



JOINT COMMITTEE  
ON GOVERNMENT & FINANCE  
**INTERIM BOOK**

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April 12, 2023

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  
April 12, 2023

<https://broadband.wv.gov>

<https://internetforallwv.wv.gov>

## **2022 Annual Report**

West Virginia Department of Economic Development (WVDED), Office of Broadband, in coordination with the West Virginia Broadband Enhancement Council submitted its 2022 annual report to the West Virginia Legislature: [https://www.wvlegislature.gov/legisdocs/reports/agency/B19\\_CY\\_2022\\_15837.pdf](https://www.wvlegislature.gov/legisdocs/reports/agency/B19_CY_2022_15837.pdf).

### **The West Virginia Broadband Investment Plan (WVBIP)**

To carry out the Governor's Billion Dollar Broadband Strategy, the agencies developed and launched the West Virginia Broadband Investment Plan (WVBIP). The WVBIP is designed to:

- Leverage Private Investment
- Involve Local Governments
- Encourage Public-Private Partnerships
- Connect the Unconnected

The WVBIP includes four separate programs, each designed to meet West Virginia's broadband development needs through efficient utilization of state and federal funding streams. WVBIP 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 local ARPA allocations or other local funding,
- c. Major Broadband Project Strategies (MPBS): Significant new networks or major expansions of existing networks, and
- d. Wireless Internet Networks (WIN): Expansions or upgrades of existing fixed wireless networks.

### **American Rescue Plan Act (ARPA) Funding**

The West Virginia Legislature's allocation of SLFRF and General Revenue funding provided a historic \$100 million investment. This funding will complement West Virginia's allocation of funds through the Capital Projects Funds (CPF), also part of the ARPA. West Virginia was among the first four states in the nation to receive approval from the U.S. Treasury for funding under the ARPA CPF program in June 2022. West Virginia will receive \$136 million to support broadband development.

The ARPA SLFRF and CPF broadband funding allocations represent a major transition to state-led broadband development through which states will oversee the investment of broadband funding. CPF funding, combined with the Legislature's allocation of SLFRF funding in the amount of \$90 million and General Revenue Funding in the amount of \$10 million, provides a combined total of \$236 million for broadband development in West Virginia under ARPA.

## 2022 ARPA Broadband Project Approvals

Governor Justice has issued preliminary project approvals on a rolling basis throughout 2022, as detailed below:

- a. **LEAD Approvals:** Governor Justice has announced the approval of 12 applications under the Line Extension, Advancement and Development (LEAD) Program in three separate announcements on January 19, March 18, and August 9, 2022. The 12 LEAD awards to date represent an allocation of \$27,194,177, through which companies will construct 1,189 miles of fiber, serving 14,936 targeted locations in West Virginia. These projects will leverage an additional \$14,308,671 in match contributions for a total infrastructure investment of \$43,502,848.

The LEAD Round 2 application cycle closed on March 29, 2023: [https://broadband.wv.gov/wp-content/uploads/2023/03/ROUND-2\\_LEAD-PROCEDURES-UPDATED-MARCH-22-2023.pdf](https://broadband.wv.gov/wp-content/uploads/2023/03/ROUND-2_LEAD-PROCEDURES-UPDATED-MARCH-22-2023.pdf).

- b. **MBPS Approvals:** Governor Justice has announced the preliminary approval of over \$34.8 million in grant funding for seven broadband infrastructure projects across the state through the Major Broadband Project Strategies (MBPS) program. The approved projects will result in more than 910 miles of new fiber infrastructure, providing broadband connectivity to 9,840 homes and businesses in West Virginia. These projects will leverage an additional \$16.3 in match contributions for a total infrastructure investment of \$51 million.

The Governor issued the most recent MBPS Preliminary Approval on September 16, 2022. This announcement included the Micrologic Randolph County MBPS project listed below in Table 2, and the GigReady projects listed in Table 3. Final project determinations for projects that received Preliminary Approval on September 16, 2022, will be completed following the WVDED Public Notification Period, which closed on October 5, 2022.

The MBPS Round 2 funding cycle will close on April 20, 2023: [https://broadband.wv.gov/wp-content/uploads/2023/03/ROUND-2\\_MBPS-PROCEDURES-03.22.23.pdf](https://broadband.wv.gov/wp-content/uploads/2023/03/ROUND-2_MBPS-PROCEDURES-03.22.23.pdf).

- c. **GigReady:** Governor Justice has announced GigReady projects in the amount of \$41.3 million. The GigReady Round 2 funding cycle has two application deadlines. The Pre-Application deadline will be June 7, 2023, at 11:59 p.m., Eastern Daylight Time. The full application deadline will be July 26, 2023. More information is available at: <https://broadband.wv.gov/wp-content/uploads/2023/04/GIGREADY-PROCEDURES-Round-2-2023.04.04.pdf>
- d. **West Virginia has awarded \$103 million in ARPA funding to date:**

- \$70 million in Capital Projects Funds, and
- \$33 million in SLFRF funds

Internet Service Providers in West Virginia have dedicated matching funds in the amount of \$44 million for a total investment of more than \$147 million in 24 broadband infrastructure projects throughout West Virginia across all projects announced to date. These projects will result in nearly 3,000 miles of new fiber infrastructure, providing broadband access to more than 38,000 targeted homes and businesses. Projects are currently underway throughout the State.



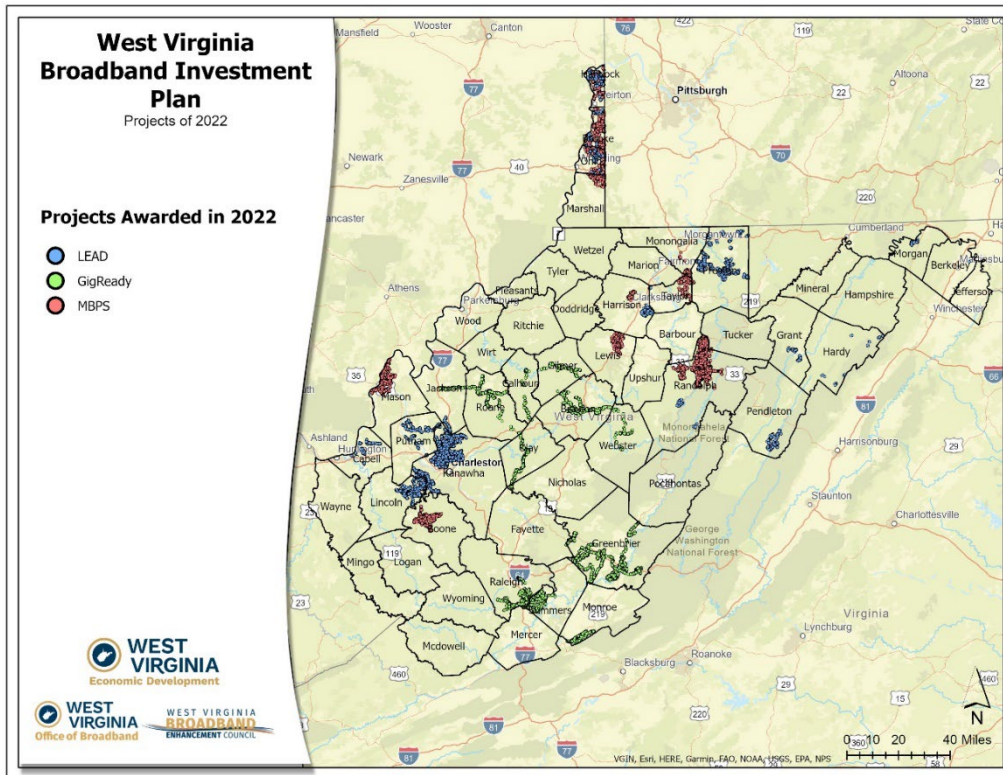


Figure 1: 2022 Announced Projects by Program

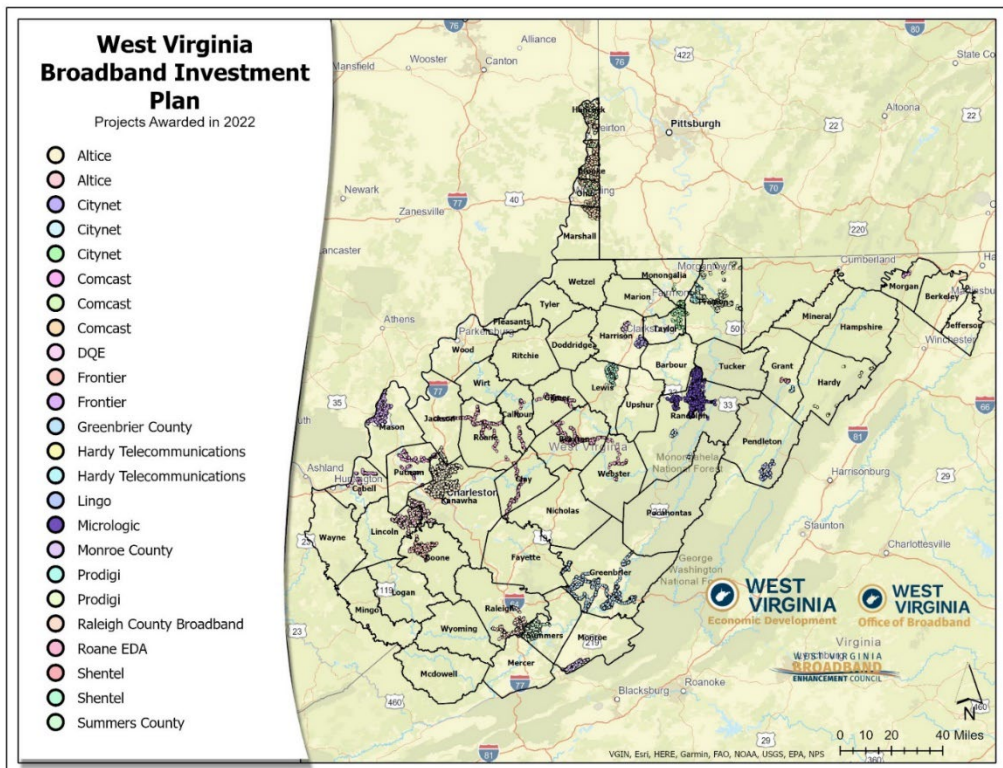


Figure 2: 2022 Announced Projects by Company/Private Partner

## Infrastructure Investment and Jobs Act (IIJA) Broadband Programs

On May 13, 2022, the National Telecommunications and Information Administration (NTIA) released a Notice of Funding Opportunity (NOFO) for three national broadband programs under the Infrastructure Investment and Jobs Act (IIJA). The WVDED Office of Broadband has created a website specific to the IIJA programs: <https://internetforallwv.wv.gov/>. Outreach meetings are currently underway throughout West Virginia.

