-OPERATING REVENUE							
770	1,073	1,021	Life Insurance	(303)	(28%)	(251)	(25%)
7,000	7,000	7,000	Direct Transfer	0	0%	0	0%
3,975	4,216	7,166	Interest and Investment Income	(241)	(6%)	(3,191)	(45%)
32,989	33,333	45,746	WV RHBT Pay Go Premiums	(344)	(1%)	(12,757)	(28%)
44,734	45,622	60,933	Total Non-Operating Revenue	(888)	(2%)	(16,199)	(27%)
265,903	267,545	270,404	TOTAL REVENUE	(1,642)	(1%)	(4,501)	(2%)
EXPENSES							
152,147	141,575	133,387	Claims Expense - Medical	(10,572)	(7%)	(18,760)	(14%)
56,311	57,192	53,041	Claims Expense - Drugs	881	2%	(3,270)	(6%)
18,231	18,775	17,713	Payments to Managed Care Org.	544	3%	(518)	(3%)
7,167	6,946	6,456	Administrative Service Fees	(221)	(3%)	(711)	(11%)
143	731	131	Wellness and Disease Management	588	80%	(12)	(9%)
1,682	1,519	1,763	Other Operating Expenses	(163)	(11%)	81	5%
703	741	706	Life Insurance Expense	38	5%	3	0%
238	136	136	ACA Comparative Effectiveness Fee	(102)	(75%)	(102)	(75%)
32,989	33,333	45,746	WV RHBT Pay Go Premiums	344	1%	12,757	28%
269,611	260,948	259,079	TOTAL EXPENSES	(8,663)	(3%)	(10,532)	(4%)
(3,708)	6,597	11,325	YTD Surplus (Deficit)	(10,305)	(156%)	(15,033)	(133%)
162,373	162,373	225,402	Total Net Position, Beginning of Period	0	0%	(63,029)	(28%)
126,749	126,749	120,901	Reserve	0	0%	5,848	5%
31,916	42,221	115,826	End of Period Net Position, PEIA PSR	0	0%	(83,910)	(72%)
\$158,665	\$168,970	\$236,727	Total Net Position, End of Period	(\$10,305)	(6%)	(\$78,062)	(33%)

Real Estate Division

January 2022

Interim Packet

Department of Administration Real Estate Division Leasing Report
For the period of November 1 - 30, 2021

There are 10 leasing changes for this period, and they are as follows:

- 1 – New Contract of Lease DOA Owned
- 6 – Straight Renewal
- 1 – Renewal with Increase in Rent – DOA Owned
- 2 – Renewal with Increase in Rent

Department of Administration Real Estate Division Leasing Report
For the period of November 1, through November 31, 2021

NEW CONTRACT OF LEASE – DOA OWNED

DIVISION OF REHABILITATION SERVICES

DRS-133 New Contract of Lease for 5 years consisting of 5,364 square feet of office space at the annual per square foot rate of \$16.68, annual cost \$89,471.52, full service, Building #37, 601 57th Street, S.E., in the City of Charleston, Kanawha County, West Virginia.

STRAIGHT RENEWAL

DIVISION OF MOTOR VEHICLES

DMV-041 Renewal for 5 years consisting of 5,446 square feet of office space at the current annual per square foot rate of \$12.15, annual cost \$66,168.96, full service, 115 Church Street, in the City of Spencer, Roane County, West Virginia.

HORIZONS YOUTH SERVICES dba CHARLESTON JOB CORPS CENTER

HYS-001 Renewal for 1 year consisting of one (1) cubicle of office space at the current monthly rate of \$200.00, annual cost \$2,400.00, full service, 300 Lakeview Center, in the City of Parkersburg, Wood County, West Virginia.

WEST VIRGINIA BOARD OF OCCUPATIONAL THERAPY

OTB-006 Renewal for 3 years consisting of 357 square feet of office space at the current monthly amount of \$500.00 (\$16.81 annual per square foot rate of), annual cost \$6,000, full service, 1063 Maple Drive, Suite 4B, in the City of Morgantown, Monongalia County, West Virginia.

BUREAU OF SENIOR SERVICES

BSS-003 Renewal for 5 years consisting of 133 square feet of office space at the current monthly rate of \$400.00 (\$36.09 annual per square foot rate) and annual cost \$4,800.00 full services, 21 Middletown Road, in the City of White Hall, Marion County, West Virginia.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-130 Renewal for 1 year consisting of 120 square feet of tower/monitoring space at the current, annual cost \$1.00, electric, Lot # 49 on Summit Circle, in the City of Weirton, Hancock County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-174 Renewal for 1 years consisting of 3,022 square feet of office space at the current annual per square foot rate of \$9.80, annual cost \$29,615.10, full service, 100 Prince Street, in the City of Beckley, Raleigh County, West Virginia.

RENEWAL WITH INCREASE IN RENT- DOA OWNED

DIVISION OF REHABILITATION SERVICES

DRS-125 New Contract of Lease for 3 years consisting of 4,303 square feet of office space at the annual per square foot rate of \$19.00, annual cost \$81,757.00 for year 1, with an increase in the annual per square foot rate to \$20.90, annual cost \$89,932.70 for year 2, with an increase in the annual per square foot rate to \$22.99, annual cost \$98,925.97 for year 3, full service, Building #54, 416 Adams Street, in the City of Fairmont, Marion County, West Virginia.

RENEWAL WITH INCREASE IN RENT

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-143 Renewal for 3 years consisting of 100 square feet of storage space with an increase in the monthly rate from \$60.00 to \$65.00, annual cost \$780.00, 102 Locust Street, in the City of Princeton, Mercer County, West Virginia.

STATE TREASURER'S OFFICE

STO-018 Renewal for 5 years consisting of 15,785 square feet of office space with an increase in the annual per square foot rate from \$11.00 to \$11.66, annual cost \$184,053.10, 315 70TH Street, Suite 200, in the City of Charleston, Kanawha County, West Virginia.

Real Estate Division
 Monthly Summary of Lease Activity
 November 1 - 30, 2021

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Division of Rehabilitation Services	DRS-133	Kanawha	5,364	16.68	89,472	5.00	447,358
2	Division of Motor Vehicles	DMV-041	Roane	5,446	12.15	66,169	5.00	330,845
3	Horizons Youth Services dba Charleston Job Corps	HYS-001	Wood	1 Cubicle	\$200/month	2,400	1.00	2,400
4	West Virginia Board of Occupational Therapy	OTB-006	Monongalia	357	16.81	6,000	3.00	18,000
5	Bureau of Senior Services	BSS-003	Marion	133	36.09	4,800	5.00	24,000
6	Department of Environmental Protection	DEP-130	Hancock	120	0.01	1	1.00	1
7	Department of Health and Human Resources	HHR-174	Raleigh	3,022	9.80	29,616	1.00	29,616
8	Division of Rehabilitation Services	DRS-125	Marion	4,303	19.00	81,757	1.00	81,757
	Division of Rehabilitation Services	DRS-125	Marion	4,303	20.90	89,933	1.00	89,933
	Division of Rehabilitation Services	DRS-125	Marion	4,303	22.99	98,926	1.00	98,926
9	Department of Health and Human Resources	HHR-143	Mercer	100	7.80	780	3.00	2,340
10	State Treasurer's Office	STO-018	Kanawha	15,785	11.66	184,053	5.00	920,266

		104.18
Total Rentable Square Feet	<u>43,236</u>	
Average Annual Rental Rate		<u>10.42</u>
Total Annual Rent		<u>653,906</u>

Joint Committee on Government and Finance

January 2022

Department of Health and Human Resources

**MEDICAID REPORT
October 2021 Data**

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 MEDICAID CASH REPORT
 SFY2022

4 Months Actuals 8 Months Remaining

MONTH OF OCTOBER 2021	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2021	Current Month Ended 10/31/2021	Year-To-Date Thru 10/31/2021	11/1/2020 Thru 6/30/2022	SFY2022
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	25,964,129.27	86,177,610	\$139,436,683		\$139,436,683
MATCHING FUNDS					
General Revenue (0403/189)	276,148,867.99	23,357,563	81,736,814	236,775,399	318,512,213
IDD Waiver (0403/466)	108,541,736.00	7,959,728	29,668,075	78,873,661	108,541,736
Rural Hospitals Under 150 Beds (0403/940)	2,596,000.00	216,333	865,333	1,730,667	2,596,000
Tertiary Funding (0403/547)	6,356,000.00	529,667	2,118,667	4,237,333	6,356,000
Traumatic Brain Injury (0403/835)	800,000.00	58,667	218,667	581,333	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620.00	996,865	3,715,589	9,878,031	13,593,620
Medical Services Surplus (0403/633)	-	-	-	-	-
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	4,015,503.00		1,003,875	3,011,628	4,015,503
Lottery Waiver (0420/539)	29,950,955.00		7,487,739	22,463,216	29,950,955
Lottery Transfer (5405/871)	16,400,070.00		4,100,018	12,300,052	16,400,070
Excess Lottery (5365/189)	66,302,960.00		-	16,302,960	16,302,960
Lottery Surplus (5405/68199)	14,423,022.00		-	16,000,000	16,000,000
Lottery Surplus (5365/68100)	17,000,000.00		-	17,000,000	17,000,000
Trust Fund Appropriation (5185/189)	64,091,372.29		-	36,570,424	36,570,424
Provider Tax (5090/189)	213,581,235.73		53,600,000	432,230,608	485,830,608
NSGO UPL (5084/6717)	-		-	-	-
Expirations (5084)	-		-	-	-
Certified Match	11,568,906.89	560,652	2,169,407	10,119,680	12,289,088
Reimbursables - Amount Reimbursed	5,574,692.56	-	932,162	(932,162)	-
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	81.08		1,017	(1,017)	-
CHIP State Share	-		-	-	-
CMS - 64 Adjustments	55,713.24		(1,616,411)	1,616,411	-
TOTAL MATCHING FUNDS	\$ 876,964,865	\$ 119,857,086	\$ 325,437,635	\$ 898,758,224	\$ 1,224,195,859
FEDERAL FUNDS	3,802,320,381	366,007,294	1,358,401,604	3,121,463,482	4,479,865,086
TOTAL REVENUE SOURCES	\$ 4,679,285,247	\$ 485,864,379	\$ 1,683,839,239	\$ 4,020,221,707	\$ 5,704,060,945
TOTAL EXPENDITURES:					
Provider Payments	\$ 4,541,305,880	\$ 452,413,325	\$ 1,651,951,123	\$ 3,836,607,645	\$ 5,488,558,768
TOTAL	\$ 137,979,367	\$ 33,451,055	\$ 31,888,116	\$ 183,614,061	\$ 215,502,178

Note: FMAP (74.68% applicable Oct. 2021 - Jun. 2022)

**WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
EXPENDITURES BY PROVIDER TYPE
SFY2022**

MONTH OF OCTOBER 2021

	ACTUALS	TOTAL	ACTUALS	Estimate	ACTUALS	PROJECTED
	SFY2021	SFY2022	Current Month Ended 10/31/21	Current Month Ended 10/31/21	Year To-Date Thru 10/31/21	11/1/21 Thru 06/30/22
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	84,428,379	89,982,568	6,383,730	7,198,605	24,099,187	65,883,381
Inpatient Hospital - DSH	52,900,181	53,500,000	16,000,790	4,280,000	29,040,325	24,459,675
Inpatient Hospital - Supplemental Payments	-	-	-	-	-	-
Inpatient Hospital - GME Payments	11,030,081	13,374,392	-	1,069,951	3,184,382	10,190,010
Mental Health Facilities	6,565,065	128,725,918	383,411	10,298,073	2,147,895	126,578,023
Mental Health Facilities - DSH Adjustment Payments	17,062,464	18,887,045	1,823,375	1,510,964	6,088,067	12,798,978
Nursing Facility Services - Regular Payments	790,659,498	830,157,949	68,305,480	66,412,636	269,005,023	561,152,926
Nursing Facility Services - Supplemental Payments	-	25,500,000	-	2,040,000	-	25,500,000
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	68,387,572	71,800,292	5,094,793	5,744,023	20,746,643	51,053,648
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	29,601,249	36,495,808	1,963,766	2,919,665	8,552,955	27,942,853
Physicians Services - Supplemental Payments	-	-	-	-	-	-
Physician and Surgical Services - Evaluation and Management	-	-	-	-	-	-
Physician and Surgical Services - Vaccine Codes	-	-	-	-	-	-
Outpatient Hospital Services - Regular Payments	38,169,328	47,004,897	2,547,475	3,760,392	11,699,713	35,305,184
Outpatient Hospital Services - Supplemental Payments	-	-	-	-	-	-
Prescribed Drugs	799,557,061	833,558,778	65,912,348	66,684,702	289,714,050	543,844,728
Drug Rebate Offset - National Agreement	(517,706,685)	(466,000,000)	(44,580,413)	(37,280,000)	(156,400,991)	(309,599,009)
Drug Rebate Offset - State Sidebar Agreement	(54,952,249)	(48,000,000)	(5,700,787)	(3,840,000)	(21,525,907)	(26,474,093)
Drug Rebate Offset - MCO National	(12,128,958)	(12,600,000)	(2,104,479)	(1,008,000)	(7,343,129)	(5,256,871)
Drug Rebate Offset - MCO State Sidebar Agreement	1,546	-	-	-	-	-
Dental Services	4,639,474	4,480,780	359,458	358,462	1,423,219	3,057,561
Other Practitioners Services - Regular Payments	7,655,590	4,463,814	2,992,858	357,105	7,722,239	(3,258,425)
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	1,020,452	898,193	45,909	71,855	164,975	733,218
Lab & Radiological Services	6,475,294	7,488,287	433,239	599,063	1,810,591	5,677,696
Home Health Services	25,690,903	31,555,723	564,999	2,524,458	6,402,684	25,153,040
Hysterectomies/Sterilizations	54,130	26,190	1,896	2,095	18,200	7,990
Pregnancy Terminations ⁽²⁾	27,041	39,867	-	3,189	2,610	37,257
EPSDT Services	747,578	673,291	85,717	53,863	252,156	421,135
Rural Health Clinic Services	2,181,319	4,104,901	176,556	328,392	743,972	3,360,929
Medicare Health Insurance Payments - Part A Premiums	25,032,749	27,501,864	2,150,722	2,200,149	8,558,942	18,942,922
Medicare Health Insurance Payments - Part B Premiums	128,711,243	149,871,522	11,105,399	11,989,722	44,262,933	105,608,589
120% - 134% Of Poverty	10,805,524	10,914,660	1,062,072	873,173	4,190,225	6,724,435
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	12,082,664	13,473,012	799,415	1,077,841	3,809,553	9,663,459

**WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2022**

MONTH OF OCTOBER 2021

	ACTUALS	TOTAL	ACTUALS	Estimate	ACTUALS	PROJECTED
	SFY2021	SFY2022	Current Month Ended 10/31/21	Current Month Ended 10/31/21	Year To-Date Thru 10/31/21	11/1/21 Thru 06/30/22
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	2,242,614,736	2,514,062,580	203,210,037	201,125,006	800,555,283	1,713,507,297
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	2,089,915	1,586,760	270,078	126,941	430,411	1,156,349
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-
Home & Community-Based Services (IDD)	313,859,226	497,321,983	62,742,938	39,785,759	141,723,535	355,598,448
Home & Community-Based Services (Aged/Disabled)	130,537,179	203,359,736	32,666,796	16,268,779	63,973,821	139,385,915
Home & Community-Based Services (Traumatic Brain Injury)	1,953,384	2,084,341	337,077	166,747	819,688	1,264,653
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	72,895,766	119,909,542	5,160,770	9,592,763	23,017,031	96,892,511
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-
Targeted Case Management Services - State Wide	2,603,240	12,062,600	213,567	965,008	852,815	11,209,785
Primary Care Case Management Services	-	-	-	-	-	-
Hospice Benefits	28,366,378	29,903,554	2,250,109	2,392,284	9,092,866	20,810,688
Emergency Services Undocumented Aliens	981,582	491,378	32,744	39,310	112,737	378,641
Federally Qualified Health Center	6,455,228	22,076,655	555,794	1,766,132	2,273,478	19,803,177
Non-Emergency Medical Transportation	44,226,940	40,838,778	3,219,127	3,267,102	9,665,586	31,173,192
Physical Therapy	1,072,716	932,892	68,242	74,631	276,185	656,707
Occupational Therapy	467,792	372,193	30,187	29,775	120,779	251,414
Services for Speech, Hearing & Language	225,177	159,278	21,520	12,742	74,867	84,411
Prosthetic Devices, Dentures, Eyeglasses	409,992	454,903	43,968	36,392	185,990	268,913
Diagnostic Screening & Preventive Services	72,281	99,618	5,523	7,969	19,379	80,239
Nurse Mid-Wife	91,556	164,969	8,115	13,197	31,115	133,854
Emergency Hospital Services	-	80	-	-	-	80
Critical Access Hospitals	21,241,098	25,417,024	1,711,632	2,033,368	6,939,855	18,477,169
Nurse Practitioner Services	3,739,212	3,589,872	285,132	287,190	1,160,061	2,429,811
School Based Services	30,958,232	31,999,621	83,932	2,559,970	1,178,173	30,821,448
Rehabilitative Services (Non-School Based)	28,466,999	7,889,896	1,959,401	2,157,491	8,852,091	(962,195)
2a) Opioid Treatment Program (OTP) - Methadone services	13,670,289	18,000,000	389,581	-	3,978,696	14,021,304
2a) Opioid Treatment Program (OTP) - Peer Recovery Support Services	1,587,654	-	148,780	-	627,985	(627,985)
2a) Opioid Treatment Program (OTP) - Residential Adult Services	3,700,900	-	256,800	-	1,272,850	(1,272,850)
2a) Opioid Treatment Program (OTP) - Other	90,140	-	3,676	-	18,109	(18,109)
Private Duty Nursing	6,430,388	7,484,872	978,488	598,790	2,438,278	5,046,594
Freestanding Birth Centers	-	-	-	-	-	-
Health Home for Enrollees w Chronic Conditions	2,451,102	2,149,445	183,517	171,956	819,211	1,330,234
Other Care Services	24,723,597	31,655,807	531,079	2,532,465	6,934,031	24,721,776
Less: Recoupments	-	-	(4,086,841)	-	(4,086,841)	4,086,841
NET EXPENDITURES:	4,524,681,192	5,451,948,129	449,089,498	436,242,150	1,641,728,577	3,810,219,552

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 MEDICAID CASH REPORT
 SFY2022

4 Months Actuals 8 Months Remaining

MONTH OF OCTOBER 2021	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2021	Current Month Ended 10/31/2021	Year-To-Date Thru 10/31/2021	11/1/2020 Thru 6/30/2022	SFY2022
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	25,964,129.27	86,177,610	\$139,436,683	-	\$139,436,683
MATCHING FUNDS					
General Revenue (0403/189)	276,148,867.99	23,357,563	81,736,814	236,775,399	318,512,213
IDD Waiver (0403/466)	108,541,736.00	7,959,728	29,668,075	78,873,661	108,541,736
Rural Hospitals Under 150 Beds (0403/940)	2,596,000.00	216,333	865,333	1,730,667	2,596,000
Tertiary Funding (0403/547)	6,356,000.00	529,667	2,118,667	4,237,333	6,356,000
Traumatic Brain Injury (0403/835)	800,000.00	58,667	218,667	581,333	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620.00	996,865	3,715,589	9,878,031	13,593,620
Medical Services Surplus (0403/633)	-	-	-	-	-
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	4,015,503.00	-	1,003,875	3,011,628	4,015,503
Lottery Waiver (0420/539)	29,950,955.00	-	7,487,739	22,463,216	29,950,955
Lottery Transfer (5405/871)	16,400,070.00	-	4,100,018	12,300,052	16,400,070
Excess Lottery (5365/189)	66,302,960.00	-	-	16,302,960	16,302,960
Lottery Surplus (5405/68199)	14,423,022.00	-	-	16,000,000	16,000,000
Lottery Surplus (5365/68100)	17,000,000.00	-	-	17,000,000	17,000,000
Trust Fund Appropriation (5185/189)	64,091,372.29	-	-	36,570,424	36,570,424
Provider Tax (5090/189)	213,581,235.73	-	53,600,000	432,230,608	485,830,608
NSGO UPL (5084/6717)	-	-	-	-	-
Expirations (5084)	-	-	-	-	-
Certified Match	11,568,906.89	560,652	2,169,407	10,119,680	12,289,088
Reimbursables - Amount Reimbursed	5,574,692.56	-	932,162	(932,162)	-
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	81.08	-	1,017	(1,017)	-
CHIP State Share	-	-	-	-	-
CMS - 64 Adjustments	55,713.24	-	(1,616,411)	1,616,411	-
TOTAL MATCHING FUNDS	\$ 876,964,865	\$ 119,857,086	\$ 325,437,635	\$ 898,758,224	\$ 1,224,195,859
FEDERAL FUNDS	3,802,320,381	366,007,294	1,358,401,604	3,121,463,482	4,479,865,086
TOTAL REVENUE SOURCES	\$ 4,679,285,247	\$ 485,864,379	\$ 1,683,839,239	\$ 4,020,221,707	\$ 5,704,060,945
TOTAL EXPENDITURES:					
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TOTAL	\$ 137,979,367	\$ 33,451,055	\$ 31,888,116	\$ 183,614,061	\$ 215,502,178

Note: FMAP (74.68% applicable Oct. 2021 - Jun. 2022)

Joint Committee on Government and Finance

January 2022

Department of Health and Human Resources

MEDICAID WAIVER REPORT

October 2021

**WV Department of Health and Human Resources
Bureau for Medical Services - Aged and Disabled Waiver Program Report**

Aged & Disabled Waiver		Reporting Month: OCTOBER 20	FY 2021	Jul 21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	FY2022
Slots Approved By CMS (1)			7,912	7,912	7,912	7,912	7,912	7,912	7,912	7,912	7,912	7,912	7,912	7,912	7,912	7,912
-Slots Available for Traditional (ADW-WV) enrollees			7,596	7,836	7,836	7,836	7,836	7,836	7,836	7,836	7,836	7,836	7,836	7,836	7,836	7,836
-Slots reserved for Take Me Home/Money Follows the Person enrollees			76	76	76	76	76	76	76	76	76	76	76	76	76	76
Total number of members served YTD (unduplicated slots used) YTD Column reflects most recent month's count			7,884	7,039	7,172	7,314	7,485									7,485
Applicants determined medically eligible this month Note: 183 of the 248 are awaiting Financially Eligibility Determinations-not yet on MEL			2,580	238	252	248	259									997
Applicants determined medically ineligible			129	10	12	16	12									50
ACTIVE MEMBERS																
Active ADW Members at the end of the month minus MFP/TMH			6,865	6,930	7,041	7,104	7,109									7,109
Active ADW-TMH/MFP Members at the end of the month			53	49	44	48	44									44
Total Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count			6,973	6,986	7,085	7,152	7,153									7,153
Members enrolled during the calendar month			1,986	101	205	197	140									643
-Total members enrolled during the calendar month minus MFP/TMH			1,938	99	200	192	139									630
-Total TMH-MFP members enrolled during the calendar month			48	2	5	5	1									13
Members discharged during the calendar month			1,190	88	106	130	139									463
ADW Members whose case was closed by reason	Member is deceased		824	62	67	92	109									330
	Other (2)		366	26	39	38	30									133
MANAGED ENROLLMENT LIST (MEL)																
# Eligible applicants closed during the calendar month (removed from MEL)			1,783	380	314	320	483									1,497
ADW Applicants removed from the MEL	Applicant offered a slot (Traditional + MFP)		1,071	117	158	127	106									508
	Applicant became deceased		175	14	22	21	28									85
	Other		537	249	134	230	349									962
Applicants on the MEL who are in a nursing facility YTD Column reflects <i>average</i> # members in setting			1	8	1	0	1									1
Applicants on the MEL receiving Personal Care YTD Column reflects <i>average</i> # members in setting			3	8	0	3	2									2
Applicants on the MEL at the end of the month			30	28	13	36	43									43
Days -Average time spent on the MEL to date Minus MFP Applicants			61	42	44	45	33									33

(1) CMS approved 240 additional slots on June 30, 2021, increasing the number of total slots from 7,672 to 7,912 for FY2020 forward.

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

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

Intellectual/Developmental Disabilities Waiver Reported Oct 31, 2020		FY 20-21	July-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	YTD2022
Slots approved by CMS		5,964	5,964	5,964	5,964	5,964									5,964
Total number of members served YTD (unduplicated slots used) (1)		5,928	5,861	5,869	5,891	5,908									5,908
Total number of members served YTD in Traditional Slots		5,918	5,861	5,869	5,891	5,907									5,907
Total number of members served YTD in Adult Ben H. slots (Active)		6	0	0	0	1									1
Total number of members served YTD in Children Ben H. slots (Active)		6	0	0	0	0									0
Applicants determined eligible (2)		390	53	53	39	28									173
Applicants determined ineligible (3)		448	46	37	44	35									162
ACTIVE MEMBERS															
# of active members at the end of the month (unduplicated slots active) (1)		5,761	5,850	5,841	5,849	5,845									5,845
Discharged members at the end of the calendar month		191	14	17	19	22									72
Discharged members who were discharged by reason	Deceased	73	9	9	9	11									38
	Left program to enter a facility	35	2	1	5	9									17
	a. Hospital	0	0	0	0	0									0
	b. ICF/IID	15	0	1	3	5									9
	c. Nursing Facility	20	2	0	2	4									8
	d. Psychiatric Facility	0	0	0	0	0									0
	e. Rehabilitation Facility	0	0	0	0	0									0
	f. Other Facility	0	0	0	0	0									0
Other (6)	77	3	7	5	2									17	
MANAGED ENROLLMENT LIST (MEL)															
Total number of applicants on the MEL at the end of the month		n/a	158	203	214	224									224
Number of applicants added to the MEL (4)		390	53	53	39	28									173
Applicants enrolled (removed from the MEL)		616	103	8	27	18									156
Applicants removed from the MEL due to Death (5)		1	0	0	0	0									0
Applicants removed from the MEL due to Other (6)		85	3	0	1	0									4
Applicants on the MEL who are in a Nursing Facility (9)		1	2	2	3	3									2
Applicants on the MEL who are in an ICF/IID Group Home (9)		4	8	8	9	13									8
Applicants on the MEL receiving Personal Care Services each month (8) (9)		3	9	8		8									9
Longest on the MEL to date (7)		798	829	860	566	597									597

(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 10/31/2021	FY 2021 YTD	Jul 21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Y2022 YTD
Slots Approved By CMS (1)	90	90	90	90	90	90	90	90	90	90	90	90	90	90
-Slots Available for Traditional (non TMH-WV) enrollees	90	86	86	87	88									88
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	0	4	4	3	2									2
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count	90	85	86	86	86									86
Applicants determined eligible this month and added to MEL (3)	2	1	0	0	0									1
Applicants determined ineligible	0	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	85	85	86	86	86									86
Active members enrolled during the calendar month	12	1	1	0	1									3
-Total Active Traditional members enrolled during the calendar month	12	1	1	0	1									3
-Total Active TMH-WV members enrolled during the calendar month	0	0	0	0	0									0
Members discharged during the calendar month	5	1	0	0	1									2
TBIW Members whose case was closed by reason	Member is deceased	0	1	0	0	1								2
	Other (4)	5	0	0	0	0								0
MANAGED ENROLLMENT LIST (MEL)														
# Eligible applicants closed during the calendar month (removed from MEL)	0	1	1	1	1									4
TBIW Applicants removed from the MEL	Applicant offered a slot	0	1	1	1	1								4
	Applicant became deceased	0	0	0	0	0								0
	Other (5)	0	0	0	1	0								1
Applicants on the MEL who are in a nursing facility	1	0	1	0	0									1
Applicants on the MEL receiving Personal Care	0	0	0	0	0									0
Applicants on the MEL at the end of the month	2	2	2	1	0									0
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days	23	31	62	92	100									71

(1.)Of the 90 slots approved by CMS, four (4) are reserved for the Money Follows the Person and Rebalancing Demonstration Grant for SFY 2022. 9/2021-TMH released one slot for non TMH eligible applicant. 10/2021-TMH release one slot for non-TMH eligible applicants. Two (2) unduplicated slots for SFY 22 due to members passing, no services accessed are available to be allocated.

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

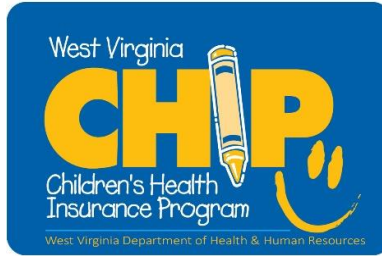
(3) Monthly number added to MEL is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on their initial application date.

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

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

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

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



West Virginia
Department of Health and Human Resources

Children's Health Insurance Program

DECEMBER 2021
Report

to

Joint Committee on
Government and Finance

West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures, Changes in Fund Balance, and Budget-to-Actual
For the Four Months Ending October 31, 2021 and October 31, 2020

	Annual	Budget	Actual	Actual	Actual		Budget	
	Budget 2021	Year-to-Date	October 31, 2021	October 31, 2020	\$	%	\$	%
Beginning Operating Fund Balance			\$7,418,708	\$6,218,611	\$1,200,097	19%		
Revenues								
Federal Grants	\$53,211,908	\$17,737,303	\$15,523,988	\$14,123,893	\$1,400,095	10%	(\$2,213,315)	-12%
State Appropriations	\$7,090,665	\$2,363,555	\$1,937,617	\$1,908,010	\$0	0%	(\$425,938)	-18%
Premium Revenues	\$82,500	\$27,500	\$18,588	\$31,576	(\$12,988)	-41%	(\$8,912)	-32%
Investment Earnings (Interest)	\$100,000	\$33,333	\$1,266	\$45,718	(\$44,452)	-97%	(\$32,068)	-96%
Total Operating Fund Revenues	\$60,485,073	\$20,161,691	\$17,481,458	\$16,109,197	\$1,372,261	9%	(\$2,680,233)	-13%
Expenditures:								
Claims Expenses:								
Managed Care Organizations			\$13,022,027	\$0	\$13,022,027	0%		
Prescribed Drugs			\$3,504,179	\$3,197,911	\$306,268	10%		
Inpatient Hospital Services			\$213,049	\$1,357,828	(\$1,144,779)	-84%		
Physicians & Surgical			\$625,873	\$4,118,897	(\$3,493,024)	-85%		
Dental			\$46,190	\$2,928,572	(\$2,882,382)	-98%		
Outpatient Services			\$105,178	\$2,372,637	(\$2,267,459)	-96%		
Therapy			\$28,822	\$568,527	(\$539,705)	-95%		
Other Services			\$25,010	\$1,009,491	(\$984,481)	-98%		
Inpatient Mental Health			\$15,135	\$65,649	(\$50,514)	-77%		
Vision			\$8,707	\$225,188	(\$216,481)	-96%		
Durable & Disposable Med. Equip.			\$4,150	\$113,116	(\$108,966)	-96%		
Outpatient Mental Health			\$1,341	\$100,982	(\$99,641)	-99%		
Medical Transportation			\$32,867	\$129,832	(\$96,965)	-75%		
Less: Other Collections**			(\$2,466)	(\$88,140)	\$85,674	-97%		
Drug Rebates	(\$2,517,954)	(\$839,318)	\$0	(\$674,656)	\$674,656	-100%	(\$836,852)	100%
Total Claims Expenses	\$60,430,294	\$20,143,431	\$17,630,062	\$15,425,834	\$2,204,228	14%	(\$2,513,369)	-12%
Administrative Expenses:								
Salaries and Benefits	\$669,704	\$223,235	\$142,780	\$198,155	(\$55,375)	-28%	(\$80,455)	-36%
Program Administration	\$4,393,877	\$1,464,626	\$851,632	\$1,038,889	(\$187,257)	-18%	(\$612,994)	-42%
Eligibility	\$0	\$0	\$0	\$0	\$0	0%	\$0	0%
Outreach & Health Promotion	\$0	\$0	\$0	\$0	\$0	0%	\$0	0%
Health Service Initiative	\$225,000	\$75,000	\$56,250	\$0	\$34,938	164%	(\$18,750)	-25%
Current	\$175,000	\$58,333	\$12,335	\$21,312	(\$1,246,021)	0%	(\$45,998)	-79%
Total Administrative Expenses in Operating Fund	\$5,463,581	\$1,821,194	\$1,062,997	\$1,258,356	(\$195,359)	-16%	(\$758,197)	-42%
Total Operating Fund Expenditures	\$65,893,875	\$21,964,625	\$18,693,059	\$16,684,190	\$2,008,869	12%	(\$3,271,566)	-15%
Adjustments			(\$2,587)	\$486,312				
Ending Operating Fund Balance			\$6,204,520	\$6,129,930	\$74,590	1%		
Money Market			\$13,071	\$1,012,634				
Bond Pool			\$3,776,635	\$3,750,937				
Cash on Deposit			\$2,414,814	\$1,366,359				
Unrealized Gain/Loss on Investment				(\$18,054)				
Ending Fund Balance (Accrued Basis)			\$6,204,520	\$6,111,876	\$92,644	2%		
Revenues Outside of Operating Funds:								
Federal Grants			\$0	\$0	\$0	0%		
Total WVCHIP Revenues			\$17,481,458	\$16,109,197	\$1,372,261	9%		
Program Expenses outside of Operating Funds:								
Eligibility	\$500,000	\$166,667	\$0	\$166,451	(\$166,451)	-100%	(\$166,667)	-100%
Total Administrative Expenses	\$5,963,581	\$1,987,860	\$1,062,997	\$1,424,807	(\$361,810)	-25%	(\$924,863)	-47%
Total WVCHIP Expenditures	\$66,393,875	\$22,131,292	\$18,693,059	\$16,850,641	\$1,842,418	11%	(\$3,438,232)	-16%

Footnotes:

- Statement is on cash basis.
- Estimate of Incurred but Not Reported (IBNR) claims on October 31, 2021 is \$740,000. The October 31, 2020 estimate was \$4,170,000.
- Administrative Accounts Payable balance on October 31, 2021 was \$248,785. The October 31, 2020 balance was \$284,620.
- 2022 and 2021 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) during SFY22 is 85.0%. FMAP during SFY21 was 98.3% through 09/30/20 and 85.00% starting
- 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.
- 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