This website includes an Events tab: <https://internetforallwv.wv.gov/events/> to indicate the dates and locations of all meetings. At least one meeting will be conducted in each of West Virginia's 55 counties. The following events are currently scheduled:

### **Brooke-Hancock Listening Session**

Newell Lions Club 510 Washington St, Newell, WV 26050

April 13 @ 1:00 pm

### **Tucker County Listening Session**

Canaan Valley State Park – Conference Center 230 Main Lodge Rd Davis, WV 26260 304-866-4121

April 13 @ 6:00 pm

### **Brooke-Hancock Listening Session**

Beech Bottom VFD 13 3rd St, Beech Bottom, WV 26030

April 17 @ 10:00 am

### **Brooke-Hancock Listening Session**

Brooke County Senior Center 948 Main St, Follansbee, WV 26037

April 24 @ 9:00 am

### **Wyoming County Listening Session**

Wyoming County Commission, 911 Cedar Street, Pineville, WV

April 24 @ 12:00 pm

### **Region 1 Quarterly Board Meeting**

Twin Falls Resort State Park

April 24 @ 3:00 pm

### **Raleigh County Listening Session**

Raleigh County Commission, 116 ½ N. Heber St., Beckley, WV

April 25 @ 10:00 am

### **Summers County Listening Session**

Summers County Memorial Building, Conference Room, 451 1st Avenue, Hinton

April 25 @ 2:00 pm

### **Monroe County Listening Session**

Monroe County Rescue Squad Building, 11 Pump Street, Union, WV

April 26 @ 10:00 am

### **Mercer County Listening Session**

Mercer County Commission, 1501 W. Main Street, Princeton, WV  
April 26 @ 11:00 am - 12:00 pm

**Gilmer County Seniors Listening Session**

Gilmer County Senior Center 720 N Lewis St., Glenville, WV 26351 Lunch Hour  
April 26 @ 2:00 pm

The IJA includes three major programs:

1. Broadband Equity, Access, and Deployment (BEAD) Program (\$42.5 billion)
2. Enabling Middle Mile Broadband Infrastructure Program (\$1 billion)
3. State Digital Equity Act programs (\$1.5 billion)

Each program is briefly detailed below:

1. **Broadband, Equity, Access, and Deployment (BEAD)**
  - a. The BEAD program provides funding for broadband planning, deployment, mapping, equity, and adoption activities. Each State is eligible to receive a minimum of \$100 million, of which \$5 million can be allocated as Planning Funds.
  - b. **West Virginia was among the 34 initial states that submitted a Letter of Intent (LOI) to participate in BEAD funding.** As of July 15, all 50 states had submitted an LOI to participate in the \$42.5 billion [the BEAD Program](#).
  - c. **West Virginia's BEAD application was submitted to NTIA on August 11, 2022, in advance of the August 15, 2022, application deadline.**
  - d. The State's Five-Year Action Plan must be submitted with 270 days of receiving BEAD Planning Funds; with a due date of August 12, 2023.
2. **State Digital Equity Planning Grant Program**
  - a. The State Digital Equity Planning Grant (<https://broadbandusa.ntia.doc.gov/resources/grant-programs/digital-equity-programs>) will be awarded to States and territories to develop State Digital Equity Plans designed to identify barriers to digital equity and implement strategies to overcome these barriers.
  - b. Digital Equity Plans must be included in the BEAD Five-Year Plan.
  - c. **West Virginia's application was submitted on July 1, 2022, in advance of the July 12, 2022, Digital Equity Planning Grant application deadline. West Virginia's Digital Equity Planning Grant was approved by NTIA on September 30, 2022.**
  - d. Digital Equity Plans must be submitted within 270 days of receiving Digital Equity Planning Grant funds; with a due date of October 1, 2023.
  - e. States that do not complete the Digital Equity planning process will not be eligible for Digital Equity Implementation funds.

### 3. NTIA Middle Mile Broadband Infrastructure Grant

- a. The Middle Mile Broadband Infrastructure Grant Program (<https://broadbandusa.ntia.doc.gov/enabling-middle-mile-broadband-infrastructure-program>) provides funding for the construction, improvement, or acquisition of middle-mile infrastructure. Grant funds will be used to expand middle mile infrastructure to reduce the cost of unserved last-mile networks to connect to the internet backbone.
- b. NTIA will prioritize projects that meet at least two of the following five criteria, as outlined in Section 60401(d)(2) of the Infrastructure Act. Preferred projects will:
  - Adopt "fiscally sustainable middle mile strategies"
  - Commit to offering non-discriminatory interconnect
  - Identify specific, documented and sustainable demand for middle mile interconnections
  - Identify conditions/resources to speed up project
  - Demonstrate benefits to national security interests
- c. Middle Mile Program grant applications will be submitted directly to NTIA. Awards ranging from \$5 million to \$100 million were expected to begin in March 2023.

### New FCC National Broadband Map

The Federal Communications Commission (FCC) released the new National Broadband Map, found at <https://broadbandmap.fcc.gov/home>, on November 18, 2022.

The new map displays Internet services across the United States, as reported by Internet Service Providers (ISPs) to the FCC. The map will be used to calculate the amount of funds allocated to the State of West Virginia by the National Telecommunications and Information Administration (NTIA) through its Broadband Equity, Access, and Deployment (BEAD) program.

Continuing to improve the State's broadband map, the WVDED Office of Broadband has issued a voluntary data request in parallel to the FCC Digital Opportunity Data Collection (DODC) process: <https://broadband.wv.gov/notice-of-request-for-data-related-to-the-broadband-equityaccess-and-deployment-program/>.

The intention of this data request is to receive the information when it is submitted to the FCC to mitigate any delays between broadband program rounds that require the latest filings of data. WVDED requested that ISPs operating in the State concurrently provide it with the portion of the DODC data provided to the FCC which pertains to services provided in West Virginia by March 24, 2023.

The WVDED, Office of Broadband, initially submitted more than 138,000 missing addresses to the FCC, as part of the State's official challenge to the FCC Broadband Serviceable Location (BSL) Fabric, in November 2022. Not all challenges were accepted. The Office of Broadband anticipates that several cycles will be needed to validate the data and will continue working with the FCC to ensure that all West Virginia addresses are accurately captured on the National Broadband Map.

Regarding IJA funding, NTIA continues to target June 30, 2023, for BEAD allocations. The release versions and corresponding location changes are detailed below:

**Fabric v.1:** *This is the initial location data used to create the map.*

**Fabric v.2:** *This version of the Fabric is currently available to Fabric license holders and was made available to ISPs on January 3, 2023, to collect ISP availability data. Fabric v.2 is not currently part of the map but will be incorporated before June 30, 2023. This is the Fabric subject to the March 15 Challenge.*

**Fabric v.3:** *This is the version of the Fabric incorporating challenges made to Fabric v.2 by March 15, 2023. Fabric v.3 will be made available to ISPs to collect availability data prior to the Broadband Data Collection filing window open from July to September 2023 and incorporated into the map in Fall 2023.*

West Virginians are always encouraged to submit a Location Challenge to indicate that an address is missing, or an Availability Challenge to indicate that availability is incorrect. Instructions for submitting challenges are provided as follows:

#### **How to Find Your Address:**

1. Visit <https://broadbandmap.fcc.gov/home>.
2. Using the search bar, type in the address you wish to review. The map should automatically zoom to your location.
3. After finding your location, a side-panel on the right-hand side of the screen will populate location and service information.
4. If your location is missing, ensure to select the building footprint or space of your location to submit a Location Challenge.

#### **How to Submit a Location Challenge to the FCC:**

1. After searching a location, select the building footprint or space to where the point location layer is missing.
2. Once the location is found, select “Challenge Location.”
3. You will be required to fill out a form regarding information about your location.
4. After a challenge is submitted, you will receive a confirmation email informing you that it has been received by the FCC.
5. If a location is available on the map that includes inaccurate information, navigate to “Location Challenge” in the side-panel to complete the form.

#### **How to Submit an Availability Challenge to the FCC:**

1. After searching a location, select “Availability Challenge” in the side-panel.
2. Select the provider (ISP) you wish to challenge.
3. Complete the form to dispute the provider's claim on service availability.
4. Submit a separate challenge for each provider, if multiple providers are listed incorrectly.



The FCC map will be updated twice per year through a combination of FCC verification efforts, new data from Internet providers, new location data, and—importantly—information from the public and state broadband offices. To learn more about West Virginia’s ongoing broadband development initiative, visit [broadband.wv.gov](https://broadband.wv.gov).

### **FCC Affordable Connectivity Program (ACP)**

The West Virginia Broadband Enhancement Council and West Virginia Office of Broadband website prominently features the Affordable Connectivity Program at <https://broadband.wv.gov/> and <https://internetforallwv.wv.gov/>.

In addition, the FCC has launched a new ACP pre-qualification widget to help streamline the application process. We are determining whether this can be added to the Council website. **As of April 10, 2023, nearly 98,000 West Virginians have enrolled in ACP benefits. A household is eligible if one member of the household meets at least one of the criteria below:**

- Income at or below 200% of [Federal Poverty Guidelines](#);
- Assistance programs, such as SNAP, Medicaid, Federal Public Housing Assistance, SSI, WIC, or [Lifeline](#);
- Free and reduced school lunch or school breakfast, such as USDA Community Eligibility Provision;
- Federal Pell Grant during the current award year; or
- Eligibility for provider’s existing low-income program.

The ACP helps ensure that households can afford the broadband they need for work, school, healthcare, and more by providing a discount of up to \$30 per month. The FCC estimates that about 48 million families are eligible for the program—nearly 40 percent of households in the United States.

#### **Steps to Enroll:**

1. Go to [AffordableConnectivity.gov](https://AffordableConnectivity.gov) to submit online or mail-in application.
2. Contact participating provider to apply discount.
3. Additional resources are available at:

#### **Support Contact**

[ACPSupport@usac.org](mailto:ACPSupport@usac.org) or 1-877-384-2575

#### **FCC ACP Information**

<https://www.fcc.gov/acp> or <https://broadband.wv.gov/>

# JOINT COMMITTEE ON GOVERNMENT AND FINANCE

(Speaker Hanshaw)

January 12, 2023

2:00 p.m. – 3:00 p.m.

<b>Senate</b>	<b>House</b>
Blair, Chair	Hanshaw, Chair
Nelson	Capito
Takubo	Criss
Tarr	Householder
Trump	Howell
Weld	Skaff
Woelfel	Summers

**Speaker Hanshaw:** “All right, good afternoon let’s go ahead and call the meeting to order. Our first order of business today is the minutes of our December 6<sup>th</sup> meeting. Those minutes are in the packets. If all members will take a quick look at those minutes we’ll proceed with approval of those minutes. Any additions or corrections to the draft? If not, the Chair recognize the President.”

**President Blair:** “December the 6<sup>th</sup> minutes?”

**Speaker Hanshaw:** “Yes.”

**President Blair:** “Mr. President or...Mr. Speaker I move that the minutes from the December the 6<sup>th</sup>, 2022, of the Joint Committee on Government and Finance as contained in the member packets be approved.”

**Speaker Hanshaw:** “The President moves that the draft minutes of the December 6<sup>th</sup>, 2022, meeting of the committee be approved as distributed. Those in favor of the motion will please say aye, any opposed please say no. The ayes have it, that motion is adopted. We have a handful of organizational motions to dispense with today before we take up the reports. So, we’ll take up the first one. Chair recognize the President.”

**President Blair:** “Mr. Speaker, I move that the Joint Committee on Government and Finance hereby reappoint Aaron Allred as the Legislative Manager to oversee the offices of the committee, subject to the general direction and control of the President of the Senate and the Speaker of the House of Delegates, the Legislative Manger one, shall be in complete charge of the administrative operations of the committee and the management of the office thereunder except for the Commission on Special Investigation, and secondly serve as the chief administrator manager for all the Joint Committee personnel except for the Committee on Special Investigation, and finally have authority to enter into contracts on behalf of the Committee.”

**Speaker Hanshaw:** “The question is on the motion just offered by the President. Is there discussion on that motion? If not, those in favor of adoption of that motion will please say aye, those opposed please say no, the ayes have it, that motion is adopted. Chair recognize the President again.”

**President Blair:** “Mr. Speaker, I move the Joint Committee on Government and Finance be authorized by the West Virginia Code §4-2-3 hereby reappoints Aaron Allred as the Legislative Auditor.”

**Speaker Hanshaw:** “Okay, the question is on the motion just offered by the President. Is there discussion on the motion? If not, those in favor of adoption of the motion will say please say aye, those opposed please say no, the ayes have it, and that motion is adopted. Chair will again recognize the President.”

**President Blair:** “I move that the Speaker and the President of the House be...or excuse me...the President and the Speaker of the House be authorized to jointly establish the interim committees and subcommittees as deemed appropriate and to appoint as many members as desired to any committee or subcommittee other than the statutory or standing committees.”

**Speaker Hanshaw:** “All right, the question again is on the motion just offered by the President. Is there discussion on the motion? If not, those in favor of the motion will please say aye, those opposed please say no, the ayes have it, that motion is adopted. Chair again recognize the President.”

**President Blair:** “Mr. Speaker, I would point out it sounds like prayer meeting here when they say aye. Mr. Speaker, I also move that the...Mr. President, that the interim committees and the subcommittees established by the President and the Speaker of the House and interim committees established by the statute and all joint standing committees be authorized to meet during the 2023 & 2024 Interim Periods.”

**Speaker Hanshaw:** “Okay, the question again is on the motion just offered by the President. Is there discussion? Okay, if not, those in favor of the motion will please say aye, those opposed please say no. Okay, Chair is confused but the motion is adopted. Chair recognize the President for another motion.”

**President Blair:** “I move Mr. Speaker that the Legislative Rule-Making Review Committee be authorized to meet outside of the interim periods as necessary to complete their statutorily required work with the approval of the President and the Speaker.”

**Speaker Hanshaw:** “Okay, the question now is on the motion just offered by the President. Is there discussion on this motion? If not, those in favor of the motion will please say aye, those opposed will please say no, the ayes have it, that motion is adopted. Let’s take the next one.”