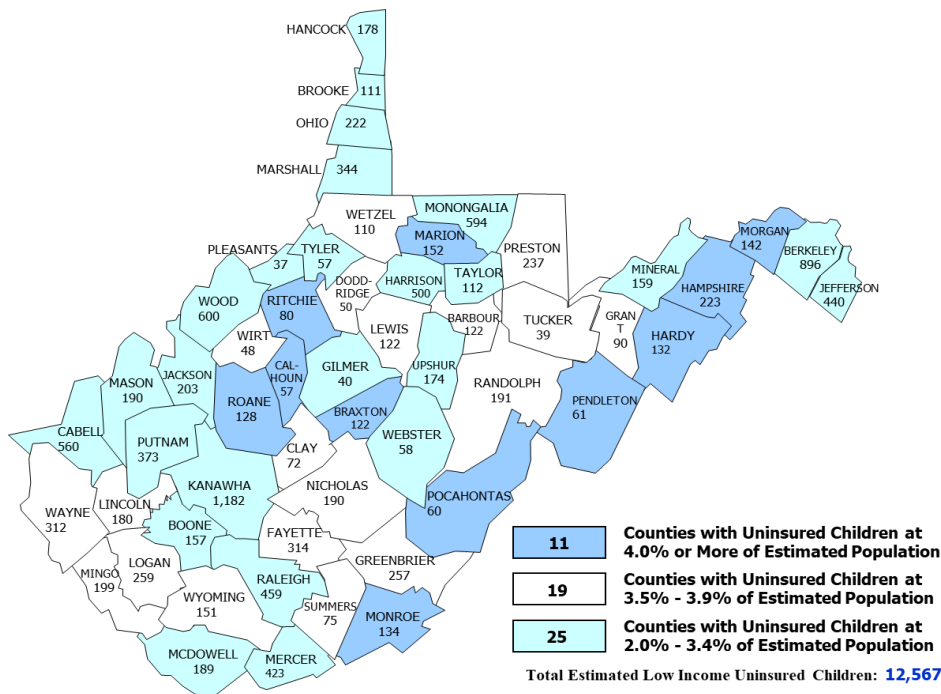
OCTOBER 2021

County	County Pop.	MATERINITY			Total CHIP		Total Medicaid		Total	CHIP/Medicaid	2018	2018
	2018 Est. (0-18 Yrs)	BLUE Oct-21	GOLD Oct-21	PREM Oct-21	BLUE Oct-21	PREM Oct-21	Enrollment Oct-21	Enrollment Oct-21	CHIP/Medicaid Enrollment	% of Population	SAHIE Uninsured Est.	SAHIE % Uninsured
Barbour	3,332	110	19	80	2	0	211	2,142	2,353	70.6%	122	3.7%
Berkeley	27,917	985	270	564	4	11	1,834	13,998	15,832	56.7%	896	3.2%
Boone	4,775	112	33	37	0	0	182	3,208	3,390	71.0%	157	3.3%
Braxton	2,784	72	13	33	0	1	119	1,639	1,758	63.1%	122	4.4%
Brooke	4,065	0	0	0	0	0	0	69	69	1.7%	111	2.7%
Cabell	18,770	466	129	216	4	4	819	10,553	11,372	60.6%	560	3.0%
Calhoun	1,393	49	13	15	0	0	77	957	1,034	74.2%	57	4.1%
Clay	1,961	54	12	45	0	0	111	1,478	1,589	81.0%	72	3.7%
Doddridge	1,308	44	14	20	0	0	78	781	859	65.7%	50	3.8%
Fayette	9,011	276	60	170	3	4	513	5,712	6,225	69.1%	314	3.5%
Gilmer	1,184	41	3	21	0	0	65	689	754	63.7%	40	3.4%
Grant	2,331	41	15	44	1	0	101	1,412	1,513	64.9%	90	3.9%
Greenbrier	6,860	263	62	160	3	1	489	4,213	4,702	68.5%	257	3.7%
Hampshire	4,388	127	34	81	2	4	248	2,625	2,873	65.5%	223	5.1%
Hancock	5,674	243	75	137	3	2	460	4,514	4,974	87.7%	178	3.1%
Hardy	2,862	113	15	48	0	1	177	1,686	1,863	65.1%	132	4.6%
Harrison	14,835	425	128	276	5	3	837	7,429	8,266	55.7%	500	3.4%
Jackson	6,264	143	37	88	0	0	268	3,478	3,746	59.8%	203	3.2%
Jefferson	13,200	366	64	191	1	2	624	4,251	4,875	36.9%	440	3.3%
Kanawha	36,965	998	212	624	14	12	1,860	21,793	23,653	64.0%	1182	3.2%
Lewis	3,480	89	32	59	2	5	187	2,201	2,388	68.6%	122	3.5%
Lincoln	4,638	106	27	65	0	0	198	3,229	3,427	73.9%	180	3.9%
Logan	6,835	171	46	98	0	2	317	4,875	5,192	76.0%	259	3.8%
Marion	3,764	315	71	184	3	3	576	6,052	6,628	176.1%	152	4.0%
Marshall	11,544	130	34	72	0	2	238	2,917	3,155	27.3%	344	3.0%
Mason	6,140	121	46	70	1	0	238	3,116	3,354	54.6%	190	3.1%
Mercer	12,368	421	104	234	0	5	764	8,864	9,628	77.8%	423	3.4%
Mineral	5,476	146	49	78	1	0	274	2,600	2,874	52.5%	159	2.9%
Mingo	5,369	82	52	59	0	2	195	4,271	4,466	83.2%	199	3.7%
Monongalia	17,965	456	106	222	2	0	786	6,403	7,189	40.0%	594	3.3%
Monroe	2,687	85	27	93	0	3	208	1,335	1,543	57.4%	134	5.0%
Morgan	3,320	126	30	61	0	0	217	1,665	1,882	56.7%	142	4.3%
McDowell	5,708	84	25	43	0	0	152	3,092	3,244	56.8%	189	3.3%
Nicholas	5,199	156	66	100	1	2	325	3,246	3,571	68.7%	190	3.7%
Ohio	8,098	237	54	113	3	1	408	4,435	4,843	59.8%	222	2.7%
Pendleton	1,304	37	16	29	0	0	82	648	730	56.0%	61	4.7%
Pleasants	1,457	26	10	11	0	0	47	776	823	56.5%	37	2.5%
Pocahontas	1,495	38	21	29	0	0	88	892	980	65.6%	60	4.0%
Preston	6,586	253	43	141	0	3	440	3,225	3,665	55.6%	237	3.6%
Putnam	13,145	340	76	202	1	2	621	4,786	5,407	41.1%	373	2.8%
Raleigh	15,751	451	98	298	2	7	856	10,222	11,078	70.3%	459	2.9%
Randolph	5,474	206	39	127	1	2	375	3,358	3,733	68.2%	191	3.5%
Ritchie	1,972	34	3	24	0	0	61	1,192	1,253	63.5%	80	4.1%
Roane	2,970	100	39	90	0	1	230	1,881	2,111	71.1%	128	4.3%
Summers	2,160	72	20	36	0	0	128	1,599	1,727	80.0%	75	3.5%
Taylor	3,493	91	22	59	1	0	173	1,783	1,956	56.0%	112	3.2%
Tucker	1,063	52	17	39	0	0	108	611	719	67.6%	39	3.7%
Tyler	1,792	38	10	20	0	0	68	907	975	54.4%	57	3.2%
Upshur	5,076	172	38	114	0	2	326	3,193	3,519	69.3%	174	3.4%
Wayne	8,373	197	58	110	1	0	366	5,138	5,504	65.7%	312	3.7%
Webster	1,690	48	11	33	0	0	92	1,340	1,432	84.7%	58	3.4%

WVCHIP Enrollment Report

OCTOBER 2021

County	County Pop.			MATERNITY		Total CHIP Enrollment	Total Medicaid Enrollment	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2018 SAHIE Uninsured Est.	2018 SAHIE % Uninsured	
	2018 Est. (0-18 Yrs)	BLUE Oct-21	GOLD Oct-21	PREM Oct-21	BLUE Oct-21							PREM Oct-21
Wetzel	3,126	61	10	32	1	0	104	2,039	2,143	68.6%	110	3.5%
Wirt	1,269	28	3	20	0	1	52	778	830	65.4%	48	3.8%
Wood	18,016	480	102	231	2	5	820	9,888	10,708	59.4%	600	3.3%
Wyoming	<u>4,317</u>	<u>113</u>	<u>43</u>	<u>90</u>	<u>4</u>	<u>3</u>	<u>253</u>	<u>2,941</u>	<u>3,194</u>	<u>74.0%</u>	<u>151</u>	<u>3.5%</u>
Totals	<u>372,999</u>	<u>10,490</u>	<u>2,656</u>	<u>6,136</u>	<u>68</u>	<u>96</u>	<u>19,446</u>	<u>208,125</u>	<u>227,571</u>	<u>61.0%</u>	<u>12,567</u>	<u>3.4%</u>

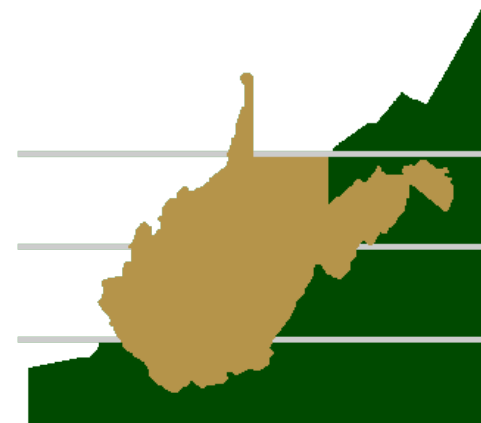


The above map shows the most recent 2018 county level data provided by the U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE) for children under 19 years. While the statewide average for children under 19 is now about 3.4%, the SAHIE data reflects more accurately the variation from county to county depending on the availability of employer-sponsored insurance and should be a more accurate way to target outreach than in previous years.

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

November 30, 2021



Participant Plans Allocation & Performance Net of Fees

Period Ending: November 30, 2021

	6/30/2021		11/30/2021		Performance %							
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
WVIMB Fund Assets	25,345,298	100.0	25,314,397	100.0								
Pension Assets	20,619,195	81.3	20,596,137	81.4								
Public Employees' Retirement System	8,807,095	34.7	8,820,702	34.9	(0.6)	0.2	1.4	19.9	14.1	12.3	10.6	8.3
Teachers' Retirement System	9,886,658	39.0	9,841,779	38.9	(0.6)	0.2	1.4	19.8	14.1	12.3	10.5	8.1
EMS Retirement System	118,769	0.5	120,845	0.5	(0.6)	0.2	1.4	19.8	14.1	12.3	10.5	
Public Safety Retirement System	851,520	3.4	842,283	3.3	(0.6)	0.2	1.4	19.9	14.1	12.3	10.6	8.3
Judges' Retirement System	280,670	1.1	282,764	1.1	(0.6)	0.2	1.4	19.8	14.1	12.3	10.6	8.2
State Police Retirement System	301,156	1.2	308,494	1.2	(0.6)	0.2	1.4	19.8	14.1	12.3	10.5	8.2
Deputy Sheriffs' Retirement System	314,633	1.2	318,084	1.3	(0.6)	0.2	1.4	19.8	14.1	12.3	10.5	8.2
Municipal Police & Firefighter Retirement System	23,816	0.1	25,545	0.1	(0.6)	0.2	1.4	19.4	14.1	12.2	10.2	
Natural Resources Police Office Retirement System	25,063	0.1	25,736	0.1	(0.6)	0.2	1.4					
Municipal Model A (I)	7,477	0.0	7,516	0.0	(0.6)	0.2	1.4	19.9	14.2	12.5		
Municipal Model B (I)	2,338	0.0	2,389	0.0	(1.6)	(1.3)	0.1	11.0				
Insurance Assets	3,524,704	14.0	3,438,606	13.6								
Workers' Compensation Old Fund	1,086,608	4.3	1,044,541	4.1	(1.1)	(0.9)	0.3	8.5	9.4	7.6	6.0	
Workers' Comp. Self-Insured Guaranty Risk Pool	39,772	0.2	39,580	0.2	(1.2)	(0.8)	0.3	9.0	9.4	7.6	6.3	
Workers' Comp. Self-Insured Security Risk Pool	56,201	0.2	55,160	0.2	(1.2)	(0.8)	0.3	9.0	9.4	7.6		
Workers' Comp. Uninsured Employers' Fund	16,909	0.1	17,030	0.1	(1.2)	(0.8)	0.3	8.9	9.1	7.4	6.1	
Pneumoconiosis	247,663	1.0	240,000	0.9	(1.2)	(0.8)	0.3	9.0	9.4	7.6	6.2	5.9
Board of Risk & Insurance Management	194,839	0.8	195,441	0.8	(1.2)	(0.8)	0.3	9.0	9.4	7.6	6.3	
Public Employees' Insurance Agency	270,948	1.1	212,728	0.8	(1.0)	(0.7)	0.5	8.3	9.1	7.3	6.1	
WV Retiree Health Benefit Trust Fund	1,611,764	6.3	1,634,126	6.5	(0.6)	0.2	1.4	19.7	14.1	12.3	10.3	
Endowment Assets	1,201,399	4.7	1,279,654	5.0								
Berkeley County Development Authority	8,428	0.0	8,544	0.0	(0.6)	0.2	1.4	19.8	14.1	12.3		
Wildlife Fund	78,281	0.3	79,429	0.3	(0.6)	0.2	1.4	19.8	14.1	12.3	10.5	8.3
WV State Parks and Recreation Endowment Fund	6,465	0.0	8,758	0.0	(0.8)	(0.2)	1.0					
Revenue Shortfall Reserve Fund	293,538	1.2	364,291	1.4	0.3	0.0	1.6	2.9	5.7	3.9	3.0	
Revenue Shortfall Reserve Fund - Part B	557,458	2.2	561,517	2.2	(0.6)	(0.7)	0.7	6.2	9.1	7.2	5.9	
WV DEP Trust	11,837	0.0	11,853	0.1	(2.1)	(1.3)	0.1	15.3	12.6	10.8	9.5	
WV DEP Agency	245,392	1.0	245,262	1.0	(1.5)	(1.2)	(0.1)	10.3	10.3	8.5		

Composite Asset Allocation & Performance Net of Fees

Period Ending: November 30, 2021

	Asset (\$000)	%	Performance %								
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year	
Investment Pools Composite	25,321,867	100.00									
Portable Alpha Composite +/- S&P 500 Index	5,378,021	21.24	(0.86) (0.17)	0.43 (0.89)	6.13 (0.75)	29.78 1.86					
Large Cap Domestic Equity Composite +/- S&P 500 Index	380,633	1.50	(0.68) 0.01	1.35 0.03	6.91 0.03	27.91 (0.01)	20.74 0.36	17.85 (0.05)	16.04 (0.12)	9.26 (0.07)	
Non-Large Cap Domestic Equity Composite +/- Russell 2500 Index	1,065,527	4.21	(2.10) 2.07	3.60 6.23	2.06 4.23	28.37 5.23	16.56 0.53	14.37 0.91	13.70 (0.10)	10.80 0.38	
International Equity Composite +/- MSCI AC World ex US IMI Index (b)	4,948,889	19.54	(5.05) (0.50)	(5.52) (0.11)	(6.40) (1.64)	11.25 0.72	10.73 (0.09)	9.81 (0.17)	8.37 0.95	8.12 0.90	
Fixed Income Composite +/- Bloomberg Universal (c)	4,463,206	17.63	(0.29) (0.41)	(1.18) (0.36)	(0.36) (0.47)	0.22 0.92	6.28 0.56	4.69 0.78	4.20 0.77	5.01 0.48	
Core Fixed Income Composite +/- Bloomberg US Aggregate	1,359,316	5.37	0.23 (0.07)	(0.53) 0.07	0.35 0.03	(0.20) 0.95	6.24 0.72	4.21 0.56	3.65 0.61		
Total Return Fixed Income Composite (j) +/- Bloomberg Universal	3,103,890	12.26	(0.52) (0.64)	(1.46) (0.64)	(0.67) (0.78)	0.40 1.10	6.26 0.54	4.87 0.96	4.46 1.03	5.40 0.78	
TIPS Composite +/- Bloomberg US TIPS	511,038	2.02	0.88 (0.01)	1.28 (0.03)	3.82 (0.01)	6.88 0.05	8.61 0.09	5.32 0.07	3.09 0.03		
Cash Composite +/- FTSE 3 Month US T-Bill (d)	97,650	0.39	(0.01) (0.01)	0.02 0.01	0.03 0.01	0.04 (0.01)	0.91 (0.11)	1.06 (0.06)	0.61 (0.02)	1.34 (0.04)	
Private Equity Composite +/- Russell 3000 + 3% (e, f)	3,112,658	12.29	6.01 7.29	6.94 5.78	6.92 0.65	58.58 29.24	31.87 8.67	27.20 6.69	19.84 0.60		
Real Estate Composite +/- NCREIF + 1% (e)	2,307,538	9.11	1.60 (0.20)	4.54 (0.39)	4.91 (2.68)	14.31 2.77	7.36 0.05	8.06 0.45	9.15 (0.77)		
Hedge Fund Composite +/- HFRI FOF + 1% (g)	2,301,305	9.09	(1.81) (0.29)	(0.30) (0.62)	(0.17) (1.26)	10.60 0.02	7.18 (1.51)	5.64 (1.15)	5.40 0.57		
Private Credit & Income Composite +/- CS Leveraged Loan + 2% (e, k)	755,402	2.98	0.50 0.49	1.12 (0.11)	1.10 (0.95)	9.95 1.85	6.65 0.25	6.28 (0.18)			

Participant Plans Allocation vs. Strategy

Period Ending: November 30, 2021

	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	49.2	50.0	14.2	15.0	14.0	10.0	10.3	10.0	3.4	5.0	8.7	10.0	0.2	0.0
Teachers' Retirement System	49.3	50.0	14.2	15.0	14.0	10.0	10.3	10.0	3.4	5.0	8.8	10.0	0.0	0.0
EMS Retirement System	49.4	50.0	14.5	15.0	13.7	10.0	10.2	10.0	3.3	5.0	8.5	10.0	0.4	0.0
Public Safety Retirement System	49.2	50.0	14.1	15.0	14.0	10.0	10.4	10.0	3.4	5.0	8.8	10.0	0.1	0.0
Judges' Retirement System	49.4	50.0	14.5	15.0	13.8	10.0	10.2	10.0	3.4	5.0	8.7	10.0	0.0	0.0
State Police Retirement System	49.3	50.0	14.7	15.0	13.6	10.0	10.1	10.0	3.3	5.0	8.5	10.0	0.5	0.0
Deputy Sheriffs' Retirement System	49.3	50.0	14.6	15.0	13.8	10.0	10.2	10.0	3.3	5.0	8.6	10.0	0.2	0.0
Municipal Police & Firefighter Retirement System	48.9	50.0	14.7	15.0	13.1	10.0	9.7	10.0	3.2	5.0	8.1	10.0	2.3	0.0
Natural Resources Police Office Retirement System	49.3	50.0	14.4	15.0	13.6	10.0	10.1	10.0	3.3	5.0	8.5	10.0	0.8	0.0
Municipal Model A	49.1	50.0	13.7	15.0	13.8	10.0	10.3	10.0	3.4	5.0	8.7	10.0	1.0	0.0
Municipal Model B	54.0	55.0	42.1	45.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.9	0.0

Insurance Assets

Workers' Compensation Old Fund	30.4	30.0	50.5	50.0	0.0	0.0	0.0	0.0	0.0	0.0	14.9	15.0	4.2	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	30.7	30.0	45.2	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.1	20.0	5.0	5.0
Workers' Comp. Self-Insured Security Risk Pool	30.2	30.0	45.2	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.7	20.0	4.9	5.0
Workers' Comp. Uninsured Employers Fund	30.8	30.0	45.7	45.0	0.0	0.0	0.0	0.0	0.0	0.0	18.5	20.0	5.0	5.0
Pneumoconiosis	30.5	30.0	45.3	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.9	20.0	4.3	5.0
Board of Risk & Insurance Mgmt.	30.7	30.0	45.5	45.0	0.0	0.0	0.0	0.0	0.0	0.0	18.8	20.0	5.0	5.0
Public Employees' Insurance Agency	25.3	25.0	55.0	55.0	0.0	0.0	0.0	0.0	0.0	0.0	19.7	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	49.4	50.0	14.7	15.0	13.8	10.0	10.2	10.0	3.3	5.0	8.6	10.0	0.0	0.0

Endowment Assets

Berkeley County Development Authority	49.4	50.0	14.7	15.0	13.8	10.0	10.2	10.0	3.3	5.0	8.6	10.0	0.0	0.0
Wildlife Fund	48.6	50.0	14.5	15.0	13.8	10.0	10.2	10.0	3.3	5.0	8.6	10.0	1.0	0.0
WV State Parks and Recreation Endowment Fund	47.1	50.0	14.2	15.0	11.1	10.0	8.2	10.0	2.7	5.0	8.0	10.0	8.7	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund - Part B	22.6	22.5	77.4	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	66.6	65.0	15.1	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	41.1	40.0	40.2	40.0	0.0	0.0	0.0	0.0	0.0	0.0	18.7	20.0	0.0	0.0

- (a) As of January 2019, the PERS Base is 60% MSCI ACWI Gross and 40% Bloomberg Universal. From January 2014 to December 2018, the PERS Base was 30% Russell 3000, 30% MSCI ACWI ex USA (IMI), and 40% Bloomberg Universal. From April 2008 to December 2013, the PERS Base was 30% Russell 3000, 30% MSCI ACWI ex USA (Standard), and 40% Bloomberg Universal. Prior periods were 42% Russell 3000, 18% MSCI ACWI ex USA, and 40% Bloomberg US Aggregate.
- (b) Prior to January 2014, the index was the MSCI ACW ex USA (Standard).
- (c) Prior to April 2008, the index was Bloomberg US 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.
- (m) From January 2021 to August 2021, the index was S&P 500 Index 2.2x minus 3 Month Libor minus 15 basis points. Prior to January 2021, the index was S&P 500 Index 2.5x minus 3 Month Libor minus 15 basis points.

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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WEST VIRGINIA OFFICES *OF THE* INSURANCE COMMISSIONER

Allan L. McVey
Insurance Commissioner

Status Report:
Workers' Compensation

Joint Committee on Government & Finance

December 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. In December 2020, the number of active claims fell to less than 10,000 for the first time and, as of November 2021, there were 8,445 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.

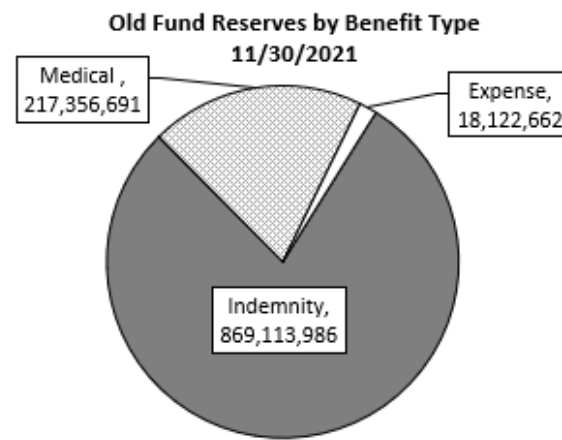
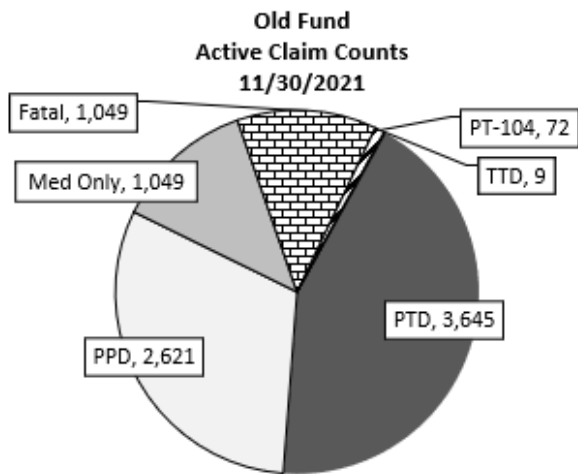
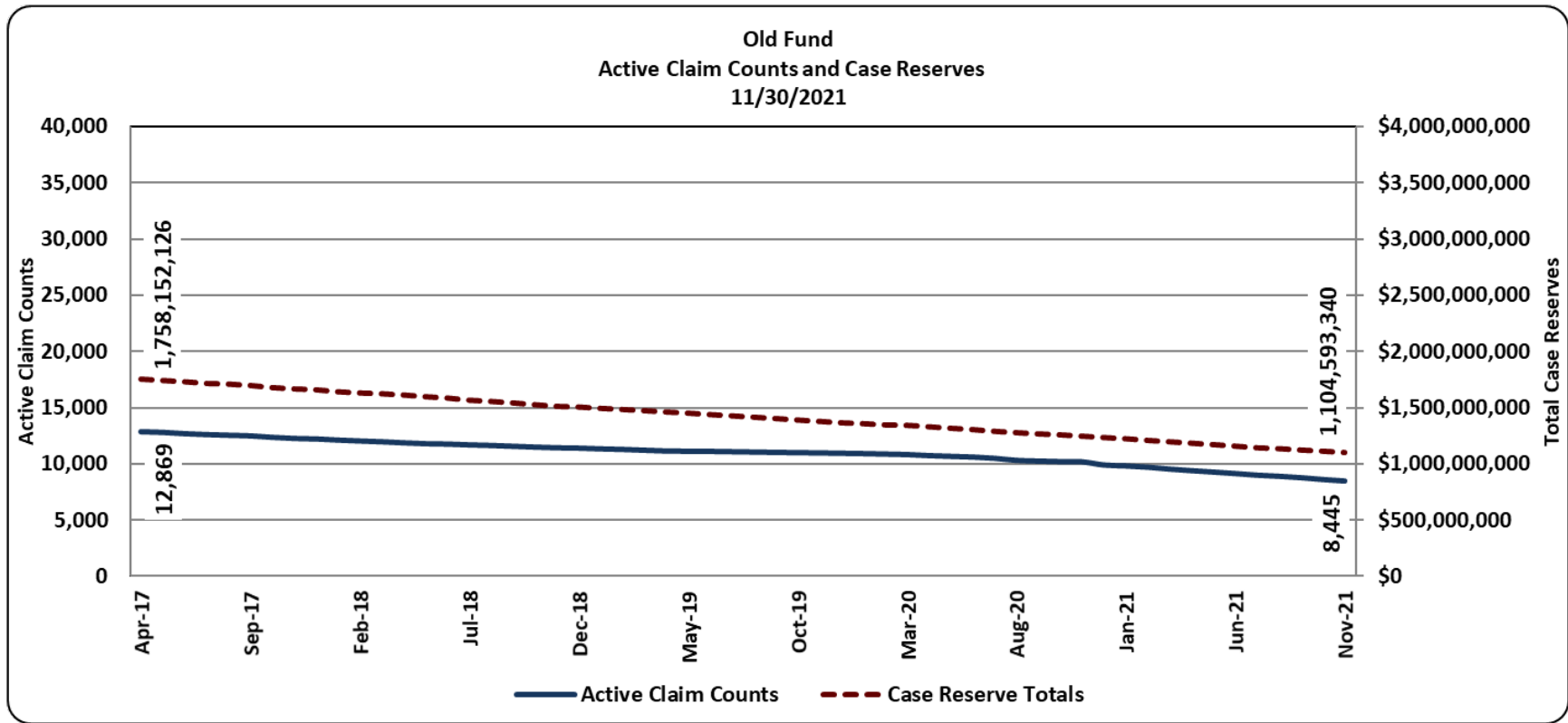
Self-Insured Guaranty Fund: State managed fund consisting of those funds transferred to it from the guaranty pool created pursuant to 85 CSR §19 (2004) and any future funds collected through continued administration of that exempt legislative rule as administered by the WVOIC and out of which workers' 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.