**President Blair:** “Mr. Speaker, I move the President and the Speaker be authorized to jointly assign study topics to interim committees as they deem appropriate.”

**Speaker Hanshaw:** “All right, you’ve heard the motion just offered by the President. Is there discussion? If not, those in favor will please say aye, those opposed please say no, the ayes have it, Chair declares that motion adopted. We have one more, President Blair.”

**President Blair:** “Finally, I move all the committees, subcommittees, and commissions meeting during the interim period for which there are an unequal number of Delegates and Senators, that all motions considered must be adopted by a separate majority of the committee members from each legislative body.”



**Speaker Hanshaw:** “Okay, the question now is on that motion just offered by the President. Is there discussion? If not, those in favor of adoption of the motion will say aye, those opposed please say no, all right the ayes have it. Are there other motions to come before the committee at this time before we move on to reports? Okay, if not, let’s take up our first of the reports for this afternoon’s meeting. The first is a broadband update, do we have anyone from the Office of Broadband here? No, it appears we do not. Okay, let’s move on and take PEIA then. Take it first.”

**Director Haught:** “Good afternoon, Mr. Speaker, members of the committee. My name is Jason Haught, CFO, Acting Director PEIA. We have presented the year-to-date financial statements through October for PEIA. Statements indicate PEIA is currently ahead of plan by \$4 million through October, primarily due to lower than forecast claims expense. RHBT is currently behind plan by \$55 million, this is due to lower than forecast investment income. However, after these financials were submitted, we have finished up November and so I would like to mention that with the great work by Mr. Slaughter’s crew over at the IMB, we are now ahead of plan in the RHBT. So, we had a tremendous swing on the investments last...the month of November. So, that’s good news, we’re actually ahead of plan now at 3.6 and PEIA is ahead of plan through November by \$24 million. That is the comments for the financial and the update on the financials, Mr. Speaker.”

**Mr. Speaker:** “Okay, so you’ve heard Mr. Haught’s report. Let’s take questions from members now about PEIA. Delegate Skaff.”

**Delegate Skaff:** “Thank you, Mr. Speaker. So, we haven’t met in a few months so I was just curious like with the Governor’s new proposal last night, was that...was there conversations and updates about from...obviously from you all about bringing this...is this

a band aid to get us up to speed, to get our head above water, or is this an investment in helping us for years to come with the amount that was proposed last night?"

**Director Haught:** "So, the understanding I have is that the...the plan is year to year."

**Delegate Skaff:** "Okay."

**Director Haught:** "I look at it as one-year increments. So, the Governor I...pledge last night will help the plan get to the 110% in patient reimbursement for the hospitals that has been requested and you know, depending on how twenty-three goes. So, we're five months into twenty-three looking better than forecast. That's going to mitigate the necessary increases in the future and so the amount of money dedicated last night and the performance of the plan will go a long way in determining how to answer that. You know, it's hard to say until we have actual numbers available to us, sir."

**Delegate Skaff:** "I'm just wondering like, the amount that was allocated last night kind of brings us back up to speed to kind of get us paddling above water a little bit and then there's nothing for the future to come and so we're going to be right back in this same hole next year."

**Director Haught:** "The unfortunate reality of healthcare costs is that we will always...except for you know...we've had some really good years quite frankly over the decade, we've utilized a significant amount of our reserves from prior year gains where we did beat the plan forecast and so we had additional reserves. We've been able to utilize those reserves to offset the trend that happens virtually every year and so it's highly dependent upon the performance of the plan but generally we build in...the actuaries

excuse me...build in approximately...I think we've got 12% on the drug and approximately 8% right now on the medical...you apply that to \$650 million dollars it's hard to, you know—"

**Delegate Skaff:** "—it's hard to predict how long it'll buy us."

**Director Haught:** "Unfortunately though with healthcare costs, not long."

**Delegate Skaff:** "I understand. The way inflation is as well, the reality is—"

**Director Haught:** "—yes sir, it's one of the highest inflation economic sectors there is."

**Director Haught:** "Well thank you, thank you for answering the question. Thank you, Mr. Speaker."

**Speaker Hanshaw:** "Senator Weld."

**Senator Weld:** "(...inaudible...) Mr. Speaker. Mr. Haught thanks for being here today. Obviously, I represent Ohio County and Wheeling Hospital is there. So, this has been something I've heard a lot about and talked a lot about over the past week or so. So, you did say that last night...that that hundred...the Governor was proposing...also included provisions as to what the Senate passed out yesterday...that 110%."

**Director Haught:** "Yes, sir."

**Senator Weld:** "And then...so, the hundred million that the Governor proposed last night would go into the rainy-day fund which we created...I don't know...I think in 2019 or something."

**Director Haught:** "Yes, sir."

**Senator Weld:** “That’s the...okay. So, there have been...we’ve seen, you know...the projections moving forward that it was going to be about a \$300 million dollar shortfall...376...my colleague here said. What does that do to that? Looking at the outyears and that \$376 million dollar shortfall, are we still facing that?”

**Director Haught:** “I would...based on my experience...not anticipate that full 376 to be there. I do believe if we stay on plan and we have the additional monies that have been provided, depending on if that was you know...base building or was that a one-time appropriation...and I’m referencing the \$40 million. Okay? To address the specific—”

**Senator Weld:** “—I would think that that’s base building because I mean we’re...it’s not just your 110% for FY—”

**Director Haught:** “—Correct.”

**Senator Weld:** “—you know, twenty-four.”

**Director Haught:** “So I would...I would assume this is going to...the \$40 million is going to cover the 110 and the \$100 million is going to be a separate reserve that as appropriately necessary and decided upon by leadership to use in the PEIA plan...you know, we continue to...let’s say we continue to full complete this fiscal year with the promising information we’ve had thus far, we would significantly eat into that 376 because you don’t have the compounding effect of the additional 8 and 13% trend assumptions on the 650 added to it each year. So, it could...it could reduce it.”

**Senator Weld:** “What can we do though so that we’re not in this situation where we’re chasing money constantly that it...that we’re getting...that PEIA is self-sustaining? I mean what are we missing here? I mean that we have to create reserve funds and rainy-

day funds and...I mean what can we do to not bring us to this point again two years from now or something?"

**Director Haught:** "I...and please don't receive this as flippant...but I don't know of any health plan that can stay self-sufficient without...without either significant modifications to the benefits, significant reductions to the network, significant reductions to your formulary, significant modifications to the plan...because over the 25 years I've been or 21 years I've been with the plan...sorry I was including some of Mr. Allred's experience in that number...there has been, you know, either...at least a single digit increase in the healthcare costs in which we provide our members and there's always going to need to be either additional revenue or expense modifications through whichever means everyone would agree upon. Unfortunately, healthcare costs are...whether it's Blue Cross, Anthem, United, all payers deal with the increased healthcare cost."

**Senator Weld:** "I think that yeah and West Virginia over the past couple years you're probably looking at like an 8, 9% premium increase annually for the past several years."

**Director Haught:** "Yes, we—"

**Senator Weld:** "—Close to that."

**Director Haught:** "—yes, sir and I...absolutely, we got a reprieve from COVID and I will point out, you know, we came out of this pretty well. We had...we were ahead of plan a couple of years ago because of COVID. Last...this twenty-two, we finished \$40 million behind plan, you back out the below trend though we had in twenty-one I believe we came in I think around \$35 million to the worse after an international pandemic. So, I



think the state faired pretty well considering the entire span of the pandemic...it was an unfortunate...as you can imagine...experience to go through in any sector but being in the healthcare payer, it was a...once in a lifetime obviously but looking at in the whole I think the state faired rather well.”

**Senator Weld:** “Well, I...you know, I think you’re probably going to be in front of a lot of committees—”

**Director Haught:** “—yes, sir.”

**Senator Weld:** “—this session. I think that everybody looks forward to finding a solution and a way forward. I know that I have a lot of nervous constituents and I’m hoping that we can figure this out. So, I appreciate you being here today. Thank you.”

**Director Haught:** “Thank you.”

**Speaker Hanshaw:** “Okay, I have Delegate Summers, then Senator Tarr, then Senator Takubo.”

**Delegate Summers:** “Thank you, Mr. Speaker. Thank you, Mr. Haught for being here. Would you say that PEIA is structurally sound?”

**Director Haught:** “PEIA has a reserve currently of over 12% for \$650 million dollar plan and that is self-insured and also included in that is our current expenses for our Medicare retirees which are in a capitated plan. Also included in that is our capitated members that are in The Health Plan of West Virginia. So, I would say it is structurally sound, financially well reserved, and poised to address the challenges that it...that comes up to it each year. Yes, we do need to all generally collaborate and work together to

determine how best are we going to handle these inevitable healthcare costs that we see each year but you know, I've been doing this a long time and you know, we've always got challenges but we always manage to determine the best meet...forward and I think yes, I would say that it is structurally sound."

**Delegate Summers:** "Okay, thank you. So, you were saying the only ways to improve this is to lower what we cover, right?"

**Director Haught:** "Generally, yes."

**Delegate Summers:** "Okay, lower the things we're going to cover, increase the premiums, and then we're eighty twenty which to make that stay low we take \$100 million dollars from our taxpayers and put them in a fund to use that to keep the premiums low. Right?"

**Director Haught:** "That's the current...that was what was—"

**Delegate Summers:** "That's how we currently do that—"

**Director Haught:** "—proposed last year by the—"

**Delegate Summers:** "—Okay. One concern that I had is we opened it up to you can go anywhere with it and I know what our goal was...was to do it so it was convenient for people that lived on border counties and so it used to be I think you could go to a contiguous county. So, if you were in your area, you could go across...you live five minutes from a hospital in Ohio but now...I just want to make sure I understand this right...you can go anywhere. So, if you wanted to go over to Columbus, you could go over there still. It's like wide open now not just contiguous to the counties around the state."

**Director Haught:** “Okay so I would like to clarify that. That is not accurate.”

**Delegate Summers:** “Okay, that’s what I don’t understand—”

**Director Haught:** “—Only contiguous counties.”

**Delegate Summers:** “Only ones that are touching our state, other than that you’re allowed to go but you’re paying a different rate...or you’re paying the same rate?”

**Director Haught:** “Basically—”

**Delegate Summers:** “Eighty twenty.”

**Director Haught:** “—the contiguous counties are just like the fifty-five—”

**Delegate Summers:** “Okay.”

**Director Haught:** “—except for Washington and Boyd. Washington, Ohio, and Boyd County, Kentucky, are carved out and are not in network.”

**Delegate Summers:** “Why is that?”

**Director Haught:** “Because we have sufficient services—”

**Delegate Summers:** “—services in state—”

**Director Haught:** “—in state and we want to keep our care in state.”

**Delegate Summers:** “Gotcha. Okay. All right, thank you.”

**Director Haught:** “Sure.”

**Speaker Hanshaw:** “Okay, Senator Tarr.”

**Senator Tarr:** “Thank you, Mr. Speaker. Jason, thanks for being here.”

**Director Haught:** “Yes, sir.”

**Senator Tarr:** “When you said it’s structurally sound now. Am I hearing that correctly that it’s structurally sound now? What about...how long are we structurally sound if we’re not continually taking more and appropriating one-time funds? So, if the Governor for instance he’s recommended a supplemental appropriation out of the twenty-two surplus...excuse me twenty-three surplus...of \$85 million and then in this twenty-four budget, another \$100 million. If that’s not there, are we still structurally sound and for how long?”

**Director Haught:** “The plan would be...would have to be adjusted if there is not additional revenue coming in from the appropriations then the plan would have to be redesigned to make it continue to be structurally sound, sir.”

**Senator Tarr:** “So, as it’s designed now, the revenue coming in does not cover the expenses going out.”

**Director Haught:** “No sir, the revenue coming in including the...including the appropriations...right for example this year, the plan has...and also this is...twenty-three is the first year that the state or the plan is using the rainy-day fund. We have used a \$21 million-dollar base general revenue appropriation has been in the last few years but beyond that it’s all PEIA revenues and reserves...and not to cloudy the water but one thing that goes missed a lot in the financing of our active members and our retirees is the RHBT. The Retiree Health Benefit Trust Fund covers over 60,000 of our retirees. The success that the state has had in managing the retiree costs has allowed the plan to take existing revenue bases from existing premiums and allocate it back to PEIA active

premiums from which it is sourced. So, we have been successful in getting a better MAPD rate to the point where we've been able to reduce that cost on the retirees to allocate existing premium dollars. So, it's not been a reliance upon additional supplemental appropriations over the last few years. It's been the management of the plan and the revenues that are in place.