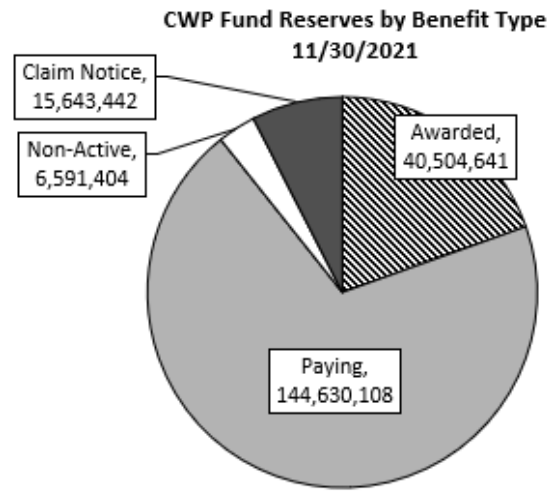
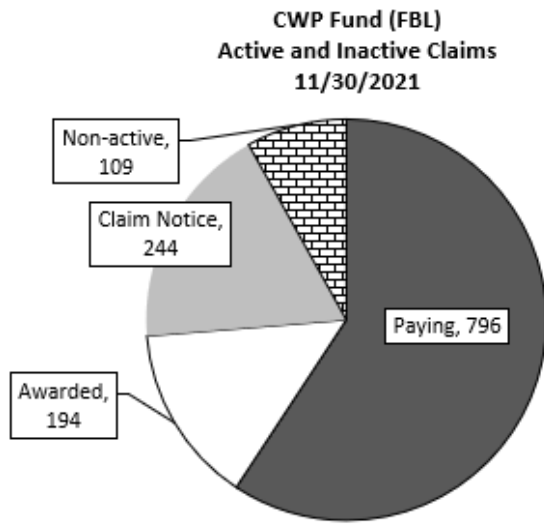
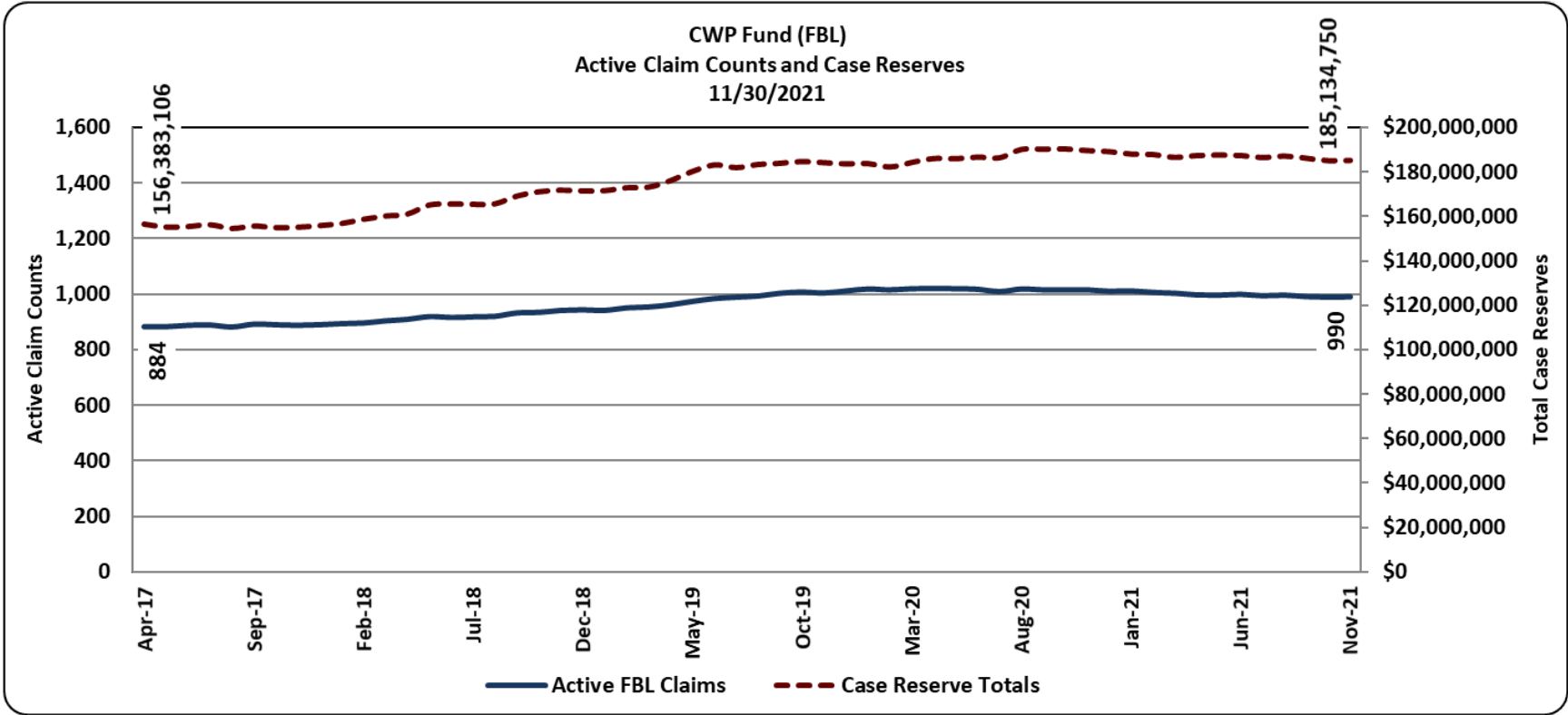
Self-Insured Security Fund: State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last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

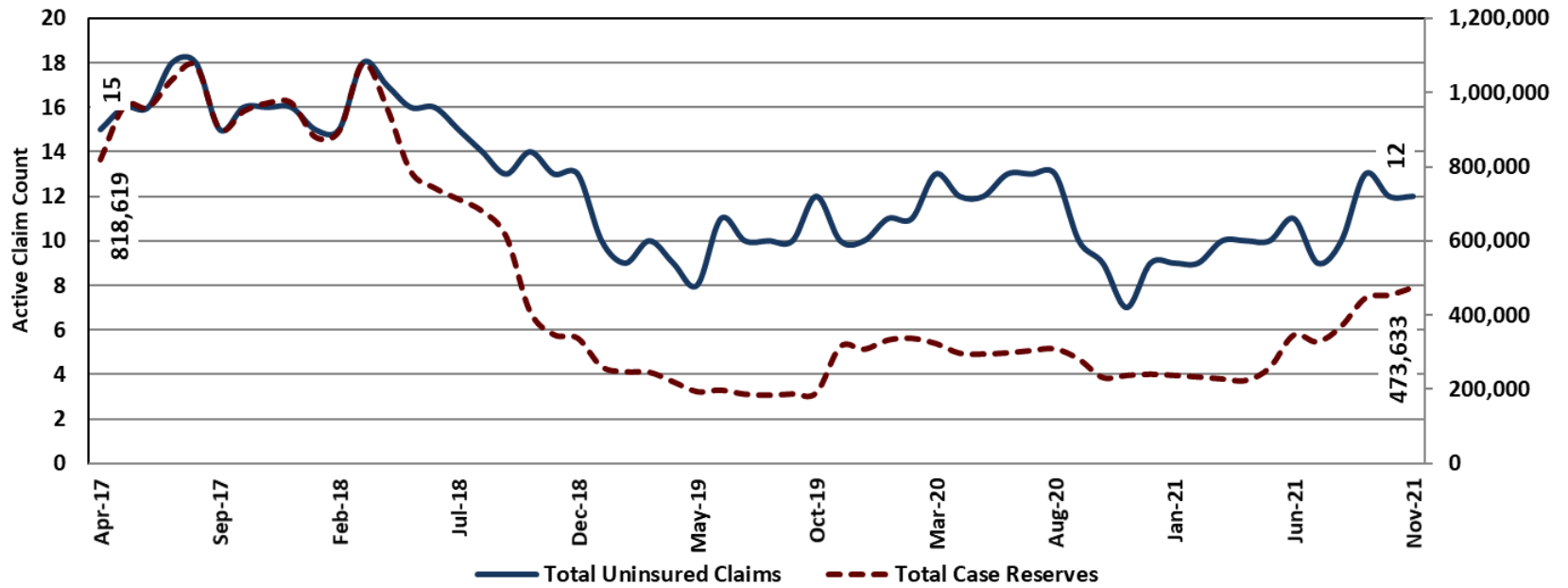
TTD: (Temporary Total Disability) an inability to return to substantial gainful employment requiring skills or activities comparable to those of one's previous gainful employment during the healing or recovery period after the injury. In order to receive TTD benefits, the injured worker must be certified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

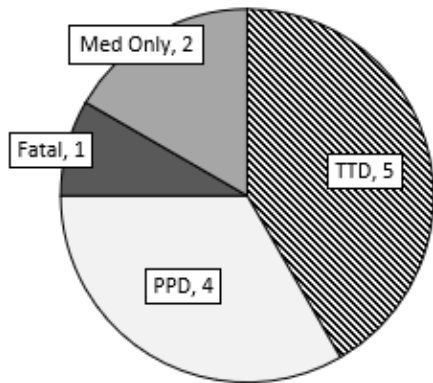




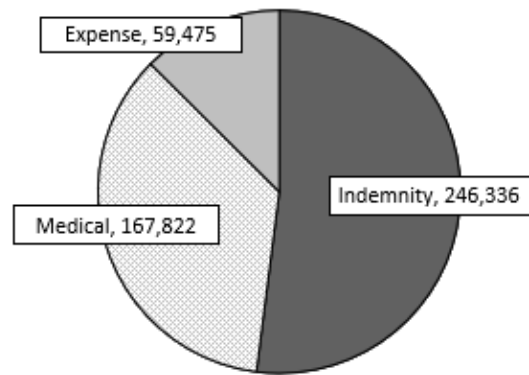
**Uninsured Fund
Active Claim Counts and Case Reserves
11/30/2021**

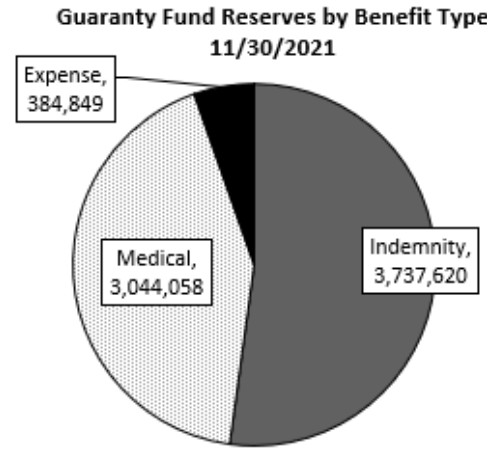
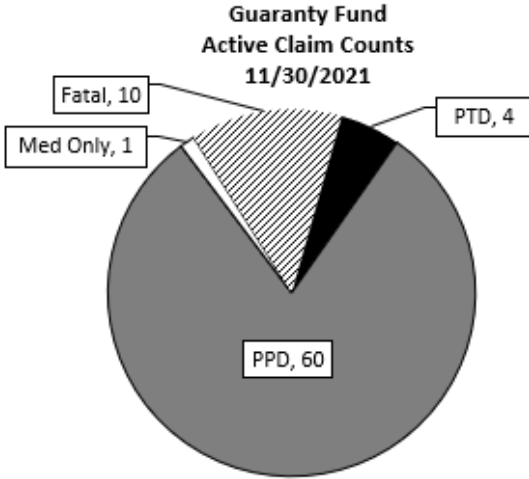
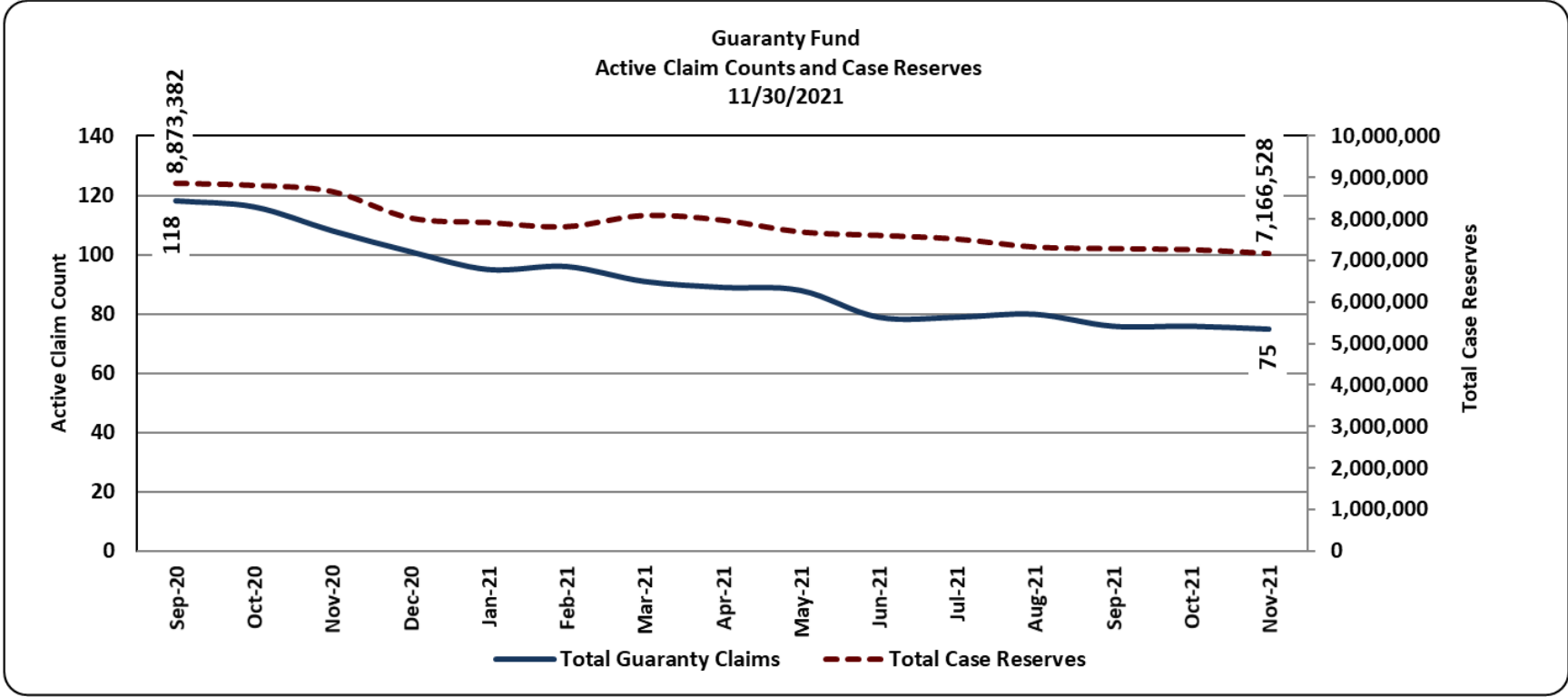