Now, just...just to make sure I don't...because I think that there has been some questioning that there has been a lot of money been pumped into the plan to date and that's not actually...twenty-three is the first year we've pulled in a \$31 million from the rainy-day fund but to your point, Mr. Senator, if you don't have those additional revenues coming in to offset millions of dollars of trend that accumulates each year, you could run into a situation where you're going to have to change the rules on the plan. You're going to have to modify, you're going to have to do what you need to do to get that plan to an affordable level based on the revenue that you have available."

**Senator Tarr:** "Okay, so what I'm hearing then is without supplemental appropriations...these one-time monies...is that if revenue coming in equals expenses going out, if that's structurally sound, without those appropriations it's not. Is that correct?"

**Director Haught:** "Yes, sir. If you did not have those additional revenues, you—"

**Senator Tarr:** "—So, my next question would be, you mentioned a couple capitated plans."

**Director Haught:** "Yes, sir."

**Senator Tarr:** "Are the capitated plans themselves, are they structurally sound?"



**Director Haught:** “Yes, sir. They are...would be under the jurisdiction of the respective states in which they offer benefits. For example, in West Virginia, Office of Insurance Commission, they would have to submit an annual report each year to identify their reserves for the risks that they are accepting from the State of West Virginia. So, yes sir, they would have to be structurally sound to be able to underwrite that risk.”

**Senator Tarr:** “Okay. So, those are not requiring the extra appropriations that we’re doing in these supplementals in order to maintain that structural soundness, they cover themselves?”

**Director Haught:** “There is...no sir...there is an employer premium, those costs get passed through to those entities through PEIA. So, we do have some responsibility, we do have responsibility for those costs be it capitated or self-insured.”

**Senator Tarr:** “Okay. All right, thank you.”

**Director Haught:** “Yes, sir.”

**Speaker Hanshaw:** “Senator Takubo.”

**Senator Takubo:** “Thank you, Mr. Speaker. Thank you, Jason. I just want to go through a couple of these, you may have already answered, I just want to make sure. So, the amounts that were talked about last night was \$40 million to go towards hospitals to help cover that...plus another \$100 million to go into the PEIA, right? So, \$140 million total?”

**Director Haught:** “I’ve not had a real chance...good chance to look at that but I think that’s correct, sir.”

**Senator Takubo:** “Okay and then you had said there’s 60,000 retirees, is that right? On the PEIA...”

**Director Haught:** “Including—”

**Senator Takubo:** “There’s 60,000 plan—”

**Director Haught:** “There’s 60,000 Medicare including the non-Medicare we’re probably closer to around sixty-eight.”

**Senator Takubo:** “What about on the active cases...like active employed?”

**Director Haught:** “Total active, no separation, we’re at around 180...170.”

**Senator Takubo:** “Now is that lives covered or is that actual plans?”

**Director Haught:** “That’s belly buttons, that’s lives.”

**Senator Takubo:** “Okay, what about the plans? How many...how many active state employees do we have...roughly, that’s on PEIA?”

**Director Haught:** “So, there are four separate employee groups. The state represents around 70 and I think the non...160 total.”

**Senator Takubo:** “I’m not going to hold you to any of these, I just want a ballpark.”

**Director Haught:** “Our non-Medicare is 160 and about 30 of that is non-state and the remainder...so about 130 is the state fund. County Boards of Education, state agencies, colleges, and universities.”

**Senator Takubo:** “A hundred and thirty plans?”

**Director Haught:** “Yeah.”

**Senator Takubo:** “And then...so that would be like the Plan A people, the actual state employees, and the Plan B people, which would be the municipalities, etcetera. How many plans do we have there, do you have any rough idea?”

**Director Haught:** “So, the...I’m sorry, Senator Takubo, I went back to the member count. 110,000 policy holders...plans excuse me...using your terminology...plans, probably about 15,000 are non-state, about 50,000 are Boards of Ed., and then about 20...or about 30,000 are the state agency...”

**Senator Takubo:** “Okay.”

**Director Haught:** “Then you’ve got the colleges and universities I think around 20. We keep those numbers on our website, I can get those handy for you real quick.”

**Senator Takubo:** “So, but...so, that’s about 100...roughly...again, I’m not trying to pin you to a number but just to get a rough idea. So, that’s about 115, so that...but then that goes back to 180,000 belly buttons.”

**Director Haught:** “Yes.”

**Senator Takubo:** “Roughly.”

**Director Haught:** “I think that’s...yes, that’s a good estimate.”

**Senator Takubo:** “Okay and then when we proposed...Senate proposed a bill last year that knocked off...like most insurance companies, if you can get insurance...your spouse can get insurance at their employer, we knock them off. Do you have a rough estimate as to how many people that would have knocked off the PEIA plan?”

**Director Haught:** “So, I believe we’ve got about 20...of our enrollment...I think about 25,000 are family. So, depending on which version...if I recall there were two versions of that bill last year. One, was they’re out no question, the other one was, only if they were eligible with another employer. So, you’d drop off the full family if we just say you’re not eligible...obviously...so that’d be about 25,000 dependent spouses. I’m ballparking here please. If you were to do it based on eligibility by the spouse’s employer, you would then take into consideration assumptions about how many of those folks would have coverage. We have reason to believe that we have a pretty high rate of spouses that are working based on some analysis and work that we’ve done. So, I still think you would have either a significant savings from the loss of that risk going to the other employer, or if they did stick around, we would have additional premium to pay for that dependent spouse to remain on the policyholder’s plan. So, you would set it up to where...based on actuarial analysis...morbidity...mortality of the individuals that leave, depending on where you set that premium, the higher you set that premium (...inaudible...) well they must be unfortunately, unhealthy. You know...so, all of that would come into play as to how it could be implemented and dependent upon how many are retained and if they are retained what our premium would be on that. So, there are many levers if you will that would go into designing this the way that the leadership believes appropriate if it were to be implemented.”

**Senator Takubo:** “So, when a legislator right now...because they can buy in to the plan, right?”

**Director Haught:** “Yes, sir.”

**Senator Takubo:** “Full cost.”

**Director Haught:** “Yes, sir.”

**Senator Takubo:** “Do you have any rough idea off the top of your head what’s that full cost? I know it varies a little bit.”

**Director Haught:** “Bear with me just a second sir, I’ll see if I can get to the actual number. So, the state fund elected official premium, employee only...for the PEIA PPB Plan A Employee Only is \$570 dollars.”

**Senator Takubo:** “Okay. So, at some point the Governor stopped...or somebody...the plan was started, it was an eighty twenty plan, state’s going to put in eighty, the people’s responsible for 20%, there’s going to be a cost increase every year...at what point did we stop doing that? That...that we stopped taking some three or five or six year past year analysis to say okay, we...based on the trend, we expect premiums are going to go up X amount this year and...but we stopped that, right?”

**Director Haught:** “There has been supplemental appropriations during my experience in different manners to not be included in the eighty twenty premium calculation. It has occurred over my tenure. Obviously, the Governor does not want to pass on premium increases to his employees and so, in regards to that question, I would have to say twenty-three, this year, that we’re currently in, would be the first time that money has been beyond the current level...the \$21 million I referenced earlier that was, you know, has been appropriated to the plan annually...the \$31 million from the rainy-day fund I think would be the first year. So, twenty-three I guess would be my thoughts on that response.”

**Senator Takubo:** “So, let me rephrase the question then...so, nine years ago, were we adding yearly premium increases to PEIA?”

**Director Haught:** “Over my tenure there’s been both, yes. Premium increases and direct transfers as we reference them.”

**Senator Takubo:** “Okay.”

**Director Haught:** “Again, it’s the discussion I had earlier, each year we go through how the state determines is the best manner to finance the benefits.”

**Senator Takubo:** “Okay and earlier when you talked about income coming in, expenses going out, and you said obviously you either got to bring in more income or you got to cut your expenses. In terms of modifying benefits, it seems like you guys have chiseled that down about as much as you can chisel without actually creating harm. I think...I mean, maybe you don’t feel comfortable commenting...but is there really anything else PEIA can do to chisel those or modify the benefits going out anymore? I mean I’m just trying to help fix the problem. So—”

**Director Haught:** “Absolutely, it’s a fair question—”

**Senator Takubo:** “—I don’t...it looks like to me it’s a problem of income coming in not so much as what more we can do in terms of...”

**Director Haught:** “An employee is going to tell you absolutely; we don’t have very good benefits. I will admit to somewhat being in a vacuum, I’ve been in this plan a long time but we’ve worked with many different vendors from many different parts of the country for many years and I hear comments from their employees that service our

accounts that they would love to have PEIA benefits. So...and that's after they've already got the contract, this is just straight talk. I do believe that there is places...there are places on the benefits, if we were to choose to do so, we could make modifications and still have a significantly...still have a good benefit for the members that are on the plan. Even if it's just slight adjustments to deductible levels, co-pays, co-insurance, out of state, you know we have different levels of co-insurance versus in state. There's many different levers in which I believe there are meaningful adjustments...if need to be made...available to the plan and to still be a meaningful benefit. Is it as good as it was thirty years ago? No, but the costs aren't the same as they were thirty years ago...you know...so, it evolves each year."

**Senator Takubo:** "Right...and then do you have any clues...so, if I were to go in to a commercial in West Virginia, whether it's a Blues Plan, or Aetna, or United whatever, and I purchase a private plan as a single individual, what that would cost me...granted, I know there's a lot of variables...pre-existing health, age, etcetera, but..."

**Director Haught:** "And that's the difficulty we have...we have looked a little bit at the...when we were doing the analysis on what is out there for our spouses, our eligible spouses...because we were looking at that fiscal note last year during session...and the actuarial equivalency and just to put that in simple terms...does this automobile have air conditioning? In order to compare the costs of these two products, I need to know what the, you know...trim package I'm looking at...what's my network of physicians available to me because that might look like a really good deal. Hey, that's \$40 a month man let's jump on that and then you go to utilize that particular benefit of \$40 a month and you realize you've got a \$5,000 dollar deductible. That is where I believe PEIA benefits are

extremely competitive, it is...and again, it depends on what end of the salary tier you're on...if you're at the upper end of the salary tier, a professor at WVU, you might not think PEIA is a very good deal but you ask an employee at that same University that doesn't have the compensation level, they're going to have a different perspective because of their premium difference and their out of pocket difference...which it does affect both premium and their deductibles and their out of pockets. So, in that regard I think it is still a very meaningful level of benefit."

**Senator Takubo:** "Well, what I'm trying to figure is...so, going back to what you said a legislator would cost, it's about \$570 dollars a month, right? So, if they're paying out of pocket that's roughly \$7,410 if they're paying full boat for health insurance. I mean that's...right?"

**Director Haught:** "Yes, sir."

**Senator Takubo:** "Okay. That's the only question I have, thank you."

**Speaker Hanshaw:** "Okay, do we have other questions from members about this report? President Blair."

**President Blair:** "Thank you. I don't want to ask them but I'm going to. First of all, you'd talked about structurally sound earlier and I think that's the wrong terminology. Sustainability...I'm not asking a question yet...then you also said, during your tenure, how long have you been in your tenure?"

**Director Haught:** "Twenty-one years."



**President Blair:** “So, that was the tenure you were talking about, twenty-one years of being an employee of PEIA, not the tenure of taking Ted Cheatham’s place?”

**Director Haught:** “Correct.”

**President Blair:** “One of the things I’d like to have is...since that was the case...and where we’ve put money in...because I’ve been around twenty years and from what I can remember it has not been very frequently that we’ve actually plugged money into PEIA. I’d like to see those numbers. Get ready and get those numbers put together, send them to both finance committees if you would and while we’re at why don’t we get ready and look at when the plan has been changed...where there’s been...and you don’t have to get into the minutia of it but when you changed the plan substantially. So, not where you changed the provider but you know, if it’s a different provider and the plan was very very similar, there’s no need for that but if there was a substantial change either direction...either making it more lucrative or less...and lucrative is not the right word for it but you know the word I’m looking for, a better...or maybe it is lucrative, I’m not quite sure which word I want to use for it but you understand what I’m asking?”

**Director Haught:** “Yes, so...so, you want all the direct transfers to the plan over the past twenty years...that have been submitted to the plan?”

**President Blair:** “Yes and the adjustments that are made to the plan.”

**Director Haught:** “And then the benefit changes also—”

**President Blair:** “—Right.”

**Director Haught:** “—material, substantial—”

**President Blair:** “—Yes.”

**Director Haught:** “—benefit changes.”

**President Blair:** “I think that that would be very very helpful to us because the sustainability is what worries me and not the structural soundness of it. If...you just alluded to it...if the WVU or Marshall where the professors, the high-end wage earners said we want out, we’re in a pickle ladies and gentlemen and it isn’t a little one, it’s a big one....and so that...we need to be able to take a look at this.

The next thing is, I’m still having a hard time figuring something out and that is the Governor wants this or the Governor doesn’t want that, who cares? We’ve got a PEIA Board over there that should be making these decisions. That bothers me because ultimately what the Governor wants and what he doesn’t want...Governors come and go; the Legislature is here and we’re the ones tasked with being able to figure out how to pay for it and last time I checked we still had the power of the purse. So, you can tell I’m getting to the end of my rope on this and we need to have a long term structural sustainable way of doing it. Not just saying its structurally sound for the next year or the next two years but we need to have an understanding on what we need to do, how we need to manage this, and I don’t think there’s any insurance advisor that comes into health insurance that would not come in and tell us how we’re doing it right now...based on how much you earn versus risk...throw that into the report that you send to Finance, find another health insurance company out there in the United States that’s doing it the way we’re doing it.”

**Director Haught:** “With the salary-based premiums?”

**President Blair:** “Yes.”

**Director Haught:** “Yes, sir.”

**President Blair:** “I think you know the answer to that question. If there’s any, they’re very very very small and it might be for a municipality or something like that but I’m predicting that there’s none. That’s a question...I’m sorry...do you think I’m right?”

**Director Haught:** “I would agree with you, sir. I don’t believe there are many plans...there will be some maybe on the...in the public sector...but that’s off the top of my head, I’m thinking maybe Oklahoma but I need to check.”

**President Blair:** “Get us that and I would actually ask you to go back and ask your board and say that Craig Blair would like for you to be able to...if you were running yourself without any undue influence what would you do? What would you do to make it so that you could take care of the participants but still be structurally sound long term and be on equal footing as what it would be in other states comparably and then take it and look at what they do in the private sector as well.”

**Director Haught:** “Yes, sir.”

**President Blair:** “Thank you. Thank you, Mr. Speaker...you want to add something to it?”

**Speaker Hanshaw:** “Senator Takubo.”

**Senator Takubo:** “Yeah...thank you, Mr. Speaker, Mr. President. I think the question is...so if there’s never going to be another dime of government bailout that would ever come again, what would you have to do as a program administrator to make sure

that this stays sound and you're delivering the good level of benefits and all that. What action would have to take place?"

**Director Haught:** "Okay."

**Senator Takubo:** "Right? Yeah."

**Speaker Hanshaw:** "Question? No? Delegate Skaff."

**Delegate Skaff:** "Thank you, Mr. Speaker. Along those lines...and thank you director and I know we've exhausted our time here on this but at some point we have to decide, you know, public employees they come to work for the State of West Virginia in that capacity, you know, a lot of times they get paid less than they would in the private sector and one of the benefits was for the longest time, PEIA, our insurance...and my question, for you...I'd like you to do some research over time...is it still viewed as a benefit? I mean a benefit; I mean like a reason to come be a public employee or is it a cost to them? Is it not a benefit and at the end what Senator Takubo was saying is, as a business analysis, when does this become a business decision for the State of West Virginia that we're going to...we're going to just say, hey we're going to pay 50, \$100 million dollars a year as an expense to the State of West Virginia and participate in this as a benefit to our employees or are we not? Because the costs aren't going down."

**Director Haught:** "No."

**Delegate Skaff:** "Inflation's going to continue to increase. So, I would like this board to really do a cost analysis as are we going to continue as a state and invest in our employees each year because that's what it is, it's an investment in them...and can we afford to invest in them with the rise of costs or are they going to continue to outweigh the

amount of money that's going in and when does it stop becoming a true benefit where a public employee can't afford to be on this plan or it's not considered a benefit anymore."

**Director Haught:** "Okay."

**Delegate Skaff:** "Thank you. Thank you, Mr. Speaker."

**Speaker Hanshaw:** "Okay, any others? Okay if not, Mr. Haught thank you very much. Did anyone from the Office of Broadband ever be able to make it today? Looks like not, okay. Well then, for the benefit of members we do have the Board of Treasury Report that is...that is available for all the members in the packets today. Do we have any other business to come before this meeting? That's all of our agenda items today. Okay if not, Mr. President."

**President Blair:** "I move we adjourn."

**Speaker Hanshaw:** "Question is on the motion to adjourn, those in favor will please say aye, those opposed say no, the ayes have it and we are adjourned. Thank you all."

# 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*

April 10, 2023

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

- **West Virginia Lottery as of February 28, 2023**  
Gross profit as of February 28, 2023 was \$398.3 million. Gross profit as of February 28, 2022 was \$376.2 million.
- **West Virginia Unemployment Compensation Fund as of February 28, 2023**  
Total disbursements were \$422.8 million lower than in fiscal year 2022. Overall ending trust fund balance was \$50.6 million higher on February 28, 2023, than on February 28, 2022.
- **General Revenue Fund as of March 31, 2023**  
The general revenue collections ended the ninth month of fiscal year 2023 at 138% of the estimate for the year. Total collections were \$1.3 billion above the estimate for the fiscal year.
- **State Road Fund as of March 31, 2023**  
The road revenue collections ended the ninth month of fiscal year 2023 at 96% of the estimate for the year. Total collections were \$34 million below the estimate for the fiscal year.

WEST VIRGINIA LEGISLATURE  
*Office of the Legislative Auditor*



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

MEMORANDUM

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

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

Date: March 21, 2023

Re: Review of West Virginia Lottery Financial Information  
As of February 28, 2023

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for February 28, 2023, 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 \$878.8 million for July-February of fiscal year 2022-2023. Table games accounted for \$23.2 million of this total. Historic Resort Hotel video lottery accounted for \$4.3 million of total gross receipts. Gross lottery revenue has increased by \$44.2 million or 5.3% when compared with July-February of fiscal year 2021-2022. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July-February was \$398.3 million; for July-February of last fiscal year it was \$376.2 million. Expressed as a percentage, gross profit is 5.9% higher for fiscal year 2023 than for fiscal year 2022.

Lottery continued

**Operating Transfers to the State of West Virginia:**

A total of \$376,046,000.00 has been accrued to the state of West Virginia for fiscal year 2022-2023. 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	\$69,950,000.00
Community and Technical College	\$3,993,000.00
Department of Education	\$14,372,000.00
Library Commission	\$11,514,000.00
Higher Education-Policy Commission	\$7,351,000.00
Tourism	\$6,844,000.00
Department of Natural Resources	\$3,591,000.00
Division of Culture and History	\$7,374,000.00
General Revenue Fund	\$000.00
Economic Development Authority	\$7,996,000.00
School Building Authority	\$14,400,000.00
<b><u>SUBTOTAL BUDGETARY TRANSFERS</u></b>	<b>\$147,385,000.00</b>



Lottery continued

**Excess Lottery Fund**

Economic Development Fund	\$16,810,000.00
Higher Education Improvement Fund	\$12,000,000.00
General Purpose Fund	\$46,848,000.00
Higher Education Improvement Fund	\$20,901,000.00
State Park Improvement Fund	\$1,085,000.00
School Building Authority	\$15,173,000.00
Refundable Credit	\$2,806,000.00
WV Racing Commission	\$2,242,000.00
WV DHHR	\$000.00
Teacher's Retirement Savings	\$000.00
Division of Human Services	\$16,200,000.00
WV Lottery Statutory Transfers	\$43,981,000.00
Economic Development Authority	\$3,512,000.00
General Revenue Fund	\$000.00
Office of Technology	\$000.00
Excess Lottery Surplus	\$000.00
WV Infrastructure Council Fund	\$33,629,000.00
<b>Total State Excess Lottery Revenue Fund</b>	<b>\$215,187,000.00</b>

Total Budgetary Distributions:	\$362,572,000.00
Veterans Instant Ticket Fund	\$395,000.00
Pension Plan	\$00.00
<b>TOTAL TRANSFERS</b>	<b>*\$362,967,000.00</b>

\* CASH BASIS

Lottery continued

Total Accrued last FY 2022:	\$240,181,000.00
Total Cash Distributions FY 2023:	\$362,967,000.00
Applied to FY 2022:	\$240,181,000.00
Applied to FY 2023:	\$122,786,000.00
Accrued for FY 2023 as of February 28:	\$253,260,000.00



P.O. BOX 2067  
CHARLESTON, WV 25327

JOHN A. MYERS  
DIRECTOR

PHONE: 304.558.0500  
wvlottery.com

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**MEMORANDUM**

TO: Joint Committee on Government and Finance  
FROM: John A. Myers, Director *John A. Myers*  
RE: Monthly Report on Lottery Operations  
Month Ending February 28, 2023  
DATE: March 17, 2023

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

Financial statements of the Lottery for the month ending February 28, 2023 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, sports wagering, and interactive gaming was \$107,507,663 for the month of February.

Transfers of lottery revenue totaling \$38,250,101 made for the month of February 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 February 28, 2023 was 1,529 and 1,210 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-**

**February 28, 2023**

**WEST VIRGINIA LOTTERY**

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

	February 28, 2023	June 30, 2022
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 277,753	\$ 281,709
Accounts receivable	43,987	32,032
Inventory	1,372	1,436
Other assets	5,923	5,989
Total Current Assets	<u>329,035</u>	<u>321,166</u>
Capital assets	63,212	62,487
Less accumulated depreciation and amortization	<u>(21,282)</u>	<u>(20,161)</u>
Net Capital Assets	<u>41,930</u>	<u>42,326</u>
Total Noncurrent Assets	<u>41,930</u>	<u>42,326</u>
Total Assets	<u>\$ 370,965</u>	<u>\$ 363,492</u>
Deferred outflows of resources	<u>\$ 2,436</u>	<u>\$ 2,436</u>
Total assets and deferred outflows	<u>\$ 373,401</u>	<u>\$ 365,928</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 253,260	\$ 240,181
Estimated prize claims	18,084	16,152
Accounts payable	2,830	4,212
Other accrued liabilities	30,840	36,996
Total Current Liabilities	<u>305,014</u>	<u>297,541</u>
Deferred inflows	<u>\$ 7,491</u>	<u>7,491</u>
Net Position:		
Net Investment in capital assets	41,930	42,326
Unrestricted	<u>18,966</u>	<u>18,570</u>
Total Net Position	<u>60,896</u>	<u>60,896</u>
Total net position, liabilities, and deferred inflows	<u>\$ 373,401</u>	<u>\$ 365,928</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 EIGHT MONTH PERIOD ENDED FEBRUARY 28, 2023**

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	FY 2023	FY 2022	FY 2023	FY 2022
Lottery revenues				
On-line games	\$ 6,273	\$ 4,809	\$ 70,278	\$ 50,418
Instant games	13,328	12,962	114,324	112,580
Racetrack video lottery	40,602	38,088	326,905	310,050
Limited video lottery	41,695	39,922	322,730	320,418
Table games	2,817	2,941	23,196	24,057
Historic resort	570	794	4,275	5,906
Sports Wagering	295	193	3,899	3,271
Interactive Wagering	1,928	1,246	13,208	7,870
	<u>107,508</u>	<u>100,955</u>	<u>878,815</u>	<u>834,570</u>
Less commissions				
On-line games	435	338	4,916	3,535
Instant games	933	907	8,002	7,880
Racetrack video lottery	19,647	18,368	174,144	166,302
Limited video lottery	20,431	19,562	158,138	157,005
Table games	1,199	1,246	9,858	10,194
Historic resort	287	405	2,128	2,980
	<u>42,932</u>	<u>40,826</u>	<u>357,186</u>	<u>347,896</u>
Less on-line prizes	3,125	2,343	35,905	25,575
Less instant prizes	9,098	8,883	77,896	76,663
Less ticket costs	115	119	1,268	1,212
Less vendor fees and costs	1,145	802	8,224	7,054
	<u>13,483</u>	<u>12,147</u>	<u>123,293</u>	<u>110,504</u>
Gross profit	<u>51,093</u>	<u>47,982</u>	<u>398,336</u>	<u>376,170</u>
Administrative expenses				
Advertising and promotions	139	599	4,128	4,376
Wages and related benefits	924	819	7,809	7,157
Telecommunications	54	63	503	455
Contractual and professional	933	535	7,697	4,288
Rental	18	28	192	183
Depreciation and amortization	141	138	1,121	1,105
Other administrative expenses	98	76	1,639	1,341
	<u>2,307</u>	<u>2,258</u>	<u>23,089</u>	<u>18,905</u>
Other Operating Income	<u>281</u>	<u>199</u>	<u>3,591</u>	<u>3,043</u>
Operating Income	<u>49,067</u>	<u>45,923</u>	<u>378,838</u>	<u>360,308</u>
Nonoperating income (expense)				
Investment income	973	(99)	5,334	(357)
Distributions to municipalities and counties	(817)	(782)	(6,326)	(6,280)
Distributions -capital reinvestment	(820)	(792)	(1,800)	(1,388)
Distributions to the State of West Virginia	(48,403)	(44,250)	(376,046)	(352,283)
	<u>(49,067)</u>	<u>(45,923)</u>	<u>(378,838)</u>	<u>(360,308)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>60,896</u>	<u>57,032</u>	<u>60,896</u>	<u>57,032</u>
Net position, end of period	<u>\$ 60,896</u>	<u>\$ 57,032</u>	<u>\$ 60,896</u>	<u>\$ 57,032</u>