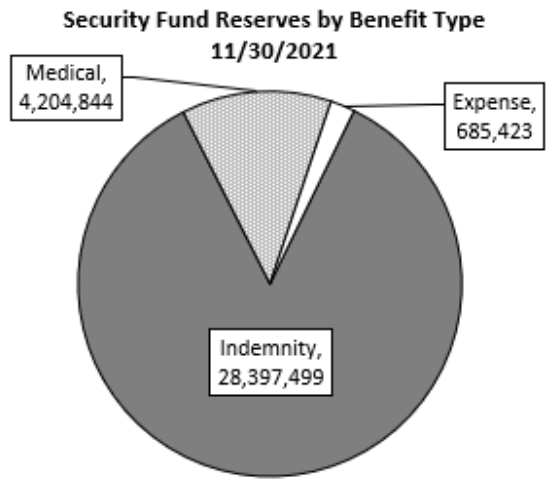
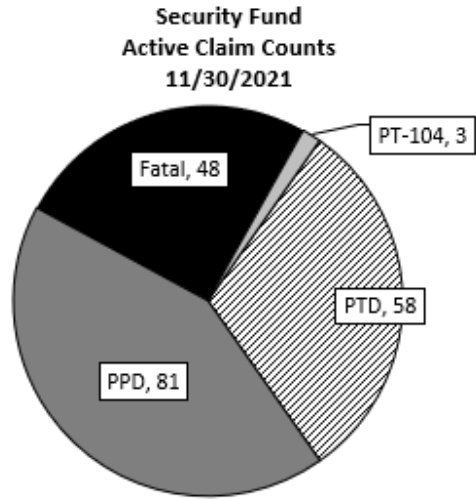
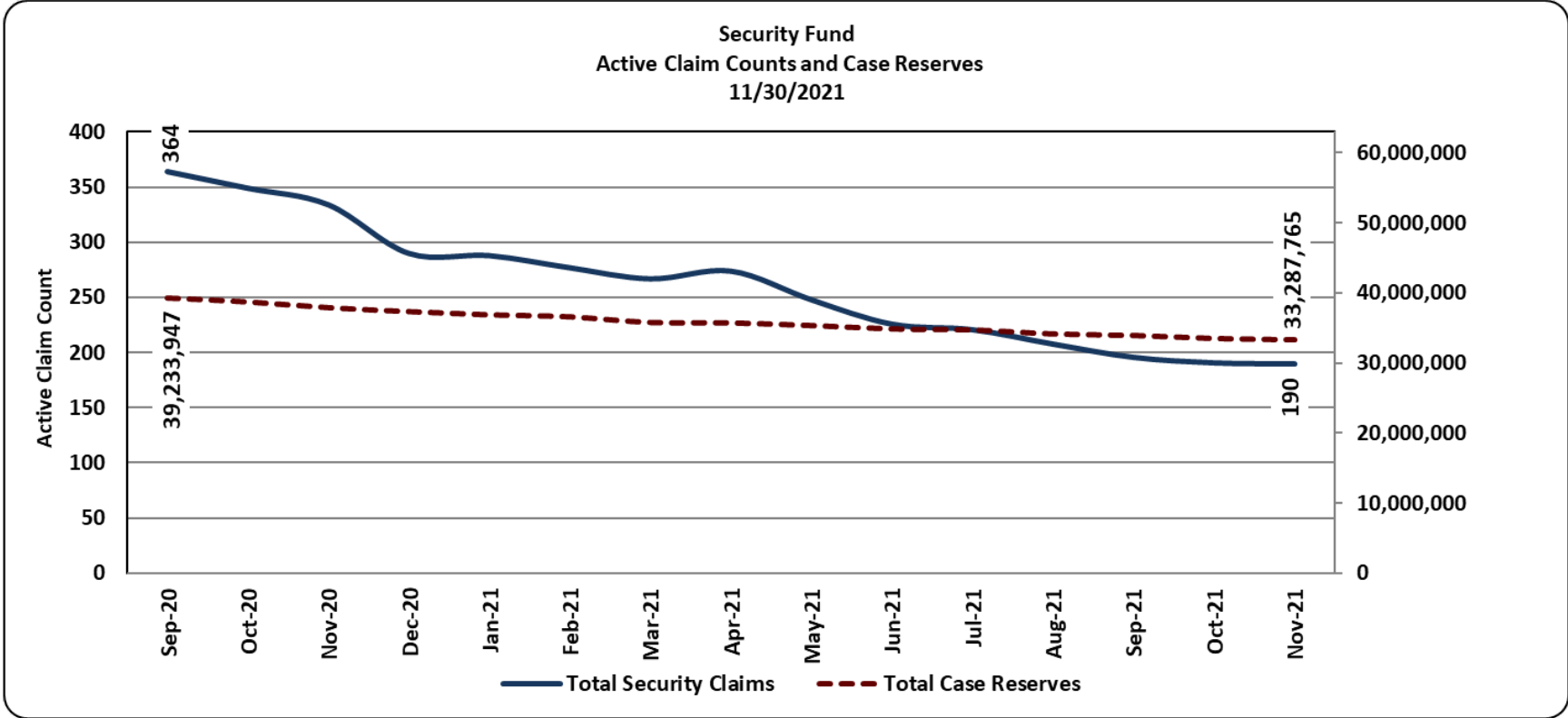
**Uninsured Fund
Active Claim Counts
11/30/2021**



**Uninsured Fund Reserves by Benefit Type
11/30/2021**







OLD FUND CASH STATEMENT
NOVEMBER 30, 2021

	YTD FY2022	YTD FY2021	Change	Three Year History for years ended:		
				FY2021	FY2020	FY2019
Cash Beginning Balances	1,080,592,100	993,229,138	87,362,963	993,229,138	1,077,104,966	1,190,163,510
Revenues						
Personal Income Tax	-	-	-	-	-	-
Severance Tax	-	-	-	-	-	812,164
Debt Reduction Surcharge	-	-	-	-	-	4,078,894
Self-Insured Debt Reduction Surcharge	-	-	-	-	-	1,628,881
Video Lottery	-	-	-	-	-	-
Employer Premium	212,696	134,170	78,527	189,298	138,119	70,302
Other Income - Return of Unclaimed Property	-	-	-	-	-	-
Operating Revenues	212,696	134,170	78,527	189,298	138,119	6,590,241
Investment / Interest Earnings (Losses)	21,463,185	58,347,640	(36,884,456)	187,370,470	48,614,936	17,915,993
Total Revenues	21,675,881	58,481,810	(36,805,929)	187,559,768	48,753,055	24,506,234
Expenditures						
Claims Benefits Paid:						
Medical	6,208,055	7,630,172	(1,422,117)	16,509,277	21,141,087	21,861,068
Permanent Total Disability	27,119,923	29,826,648	(2,706,724)	69,561,392	75,310,561	81,018,639
Permanent Partial Disability	102,150	39,504	62,646	112,956	70,989	120,930
Temporary Disability	-	-	-	-	(486)	49,001
Fatals	7,271,319	7,887,315	(615,996)	18,386,146	19,297,908	20,440,045
104 weeks death benefit	2,230,565	2,218,310	12,255	6,353,928	5,474,959	4,630,636
Settlements	919,679	1,473,313	(553,634)	2,708,581	4,452,419	3,688,819
Loss Adjustment Expenses	711,938	596,894	115,044	1,095,241	1,603,551	1,400,225
Total	44,563,630	49,672,156	(5,108,526)	114,727,520	127,350,987	133,209,364
Less: Claims credits and overpayments	187,154	89,282	97,872	334,334	982,782	2,443,869
Total Benefits Paid	44,376,475	49,582,874	(5,206,399)	114,393,187	126,368,205	130,765,495
Administrative Expenses	989,336	2,007,332	(1,017,997)	5,803,619	6,260,679	6,799,283
Total Expenditures	45,365,811	51,590,206	(6,224,395)	120,196,805	132,628,883	137,564,778
Excess (Deficiency) of Revenues over Expenditures	(23,689,930)	6,891,604	(30,581,534)	67,362,963	(83,875,828)	(113,058,544)
Transfer from Operating Fund	-	10,000,000	(10,000,000)	20,000,000		
Cash Ending Balances	1,056,902,171	1,010,120,742	46,781,429	1,080,592,100	993,229,138	1,077,104,966

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
NOVEMBER 30, 2021

Three Year History for years ended:						
	YTD FY2022	YTD FY2021	Change	FY2021	FY2020	FY2019
Cash Beginning Balances	246,613,162	220,914,521	25,698,641	220,914,521	232,485,887	246,768,365
Revenues						
Investment Earnings (Losses)	5,029,863	12,829,019	(7,799,156)	43,567,242	9,366,126	3,546,660
Other Income - Return of Unclaimed Property	-	-	-	-	-	-
Total Revenues	5,029,863	12,829,019	(7,799,156)	43,567,242	9,366,126	3,546,660
 Expenditures						
Claims Benefits Paid:						
Medical	2,569,828	1,131,325	1,438,503	5,107,159	7,541,269	4,623,840
PTD and Fatal Indemnity	3,697,019	3,633,856	63,163	8,726,207	8,899,722	8,683,360
Loss Adjustment Expenses	1,837,643	1,434,136	403,507	3,343,071	3,933,266	3,620,512
Total	8,104,491	6,199,316	1,905,174	17,176,438	20,374,258	16,927,711
Less: Claims Credits and Overpayments	51,397	19,029	32,368	94,896	360,474	85,884
Total Benefits Paid	8,053,094	6,180,288	1,872,806	17,081,541	20,013,784	16,841,827
Administrative Expenses	340,101	277,258	62,843	787,060	923,707	987,312
Total Expenditures	8,393,195	6,457,546	1,935,649	17,868,601	20,937,491	17,829,139
Excess (Deficiency) of Revenues over Expenditures	(3,363,332)	6,371,473	(9,734,805)	25,698,641	(11,571,365)	(14,282,479)
Cash Ending Balances	243,249,830	227,285,994	15,963,837	246,613,162	220,914,521	232,485,887

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
NOVEMBER 30, 2021

	Three Year History for years ended:					
	YTD FY2022	YTD FY2021	Change	FY2021	FY2020	FY2019
Cash Beginning Balances	39,659,496	33,724,356	5,935,140	33,724,356	33,373,873	34,042,831
Revenues						
Guaranty Risk Pool Assessments	-	-	-	-	-	(354)
Collateral Proceeds	-	-	-	-	-	252,925
Investment Earnings (Losses)	816,055	1,959,038	(1,142,983)	6,763,880	1,367,274	523,349
Total Revenues	816,055	1,959,038	(1,142,983)	6,763,880	1,367,274	775,921
Expenditures						
Claims Benefits Paid:						
Medical	78,429	100,251	(21,822)	280,185	346,473	496,368
Permanent Total Disability	26,549	42,662	(16,113)	89,242	102,389	102,389
Permanent Partial Disability	56,604	33,118	23,486	91,922	225,842	260,557
Temporary Disability	-	-	-	-	-	13,148
Fatals	86,248	86,248	-	206,996	223,506	226,808
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	62,000	22,250	39,750	39,699	10,000	125,000
Non Awarded Partial Disability	-	-	-	-	-	-
Loss Adjustment Expenses	12,669	29,327	(16,658)	52,455	76,110	112,306
Total	322,499	313,856	8,643	760,498	984,319	1,336,576
Less: Claims Credits and Overpayments	25,544	-	25,544	150	45,480	205
Total Benefits Paid	296,955	313,856	(16,902)	760,348	938,840	1,336,371
Administrative Expenses	16,607	24,698	(8,091)	68,392	77,951	108,508
Total Expenditures	313,562	338,554	(24,993)	828,740	1,016,791	1,444,879
Excess (Deficiency) of Revenues over Expenditures	502,493	1,620,483	(1,117,990)	5,935,140	350,483	(668,958)
Cash Ending Balances	40,161,989	35,344,839	4,817,150	39,659,496	33,724,356	33,373,873

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
NOVEMBER 30, 2021

Three Year History for years ended:

	YTD FY2022	YTD FY2021	Change	FY2021	FY2020	FY2019
Cash Beginning Balances	55,995,948	49,568,499	6,427,449	49,568,499	50,905,481	53,404,259
Revenues						
Security Risk Pool Assessments	-	-	-	-	-	-
Collateral Proceeds	-	-	-	-	-	243,007
Investment Earnings (Losses)	1,140,684	2,911,607	(1,770,923)	9,805,453	2,087,341	770,092
Total Revenues	1,140,684	2,911,607	(1,770,923)	9,805,453	2,087,341	1,013,099
Expenditures						
Claims Benefits Paid:						
Medical	195,211	233,006	(37,795)	531,814	549,908	527,648
Permanent Total Disability	503,082	538,957	(35,875)	1,250,688	1,379,159	1,519,062
Permanent Partial Disability	1,145	1,551	(406)	4,243	(60)	5,702
Temporary Disability	-	-	-	-	-	-
Fatals	350,151	369,166	(19,015)	918,152	979,631	1,090,855
104 Weeks Death Benefit	33,557	56,412	(22,855)	171,468	78,073	8,932
Settlement Agreements	51,750	111,253	(59,503)	315,463	162,665	19,065
Loss Adjustment Expenses	25,162	26,255	(1,093)	73,223	118,818	96,587
Total	1,160,059	1,336,601	(176,542)	3,265,052	3,268,194	3,267,851
Less: Claims Credits and Overpayments	7,105	52,666	(45,561)	84,004	102,299	54,962
Total Benefits Paid	1,152,954	1,283,935	(130,981)	3,181,048	3,165,895	3,212,889
Administrative Expenses	45,806	80,990	(35,184)	196,956	258,428	298,987
Total Expenditures	1,198,760	1,364,925	(166,165)	3,378,004	3,424,323	3,511,876
Excess (Deficiency) of Revenues over Expenditures	(58,076)	1,546,682	(1,604,758)	6,427,449	(1,336,982)	(2,498,778)
Cash Ending Balances	55,937,873	51,115,181	4,822,691	55,995,948	49,568,499	50,905,481