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

**WEST VIRGINIA LOTTERY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE EIGHT MONTH PERIOD ENDED FEBRUARY 28, 2023**

(In Thousands)  
- Unaudited -

	2023	2022
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 870,451	\$ 831,320
Cash payments for:		
Personnel costs	(7,809)	(7,157)
Suppliers	(15,913)	(11,830)
Other operating costs	(478,271)	(459,316)
Cash provided by operating activities	<u>368,458</u>	<u>353,017</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(362,967)	(343,479)
Distributions to municipalities and counties	(6,271)	(6,292)
Distributions to racetrack from racetrack cap. reinv. fund	(7,785)	(5,304)
Cash used in noncapital financing activities	<u>(377,023)</u>	<u>(355,075)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(725)</u>	<u>-</u>
Cash flows from investing activities:		
Investment earnings received	<u>5,334</u>	<u>409</u>
Cash provided by investing activities	<u>5,334</u>	<u>409</u>
Increase (decrease) in cash and cash equivalents	(3,956)	(1,649)
Cash and cash equivalents - beginning of period	<u>281,709</u>	<u>198,583</u>
Cash and cash equivalents - end of period	<u>\$ 277,753</u>	<u>\$ 196,934</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 378,838	\$ 360,308
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	1,121	1,105
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(11,955)	(6,293)
(Increase) decrease in inventory	64	(564)
(Increase) decrease in other assets	66	(32)
Increase (decrease) in estimated prize claims	1,932	74
Increase (decrease) in accounts payable	(1,382)	(842)
Increase (decrease) in other accrued liabilities	(226)	(739)
Cash provided by operating activities	<u>\$ 368,458</u>	<u>\$ 353,017</u>

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



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

**NOTE 1 - LEGISLATIVE ENACTMENT**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

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

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

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

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

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

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

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

**COMPENSATED ABSENCES** – The Lottery has accrued \$755,071 and \$835,830 at June 30, 2022 and 2021, 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 February 28, 2023 the carrying amounts of deposits (overdraft) with financial institutions were \$459 thousand with a bank balance (overdraft) of \$516 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):

	February 28, 2023	June 30, 2022
Deposits with financial institutions	\$ 459	\$ 459
Cash on hand at the Treasurer's Office	11,202	24,722
Investments with BTI reported as cash equivalents	266,092	256,528
	\$ 277,753	\$ 281,709

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 February 28, 2023 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2022	Additions	Deletions	Historical Cost At February 28, 2023
Construction in Progress	1,564	544	-	2,108
Buildings	48,243	-	-	48,243
Land	1,681	-	-	1,681
Equipment	10,999	181	-	11,180
	<u>\$ 62,487</u>	<u>\$ 725</u>	<u>\$ -</u>	<u>\$ 63,212</u>
Accumulated Depreciation:				
	Historical Cost At June 30, 2022	Additions	Deletions	Historical Cost At February 28, 2023
Buildings	\$ 11,398	\$ 822	\$ -	\$ 12,220
Equipment	8,763	299	-	9,062
	<u>\$ 20,161</u>	<u>\$ 1,121</u>	<u>\$ -</u>	<u>\$ 21,282</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 February 28, 2023 and fiscal year-to-date is as follows:

**WEST VIRGINIA LOTTERY  
NOTES TO FINANCIAL STATEMENTS**

**-Unaudited-**

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

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 2,731,492	\$ 29,252,902
Lotto America	670,153	5,235,233
Mega Millions	979,373	19,991,670
Total	\$ 4,381,018	\$ 54,479,805

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,371,224	\$ 14,651,745
Lotto America	335,087	2,610,257
Mega Millions	489,744	9,961,114
Total	\$ 2,196,055	\$ 27,223,116

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	\$132,000,000	\$12,000,000	\$110,000,000

At February 28, 2023, 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	\$ 126,441,425	\$ 1,306,448
Lotto America	8,156,311	623,941
Mega Millions	95,230,381	796,995
Total	\$ 229,828,117	\$ 2,727,384

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

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

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

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

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$18,490,022 at February 28, 2023, of which the Lottery's share was \$1,410,446.

**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 (66%) of net terminal revenue (gross less 4%) is allocated in lieu of commissions to: the racetracks (46.5%); other private entities associated with the racing industry (8.7%); and the local county and municipal governments (2%). The remaining revenues (42.8%) of net terminal revenue is allocated for distribution to State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in the Note 11 titled "Nonoperating Distributions to the State of West Virginia."

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

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

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

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

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

**NOTE 6 - RACETRACK VIDEO LOTTERY (continued)**

The remaining net terminal revenue (51%) is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 12.

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 February 28, 2023 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2023	2022	2023	2022
Total credits played	\$ 479,718	\$ 430,063	\$ 3,785,915	\$ 3,552,164
Credits (prizes) won	(431,522)	(386,374)	(3,403,093)	(3,190,959)
Promotional credits played	(7,594)	(5,601)	(55,917)	(51,155)
Gross terminal income	40,602	38,088	326,905	310,050
Administrative costs	(758)	(690)	(11,192)	(10,981)
Net Terminal Income	39,844	37,398	315,713	299,069
Less distribution to agents	(19,647)	(18,368)	(174,144)	(166,302)
Racetrack video lottery revenues	<u>\$ 20,197</u>	<u>\$ 19,030</u>	<u>\$ 141,569</u>	<u>\$ 132,767</u>

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

	February 28, 2023	Year-to-Date
State Lottery Fund	\$ 5,458	\$ 81,789
State Excess Lottery Revenue Fund	13,953	58,223
Capital Reinvestment Fund	786	1,557
Total nonoperating distributions	<u>\$ 20,197</u>	<u>\$ 141,569</u>

**NOTE 7 - LIMITED VIDEO LOTTERY**

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



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

**NOTE 7 - LIMITED VIDEO LOTTERY (continued)**

stipulates that 2% of gross terminal income be deposited into the state lottery fund for administrative costs. Then, the state share percentage of gross profit is to be transferred to the State Excess Lottery Revenue Fund. This percentage is 50 percent. 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 February 28, 2023 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2023	2022	2023	2022
Total credits played	\$ 549,229	\$ 524,101	\$ 4,258,007	\$ 4,164,723
Credits (prizes) won	(507,534)	(484,178)	(3,935,277)	(3,844,305)
Gross terminal income	\$ 41,695	\$ 39,923	\$ 322,730	\$ 320,418
Administrative costs	(834)	(799)	(6,455)	(6,408)
Gross Profit	40,861	39,124	316,275	314,010
Commissions	(20,431)	(19,562)	(158,138)	(157,005)
Municipalities and Counties	(817)	(782)	(6,326)	(6,280)
Limited video lottery revenues	<u>\$ 19,613</u>	<u>\$ 18,780</u>	<u>\$ 151,811</u>	<u>\$ 150,725</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**  
**-Unaudited-**

**NOTE 8 – TABLE GAMES (continued)**

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

The cash transferred to the State Excess Lottery Revenue Fund in the current month is included in Note 12- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended February 28, 2023 were \$8,047,647 and \$66,274,435, 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	
	2023	2022	2023	2022
Table Games Privilege Tax	\$ 2,817	\$ 2,941	\$ 23,196	\$ 24,057
Interest on Table Games Fund	21	-	121	2
Administrative costs	(241)	(252)	(1,988)	(2,062)
Total Available for Distribution	<u>2,597</u>	<u>2,689</u>	<u>21,329</u>	<u>21,997</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	181	189	1,491	1,546
Thoroughbred & Greyhound Development Funds	145	151	1,193	1,238
Racing Association Pension Plan	72	73	588	605
Municipalities/ Counties	<u>801</u>	<u>833</u>	<u>6,586</u>	<u>6,805</u>
Total Distributions	<u>1,199</u>	<u>1,246</u>	<u>9,858</u>	<u>10,194</u>
Excess Lottery Fund	<u>\$ 1,398</u>	<u>\$ 1,443</u>	<u>\$ 11,471</u>	<u>\$ 11,803</u>

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

**NOTE 9 – HISTORIC RESORT HOTEL**

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

Historic Resort Video Lottery

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

A summary of historic resort hotel video lottery revenues for the month ended February 28, 2023 and fiscal year-to-date follows (in thousands):

	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Total credits played	\$ 5,657	\$ 6,190	\$ 44,001	\$ 55,396
Credits (prizes) won	(5,181)	(5,601)	(40,533)	(50,898)
Promotional credits played	(101)	(49)	(705)	(564)
Gross terminal income	375	540	2,763	3,934
Capital reinvestment	(17)	(25)	(130)	(185)
Excess Lottery Fund	(3)	(5)	(25)	(35)
Administrative costs	(20)	(29)	(149)	(212)
Hotel commissions	(159)	(228)	(1,168)	(1,664)
Net terminal income	176	253	1,291	1,838
Historic Resort Hotel Fund	112	161	821	1,169
Human Resource Benefit Fund	64	92	470	669

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

**NOTE 9 – HISTORIC RESORT HOTEL (continued)**

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the month and year ended February 28, 2023 were \$556,679 and \$4,320,385 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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Table games privilege tax	\$ 195	\$ 254	\$ 1,512	\$ 1,972
Administrative Costs	<u>(25)</u>	<u>(33)</u>	<u>(194)</u>	<u>(254)</u>
Total Available for Distribution	170	221	1,318	1,718
Historic Resort Hotel Fund	142	185	1,102	1,436
Human Resource Benefit Fund	28	36	216	282

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	\$ 112	\$ 821
Historic Resort Table Games	142	1,102
Interest on Historic Resort Hotel Fund	<u>4</u>	<u>29</u>
Historic Resort Hotel Fund Net Income	258	1,952
Municipalities/ Counties	36	274
Excess Lottery Fund	<u>222</u>	<u>1,678</u>
Total Distributions	<u>\$ 258</u>	<u>\$ 1,952</u>

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

**NOTE 10– SPORTS WAGERING**

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

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

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

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

The Sports Wagering adjusted gross wagering receipts for the month and year-to-date periods ended February 28, 2023 were \$2,950,550 and \$38,988,266, 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	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Sports Wagering Privilege Tax	\$ 295	\$ 193	\$ 3,899	\$ 3,271
Interest on Sports Waging Fund	-	-	-	-
Administrative Costs	<u>(44)</u>	<u>(29)</u>	<u>(585)</u>	<u>(490)</u>
Total Available for Distribution	<b>251</b>	164	<b>3,314</b>	2,781

**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 February 28, 2023 were \$12,855,576 and \$88,053,759 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	
	2023	2022	2023	2022
Interactive Wagering Privilege Tax	\$ 1,928	\$ 1,246	\$ 13,208	\$ 7,870
Interest on Interactive Wagering Fund	21	-	113	1
Administrative Costs	<u>(289)</u>	<u>(187)</u>	<u>(1,981)</u>	<u>(1,181)</u>
Total Available for Distribution	1,660	1,059	11,340	6,690

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

	Current Month	Year-to-Date
Pensions	17	113
Lottery Fund	1,643	11,227
Total Distributions	<u>\$ 1,660</u>	<u>\$ 11,340</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, 2023 the State Legislature budgeted \$134,132,030 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 \$6,536,696 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 February 28, 2023 the Lottery has accrued additional distributions of \$253,259,945. 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>February 28, 2023</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 499	\$ 3,993
Bureau of Senior Services		69,950
Department of Education		14,372
Library Commission		11,514
Higher Education-Policy Commission		7,351
Tourism		6,844
General Revenue		-
Natural Resources		3,591
Division of Culture & History		7,374
Economic Development Authority	1,000	7,996
School Building Authority	1,800	14,400
Total State Lottery Fund	<u>\$ 3,299</u>	<u>\$ 147,385</u>

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

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 2,101	\$ 16,810
Higher Education Improvement Fund	1,500	12,000
General Purpose Account	8,822	46,848
Higher Education Improvement Fund	3,936	20,901
State Park Improvement Fund	204	1,085
School Building Authority	1,896	15,173
Refundable Credit	1,415	2,806
WV Racing Commission	271	2,242
WV Department of Health and Human Resources		
Teacher's Retirement Savings		
Division of Human Services		16,200
WV Lottery Statutory Transfers	8,282	43,981
Economic Development Authority	439	3,512
General Revenue Fund		
Office of Technology		
Excess Lottery Surplus		
West Va. Infrastructure Council	6,029	33,629
Total State Excess Lottery Revenue Fund	<u>\$ 34,895</u>	<u>\$ 215,187</u>
Total Budgetary distributions:	<u>\$ 38,194</u>	<u>\$ 362,572</u>
Veterans Instant Ticket Fund	\$ 56	\$ 395
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 38,250	\$ 362,967
Accrued nonoperating distributions, beginning	(243,107)	(240,181)
Accrued nonoperating distributions, end	<u>253,260</u>	<u>253,260</u>
	<u>\$ 48,403</u>	<u>\$ 376,046</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 February 28, 2023 and February 28, 2022 approximated \$192,310 and \$183,207 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 February 28, 2023 and February 28, 2022 approximated \$719,810 and \$719,566 respectively.

**NOTE 14 – COMMITMENTS**

For the year ended June 30, 2022 the Lottery Commission has designated \$4,512,722 of unexpended administrative funds for the acquisition of capital assets. As of June 30, 2022 and 2021, \$7,151,954 and \$7,612,621, 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 10% 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 February 28, 2023 and fiscal year-to-date are as follows (in thousands):

	February 28, 2023	Year-to-Date
Employee contributions	\$ 33	\$ 302
Lottery contributions	62	560
Total contributions	\$ 95	\$ 862

**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 EIGHT MONTH PERIOD ENDED FEBRUARY 28, 2023  
 (In Thousands)**

	Current Month		FISCAL YEAR	
	Actual	Projected	Actual	Projected
Gross Revenues				
Instant games	13,328	9,583	114,324	76,667
On-line games	6,273	5,834	70,278	46,667
Racetrack video lottery	40,602	34,404	326,905	291,439
Limited video lottery	41,695	32,029	322,730	244,202
Racetrack table games	2,817	2,028	23,196	16,497
Historic resort	570	410	4,275	4,162
Sports wagering	295	209	3,899	1,667
Interactive wagering	1,928	292	13,208	2,333
Total gross revenues	<u>107,508</u>	<u>84,789</u>	<u>878,815</u>	<u>683,634</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,451	1,122	12,417	8,972
On-line games	1,916	1,674	20,007	13,394
Racetrack Video Lottery	5,570	4,400	82,943	76,246
Sports wagering	254	177	3,333	1,416
Interactive wagering	1,644	245	11,227	1,963
Total Lottery Fund net revenues	<u>10,835</u>	<u>7,618</u>	<u>129,927</u>	<u>101,991</u>
Excess Lottery Fund				
Racetrack Video Lottery	14,218	12,145	59,090	47,147
Limited Video Lottery	20,001	15,066	154,132	114,873
Limited Video Lottery Fees	1	-	1,097	-
Racetrack table games	1,398	995	11,471	8,093
Historic resort	225	154	1,703	1,559
Total Excess Lottery Fund Net Revenues	<u>35,843</u>	<u>28,360</u>	<u>227,493</u>	<u>171,672</u>
Total Net Revenues	<u>46,678</u>	<u>35,978</u>	<u>357,420</u>	<u>273,663</u>

**REVENUE COLLECTIONS  
FISCAL YEAR 2023  
as of March 31, 2023**

**GENERAL REVENUE FUND**

	MONTH ESTIMATES	ACTUAL MONTH COLLECTIONS	<b>FINAL</b> MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	ACTUAL YTD COLLECTIONS	YTD COLLECTIONS OVER ESTIMATES	YTD PERCENT COLLECTED
Personal Income Tax	\$ 152,110,000	\$ 200,251,038	\$ 48,141,038	\$ 1,558,400,000	\$ 1,805,089,317	\$ 246,689,317	116%
Consumer Sales Tax & Use Tax	117,250,000	139,721,813	22,471,813	1,098,339,000	1,269,120,318	170,781,318	116%
Severance Tax	20,600,000	84,781,188	64,181,188	182,000,000	786,964,583	604,964,583	432%
Corporate Net Income Tax	3,000,000	18,466,915	15,466,915	92,000,000	232,887,502	140,887,502	253%
Insurance Tax	23,500,000	22,953,724	(546,276)	68,600,000	82,822,926	14,222,926	121%
Tobacco Products Tax	14,600,000	11,264,570	(3,335,430)	122,600,000	117,590,977	(5,009,023)	96%
Business and Occupation	9,800,000	11,261,420	1,461,420	75,400,000	84,846,956	9,446,956	113%
Liquor Profit Transfers	2,000,000	2,010,233	10,233	20,000,000	24,075,450	4,075,450	120%
Departmental Collections	1,200,000	1,794,812	594,812	20,400,000	22,392,242	1,992,242	110%
Property Transfer Tax	800,000	757,451	(42,549)	9,250,000	10,464,404	1,214,404	113%
Property Tax	1,340,000	1,230,005	(109,995)	6,940,000	6,411,828	(528,172)	92%
Beer Tax and Licenses	500,000	495,579	(4,421)	5,060,000	4,780,381	(279,619)	94%
Miscellaneous Transfers	120,000	126,638	6,638	1,680,000	683,168	(996,833)	41%
Interest Income	550,000	10,176,336	9,626,336	4,430,000	78,473,168	74,043,168	1771%
Refundable Credit Reimb Liability	2,300,000	1,914,808	(385,192)	4,100,000	4,720,302	620,302	115%
HB 102 - Lottery Transfers	8,000,000	8,968,289	968,289	52,400,000	55,816,065	3,416,065	107%
Miscellaneous	120,000	339,748	219,748	2,000,000	1,948,146	(51,854)	97%
Business Franchise Fees	60,000	109,150	49,150	600,000	640,621	40,621	107%
Estate & Inheritance Tax	-	-	-	-	-	-	0%
Liquor License Renewal	45,000	42,642	(2,358)	574,000	748,546	174,546	130%
Special Revenue Transfers	-	-	-	-	-	-	0%
Charter Tax	-	803	803	-	3,680	3,680	0%
Telecommunications Tax	-	-	-	-	-	-	0%
Video Lottery Transfers	-	66,406	66,406	-	352,631	352,631	0%
July-Dec Retro Rev Adj	-	-	-	-	-	-	0%
Cash Flow Transfer	-	-	-	-	-	-	0%
Soft Drink Excise Tax	900,000	1,040,056	140,056	10,300,000	10,336,338	36,338	100%
<b>SUBTOTALS</b>	<b>\$ 358,795,000</b>	<b>\$ 517,773,625</b>	<b>\$ 158,978,625</b>	<b>\$ 3,335,073,000</b>	<b>\$ 4,601,169,548</b>	<b>\$ 1,266,096,548</b>	
Less: Cash Flow Transfer	-	-	-	-	-	-	
Less: Special Revenue Transfer	-	-	-	-	-	-	
<b>TOTALS</b>	<b>\$ 358,795,000</b>	<b>\$ 517,773,625</b>	<b>\$ 158,978,625</b>	<b>\$ 3,335,073,000</b>	<b>\$ 4,601,169,548</b>	<b>\$ 1,266,096,548</b>	

Percent of Estimates

144%

138%

Collections this day

\$ 48,155,727

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

April 03, 2023

**REVENUE COLLECTIONS**  
**FISCAL YEAR 2023**  
as of March 31, 2023

**GENERAL REVENUE FUND**

	MONTH ESTIMATES	ACTUAL MONTH COLLECTIONS	<b>FINAL</b> MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	ACTUAL YTD COLLECTIONS	YTD COLLECTIONS OVER ESTIMATES	YTD PERCENT COLLECTED
Personal Income Tax	\$ 152,110,000	\$ 200,251,038	\$ 48,141,038	\$ 1,558,400,000	\$ 1,805,089,317	\$ 246,689,317	116%
Consumer Sales Tax & Use Tax	117,250,000	139,721,813	22,471,813	1,098,339,000	1,269,120,318	170,781,318	116%
Severance Tax	20,600,000	84,781,188	64,181,188	182,000,000	786,964,583	604,964,583	432%
Corporate Net Income Tax	3,000,000	18,466,915	15,466,915	92,000,000	232,887,502	140,887,502	253%
Insurance Tax	23,500,000	22,953,724	(546,276)	68,600,000	82,822,926	14,222,926	121%
Tobacco Products Tax	14,600,000	11,264,570	(3,335,430)	122,600,000	117,590,977	(5,009,023)	96%
Business and Occupation	9,800,000	11,261,420	1,461,420	75,400,000	84,846,956	9,446,956	113%
Liquor Profit Transfers	2,000,000	2,010,233	10,233	20,000,000	24,075,450	4,075,450	120%
Departmental Collections	1,200,000	1,794,812	594,812	20,400,000	22,392,242	1,992,242	110%
Property Transfer Tax	800,000	757,451	(42,549)	9,250,000	10,464,404	1,214,404	113%
Property Tax	1,340,000	1,230,005	(109,995)	6,940,000	6,411,828	(528,172)	92%
Beer Tax and Licenses	500,000	495,579	(4,421)	5,060,000	4,780,381	(279,619)	94%
Miscellaneous Transfers	120,000	126,638	6,638	1,680,000	683,168	(996,833)	41%
Interest Income	550,000	10,176,336	9,626,336	4,430,000	78,473,168	74,043,168	1771%
Refundable Credit Reimb Liability	2,300,000	1,914,808	(385,192)	4,100,000	4,720,302	620,302	115%
HB 102 - Lottery Transfers	8,000,000	8,968,289	968,289	52,400,000	55,816,065	3,416,065	107%
Miscellaneous	120,000	339,748	219,748	2,000,000	1,948,146	(51,854)	97%
Business Franchise Fees	60,000	109,150	49,150	600,000	640,621	40,621	107%
Estate & Inheritance Tax	-	-	-	-	-	-	0%
Liquor License Renewal	45,000	42,642	(2,358)	574,000	748,546	174,546	130%
Special Revenue Transfers	-	-	-	-	-	-	0%
Charter Tax	-	803	803	-	3,680	3,680	0%
Telecommunications Tax	-	-	-	-	-	-	0%
Video Lottery Transfers	-	66,406	66,406	-	352,631	352,631	0%
July-Dec Retro Rev Adj	-	-	-	-	-	-	0%
Cash Flow Transfer	-	-	-	-	-	-	0%
Soft Drink Excise Tax	900,000	1,040,056	140,056	10,300,000	10,336,338	36,338	100%
<b>SUBTOTALS</b>	<b>\$ 358,795,000</b>	<b>\$ 517,773,625</b>	<b>\$ 158,978,625</b>	<b>\$ 3,335,073,000</b>	<b>\$ 4,601,169,548</b>	<b>\$ 1,266,096,548</b>	
Less: Cash Flow Transfer	-	-	-	-	-	-	
Less: Special Revenue Transfer	-	-	-	-	-	-	
<b>TOTALS</b>	<b>\$ 358,795,000</b>	<b>\$ 517,773,625</b>	<b>\$ 158,978,625</b>	<b>\$ 3,335,073,000</b>	<b>\$ 4,601,169,548</b>	<b>\$ 1,266,096,548</b>	