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
NOVEMBER 30, 2021

Three Year History for years ended:

	YTD FY2022	YTD FY2021	Change	FY2021	FY2020	FY2019
Cash Beginning Balances	16,844,759	13,817,714	3,027,045	13,817,714	13,211,915	12,989,971
Revenues						
Fines and Penalties	152,278	127,843	24,435	322,680	385,577	588,767
Investment Earnings (Losses)	339,482	779,781	(440,299)	2,767,995	517,439	179,479
Total Revenues	491,760	907,625	(415,864)	3,090,675	903,016	768,246
Expenditures						
Claims Benefits Paid:						
Medical	3,943	1,713	2,230	2,096	7,169	129,612
Permanent Total Disability	-	-	-	-	-	-
Permanent Partial Disability	533	-	533	-	15,617	30,633
Temporary Disability	41,620	2,019	39,601	3,048	22,059	35,751
Fatals	10,667	10,667	-	25,601	37,816	50,030
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	15,000	31,500	(16,500)	44,276	82,000	106,000
Loss Adjustment Expenses	14,429	12,893	1,535	26,492	46,867	52,714
Total	86,192	58,792	27,400	101,513	211,528	404,740
Less: Claims Credits and Overpayments	7,355	17,795	(10,439)	42,742	7,535	50,676
Total Benefits Paid	78,837	40,998	37,839	58,770	203,993	354,064
Administrative Expenses	2,100	1,710	390	4,860	93,224	192,238
Total Expenditures	80,937	42,708	38,229	63,630	297,217	546,302
Excess (Deficiency) of Revenues over Expenditures	410,823	864,917	(454,093)	3,027,045	605,799	221,944
Cash Ending Balances	17,255,582	14,682,631	2,572,951	16,844,759	13,817,714	13,211,915

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

CALENDAR NOTE

Board Meeting
January 27, 2022

OPERATING REPORT NOVEMBER 2021

Board of Treasury Investments

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

Board of Directors

Riley M. Moore,
State Treasurer,
Chairman

James C. Justice II,
Governor

John B. McCuskey,
State Auditor

Vacant,
Appointed by the
Governor

Mark A. Mangano,
Esq. Attorney
Appointed by the
Governor

Executive Staff

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

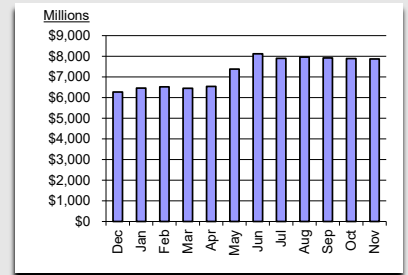
Chief Financial
Officer
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$7,872,307,000

Last Month
\$7,889,388,000

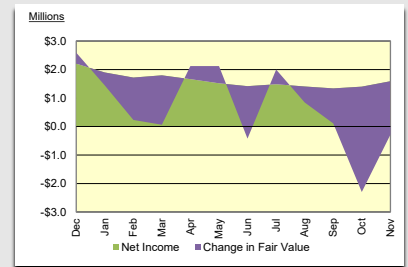
Beginning of Fiscal Year
\$8,119,584,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$376,000



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

Money Market Pools

As of November 30, 2021

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	0.0770%	53 Days	\$6.6 Billion
WV Gov't Money Market	0.0162%	49 Days	\$219.3 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

NOVEMBER 2021

Omicron Fears Send Markets Skidding

Equity Markets

For the better part of the month, it seemed stocks would be adding to, or at least holding on to, the strong gains of October. Then news of the Omicron Covid-19 variant dropped just before the Thanksgiving holiday sending markets on a skid. Stocks remained choppy in the days that followed before closing November with a thud when Federal Reserve Chair Jay Powell suggested support for a quicker taper of the Fed's bond buying program. Ending bond purchases a few months earlier could mean that interest rate hikes begin sooner. It is also now clear that the Chairman and his colleagues are more concerned about the threat of inflation to the U.S. economy than was evident only a few months ago. News of the variant's arrival in the U.S. on December 1 resulted in material intra-day volatility, with the VIX (known as the fear index) rising throughout the month.

The S&P 500 returned -0.7% for the month but is still up over 23% year-to-date. Large cap stocks (-1.3%) weathered the storm much better than mid caps (-3.5%) and small caps (-4.2%), with large cap growth stocks (+0.6) managing to tread water. Similarly, across market caps, growth stocks (+0.3%) benefitted from exposure to fast growing technology names and lower bond yields, while value stocks (-3.5%) including airline, energy, and financial sectors stocks (i.e., the "re-opening" stocks) were throttled. International (-4.7%) and emerging markets (-4.1%) stocks were no haven as the global economic growth prospects hang in the balance.

Fixed Income Markets

Treasury yields fell and the yield curve flattened as market volatility increased. The 10-year yield dropped from a November high of 1.68% to close the month at 1.46%. Falling yields helped Treasury bonds (+0.8%) and long duration bonds (+2.7%), while the core Bloomberg U.S. Aggregate (+0.3%) clawed back some of its year-to-date losses. Meanwhile, investment grade credit (+0.1%) was flat and high yield (-1.0%) followed stocks lower. High yield year-to-date returns (+3.3%) remain strong relative to other bond market sectors. Meanwhile for obvious reasons inflation adjusted TIPS (+5.6%) remain a top performer in the liquid fixed income markets.

With U.S. stocks up over 20%, and only a few weeks remaining in the calendar year, the severity of the latest variant and the Fed's December meeting remain in focus. So far markets seem to have taken the early stages of the Fed's gradual "unwind" in stride. Of course, the prospect of rising interest rates sooner next year, once tapering is complete, could be a tougher pill to swallow. In any case, the last week has once again shown that in today's world even the best laid plans are only a breaking headline away from being upended.

It may not seem real to you yet either, but we have already turned the page to the final chapter of 2021. We wish you and your families a healthy and happy holiday season, and whether virtually or in-person, we look forward to seeing you in the days, weeks, and months ahead.

West Virginia Board of Treasury Investments Financial Highlights as of November 30, 2021

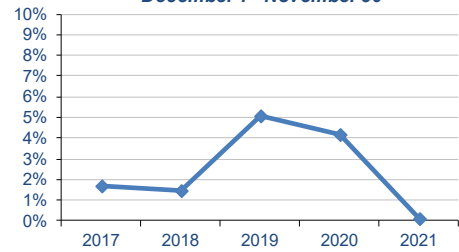
WV Short Term Bond Pool

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

<u>December 1 - November 30</u>	<u>Return</u>	<u>Net Assets At Nov 30 (In Millions)</u>
2021	0.1%	\$ 821.1
2020	4.1%	\$ 817.8
2019	5.1%	\$ 815.6
2018	1.4%	\$ 712.4
2017	1.7%	\$ 758.4

WV Short Term Bond Pool Rates of Return

*Past 12 Months
December 1 - November 30*

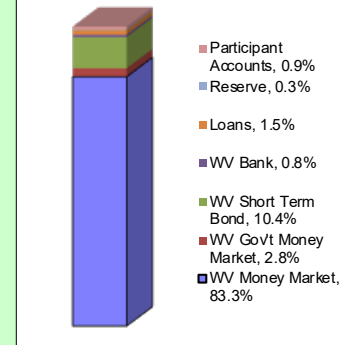


Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

Summary of Value and Earnings *(In Thousands)*

<u>Pool</u>	<u>Net Asset Value</u>	<u>Nov Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 6,556,313	\$ 417	\$ 1,869
WV Gov't Money Market	219,343	3	12
WV Short Term Bond	821,149	(902)	(2,528)
WV Bank	60,290	9	47
Loans	121,561	144	741
Reserve	19,953	2	11
Participant Accounts	73,698	47	224
	<u>\$ 7,872,307</u>	<u>\$ (280)</u>	<u>\$ 376</u>

Percent of Total Net Asset Value

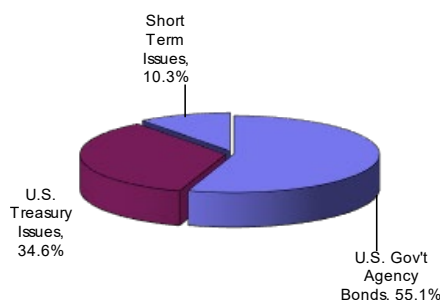


Securities by Type for Operating Pools *(Percentage of Asset Value)*

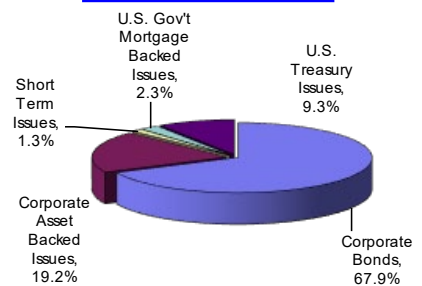
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED

NOVEMBER 30, 2021

(IN THOUSANDS)

	<u>WV Money Market Pool</u>	<u>WV Government Money Market Pool</u>	<u>WV Short Term Bond Pool</u>	<u>WV Bank Pool</u>	<u>Other Pools</u>	<u>Participant Directed Accounts</u>	<u>Total</u>
Assets							
Investments:							
At amortized cost	\$ 6,557,074	\$ 222,379	\$ -	\$ 60,261	\$ 141,371	\$ -	\$ 6,981,085
At fair value	-	-	822,199	-	-	73,607	895,806
Other assets	376	7	2,977	31	148	91	3,630
Total assets	<u>6,557,450</u>	<u>222,386</u>	<u>825,176</u>	<u>60,292</u>	<u>141,519</u>	<u>73,698</u>	<u>7,880,521</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	1,137	3,043	4,027	2	5	-	8,214
Total liabilities	<u>1,137</u>	<u>3,043</u>	<u>4,027</u>	<u>2</u>	<u>5</u>	<u>-</u>	<u>8,214</u>
Net Position							
Held in trust for investment pool participants	6,556,313	219,343	821,149	-	-	-	7,596,805
Held in trust for individual investment account holders	-	-	-	60,290	141,514	73,698	275,502
Total net position	<u>\$ 6,556,313</u>	<u>\$ 219,343</u>	<u>\$ 821,149</u>	<u>\$ 60,290</u>	<u>\$ 141,514</u>	<u>\$ 73,698</u>	<u>\$ 7,872,307</u>
Additions							
Investment income:							
Interest and dividends	\$ 219	\$ 6	\$ 1,217	\$ 10	\$ 148	\$ 53	\$ 1,653
Net (amortization) accretion	453	5	(202)	-	-	(1)	255
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>672</u>	<u>11</u>	<u>1,015</u>	<u>10</u>	<u>148</u>	<u>52</u>	<u>1,908</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	255	8	51	1	2	-	317
Total investment expenses	<u>255</u>	<u>8</u>	<u>51</u>	<u>1</u>	<u>2</u>	<u>-</u>	<u>317</u>
Net investment income	417	3	964	9	146	52	1,591
Net realized gain (loss) from investments	-	-	70	-	-	-	70
Net increase (decrease) in fair value of investments	-	-	(1,936)	-	-	(5)	(1,941)
Net increase (decrease) in net position from operations	417	3	(902)	9	146	47	(280)
Participant transaction additions:							
Purchase of pool units by participants	1,049,769	16,361	-	-	-	-	1,066,130
Reinvestment of pool distributions	417	3	932	-	-	-	1,352
Contributions to individual investment accounts	-	-	-	9	2	-	11
Total participant transaction additions	<u>1,050,186</u>	<u>16,364</u>	<u>932</u>	<u>9</u>	<u>2</u>	<u>-</u>	<u>1,067,493</u>
Total additions	1,050,603	16,367	30	18	148	47	1,067,213
Deductions							
Distributions to pool participants:							
Net investment income	417	3	964	-	-	-	1,384
Net realized gain (loss) from investments	-	-	70	-	-	-	70
Total distributions to pool participants	<u>417</u>	<u>3</u>	<u>1,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,454</u>
Participant transaction deductions:							
Redemption of pool units by participants	1,033,170	41,012	6,900	-	-	-	1,081,082
Withdrawals from individual investment accounts	-	-	-	9	1,102	647	1,758
Total participant transaction deductions	<u>1,033,170</u>	<u>41,012</u>	<u>6,900</u>	<u>9</u>	<u>1,102</u>	<u>647</u>	<u>1,082,840</u>
Total deductions	<u>1,033,587</u>	<u>41,015</u>	<u>7,934</u>	<u>9</u>	<u>1,102</u>	<u>647</u>	<u>1,084,294</u>
Net increase (decrease) in net position from operations	17,016	(24,648)	(7,904)	9	(954)	(600)	(17,081)
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	17,016	(24,648)	(7,904)	9	(954)	(600)	(17,081)
Net position at beginning of period	6,539,297	243,991	829,053	60,281	142,468	74,298	7,889,388
Net position at end of period	<u>\$ 6,556,313</u>	<u>\$ 219,343</u>	<u>\$ 821,149</u>	<u>\$ 60,290</u>	<u>\$ 141,514</u>	<u>\$ 73,698</u>	<u>\$ 7,872,307</u>