Percent of Estimates

144%

138%

Collections this day

\$ 48,155,727

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

April 03, 2023

**STATE OF WEST VIRGINIA  
COMPARISON OF REVENUE  
MARCH 2022 vs MARCH 2023**

**GENERAL REVENUE FUND**

	Actual Collections Mar 2022	Actual Collections Mar 2023	Actual Collections 9 Months Jul-Mar 2022	Actual Collections 9 Months Jul-Mar 2023	YTD \$ Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Personal Income Tax	\$ 204,319,601	\$ 200,251,038	\$ 1,640,457,338	\$ 1,805,089,317	\$ 164,631,978	10%
Consumer Sales Tax & Use Tax	126,588,563	139,721,813	1,189,184,859	1,269,120,318	79,935,459	7%
Severance Tax	83,928,274	84,781,188	500,475,278	786,964,583	286,489,305	57%
Corporate Net Income Tax	5,847,988	18,466,915	191,372,102	232,887,502	41,515,400	22%
Insurance Tax	24,580,307	22,953,724	100,853,774	82,822,926	(18,030,848)	-18%
Tobacco Products Tax	14,780,685	11,264,570	123,773,648	117,590,977	(6,182,672)	-5%
Business and Occupation	11,915,784	11,261,420	80,393,180	84,846,956	4,453,776	6%
Liquor Profit Transfers	2,000,733	2,010,233	19,739,995	24,075,450	4,335,455	22%
Departmental Collections	1,449,411	1,794,812	21,370,965	22,392,242	1,021,278	5%
Property Transfer Tax	1,108,321	757,451	13,255,469	10,464,404	(2,791,065)	-21%
Property Tax	1,044,467	1,230,005	6,297,986	6,411,828	113,842	2%
Beer Tax and Licenses	449,974	495,579	5,062,270	4,780,381	(281,888)	-6%
Miscellaneous Transfers	-	126,638	16,544,069	683,168	(15,860,902)	-96%
Interest Income	(774,027)	10,176,336	(2,390,135)	78,473,168	80,863,304	-3383%
Refundable Credit Reimb Liability	2,090,580	1,914,808	3,954,468	4,720,302	765,834.00	19%
HB 102 - Lottery Transfers	8,216,797	8,968,289	52,585,067	55,816,065	3,230,997.12	6%
Miscellaneous	255,660	339,748	1,877,659	1,948,146	70,487	4%
Business Franchise Fees	123,704	109,150	805,233	640,621	(164,612)	-20%
Estate & Inheritance Tax	-	-	-	-	-	0%
Liquor License Renewal	45,151	42,642	574,707	748,546	173,839	30%
Special Revenue Transfers	-	-	-	-	-	0%
Charter Tax	(95)	803	1,915	3,680	1,766	92%
Video Lottery Transfers	153,675	66,406	331,931	352,631	20,700	6%
July-Dec Retro Rev Adj	-	-	-	-	-	0%
Cash Flow Transfer	-	-	-	-	-	0%
Soft Drink Excise Tax	-	1,040,056	-	10,336,338	10,336,338	100%
<b>SUBTOTALS</b>	<b>\$ 488,125,554</b>	<b>\$ 517,773,625</b>	<b>\$ 3,966,521,777</b>	<b>\$ 4,601,169,549</b>	<b>\$ 634,647,771</b>	
Less: Cash Flow Transfer	-	-	-	-	-	
Less: Special Revenue Transfer	-	-	-	-	-	
<b>TOTALS</b>	<b>\$ 488,125,554</b>	<b>\$ 517,773,625</b>	<b>\$ 3,966,521,777</b>	<b>\$ 4,601,169,549</b>	<b>\$ 634,647,771</b>	

**Increase/Decrease over Prior Period** **\$ 29,648,071** **\$ 634,647,771**

**% Increase/Decrease over Prior Period** **6%** **16%**

Source: WV OASIS  
Prepared by: Legislative Auditor's Office, Budget Division  
April 04, 2023

**REVENUE COLLECTIONS  
FISCAL YEAR 2023  
as of March 31, 2023**

**STATE ROAD FUND**

	MONTH ESTIMATES	NET MONTH COLLECTIONS	<b>FINAL</b> COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES	YTD PERCENT COLLECTED
<b>Motor Fuel Tax</b>	\$ 31,000,000	\$ 17,416,731	\$ (13,583,269)	\$ 321,400,000	\$ 319,331,050	\$ (2,068,950)	99%
<b>Sales/Privilege Tax</b>	25,500,000	29,335,835	3,835,835	224,500,000	236,458,544	11,958,544	105%
<b>Licenses &amp; Registration</b>	15,500,000	13,249,125	(2,250,875)	121,000,000	97,190,479	(23,809,521)	80%
<b>Miscellaneous</b>	3,500,000	1,826,878	(1,673,122)	187,500,000	167,527,306	(19,972,694)	89%
<b>Highway Litter Control</b>	148,000	213,055	65,055	1,295,000	1,251,301	(43,699)	97%
<b>Federal Reimbursement</b>	50,000,000	62,188,375	12,188,375	365,000,000	483,427,454	118,427,454	132%
<b>SUBTOTALS</b>	<b>\$ 125,648,000</b>	<b>\$ 124,230,001</b>	<b>\$ (1,417,999)</b>	<b>\$ 1,220,695,000</b>	<b>\$ 1,305,186,135</b>	<b>\$ 84,491,135</b>	
<b>Less: Federal Reimbursement</b>	50,000,000	62,188,375	12,188,375	365,000,000	483,427,454	118,427,454	
<b>TOTALS</b>	<b>\$ 75,648,000</b>	<b>\$ 62,041,625</b>	<b>\$ (13,606,375)</b>	<b>\$ 855,695,000</b>	<b>\$ 821,758,681</b>	<b>\$ (33,936,319)</b>	

Percent of Estimates

82%

96%

Collections this day

\$ 2,944,783

**REVENUE SHORTFALL RESERVE FUND 7005, Part A as of March 31, 2023 : \$ 427,901,831.18**

\$69.5 million loan to General Revenue fund 7/1/22 for beginning of the year cash flow, to be repaid within 90 days. Loan paid 9/16/22.

**REVENUE SHORTFALL RESERVE FUND 7006, Part B as of March 31, 2023: \$ 499,825,297.12**

**SPECIAL INCOME TAX REFUND RESERVE FUND as of March 31, 2023: \$11,000,000.00**

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

April 03, 2023

**STATE OF WEST VIRGINIA  
COMPARISON OF REVENUE  
MARCH 2022 vs MARCH 2023**

**STATE ROAD FUND**

	Actual Collections March 2022	Actual Collections March 2023	Actual Collections 9 Months Jul-Mar 2022	Actual Collections 9 months Jul-Mar 2023	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
<b>Gasoline &amp; Motor Carrier Rd Tax</b>	\$ 30,076,978	\$ 17,416,731	\$ 315,839,514	\$ 319,331,050	\$ 3,491,537	1%
<b>Privilege Tax</b>	28,468,515	29,335,835	224,578,650	236,458,544	11,879,894	5%
<b>Licenses &amp; Registration</b>	12,317,787	13,249,125	92,836,407	97,190,479	4,354,072	5%
<b>Miscellaneous</b>	932,279	1,826,878	9,679,891	167,527,306	157,847,415	1631%
<b>Highway Litter Control</b>	127,412	213,055	1,172,688	1,251,301	78,612	7%
<b>Federal Reimbursement</b>	61,825,093	62,188,375	380,257,257	483,427,454	103,170,198	27%
<b>SUBTOTALS</b>	<b>\$ 133,748,063</b>	<b>\$ 124,230,001</b>	<b>\$ 1,024,364,407</b>	<b>\$ 1,305,186,135</b>	<b>\$ 280,821,728</b>	
<b>Less: Federal Reimbursement</b>	61,825,093	62,188,375	380,257,257	483,427,454	103,170,198	
<b>TOTALS</b>	<b>\$ 71,922,970</b>	<b>\$ 62,041,625</b>	<b>\$ 644,107,150</b>	<b>\$ 821,758,681</b>	<b>\$ 177,651,530</b>	
 <b>Increase/Decrease over Prior Period</b>		<b>\$ (9,881,345)</b>		<b>\$ 177,651,530</b>		
 <b>% Increase/Decrease over Prior Period</b>		<b>-14%</b>		<b>28%</b>		

Source: WV OASIS  
Prepared by: Legislative Auditor's Office, Budget Division  
April 04, 2023



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: March 24, 2023

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the February 28, 2023, monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of February 28, 2023, of fiscal year 2022-2023, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2022	\$ 377,973,650.98
Receipts July 1,2022 thru June 30, 2023	\$ 202,260,072.54
Disbursements July 1,2022 thru June 30, 2023	\$ 210,925,952.50
Balance February 28, 2023	\$ 369,307,771.02

ITEMS OF NOTE:

Regular benefits paid for July-February 2023 were \$ 3.6 million less than July-February 2022.

Federal emergency benefits totaled \$0 for July-February 2023. For July-February 2022, federal emergency benefits totaled -\$5 thousand.

Total disbursements were \$422.8 million less in July-February 2023 than the preceding July-February 2022.

Receipts as of July-February 2023, were \$670.6 million less than in July-February 2022. Overall ending trust fund balance was \$50.6 million higher on February 28, 2023, than on February 28, 2022.

Seasonally adjusted unemployment rates for February 2023 were 3.7 percent for West Virginia and 3.6 percent nationally.

Since February 2022, employment has increased by 2,500. Employment increases included 1,500 in mining and logging, 1,000 in other services, 3,400 in private education and health services, 100 in information, and 900 in government. Employment declines included 2,200 in construction, 500 in leisure, 400 in professional and business services, and hospitality, 100 in manufacturing, 100 in financial activities, 1,100 in trade, transportation, and utilities.

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE  
FOR THREE MONTHS STARTING DECEMBER 2021 AND DECEMBER 2022**

	DECEMBER 2021	JANUARY 2022	FEBRUARY 2022	DECEMBER 2022	JANUARY 2023	FEBRUARY 2023	THREE MONTH TOTAL VARIANCE *
<b>Balance Forward</b>	<u>\$ 328,191,610.85</u>	<u>\$ 320,465,991.21</u>	<u>\$ 321,552,258.38</u>	<u>\$ 388,928,030.69</u>	<u>\$ 382,161,959.12</u>	<u>\$ 376,904,507.02</u>	<u>\$ 177,784,636.39</u>
Add Receipts:							
1. Bond Assessment							\$ -
2. Regular Contributions:	898,135.80	13,913,224.57	8,037,738.68	811,953.07	10,878,668.75	5,806,182.39	(5,352,294.84)
3. Federal Emergency Benefits (PEUC)	55,513.52	35,079.18	6,578.99	(13,678.07)	14,615.99	16,262.98	(79,970.79)
4. Federal Share Extended Benefits (EB)	1,694.00	4,680.00	382.00	(5,609.62)	540.00	-	(11,825.62)
5. Federal Additional Compensation - FPUC	333,391.96	244,563.84	114,362.77	33,699.51	6,179.89	12,299.82	(640,139.35)
6. Pandemic Unemployment Assistance PUA	2,929.00	5,035.00	1,368.00	(16,902.20)	(514.00)	(1,397.00)	(28,145.20)
7. UCFE (Federal Agencies)	54,960.32	67,275.99	79,650.53	71,272.77	70,549.01	73,642.25	13,577.19
8. TSFR From Non-Invst FUA	(299,791.33)	-	-	-	-	-	299,791.33
9. EUISAA - EMER US RELIEF/STC	-	-	146,002.00	8,950.40	8,532.73	5,802.57	(122,716.30)
10. Treasury Interest Credits	1,290,073.01	-	-	1,638,583.15	-	-	348,510.14
11. UCX (Military Agencies)	31,678.98	49,008.80	48,145.49	50,607.07	72,104.29	49,863.37	43,741.46
12. Temporary Compensation	-	-	-	-	-	-	-
13. BT to State UI Account	(565,159.34)	-	-	-	-	-	565,159.34
14. UI Modernization	-	-	-	-	-	-	-
15. Loan Advance	-	-	-	-	-	-	-
16. Return of Overpayments FPUC/PUA/EUO	-	-	-	-	-	-	-
<b>Total Monthly Receipts</b>	<u>\$ 11,256,246.47</u>	<u>\$ 37,538,718.03</u>	<u>\$ 28,916,869.26</u>	<u>\$ 12,704,112.31</u>	<u>\$ 35,795,306.84</u>	<u>\$ 25,495,204.73</u>	<u>\$ (3,717,209.88)</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits:	\$ 8,886,486.54	\$ 12,888,254.15	\$ 10,726,845.77	\$ 9,278,377.33	\$ 16,112,554.92	\$ 13,375,847.44	6,265,193.23
Federal Emergency Compensation - PEUC	57,020.50	(127,136.72)	39,337.96	(7,363.08)	8,085.00	17,716.98	49,217.16
Federal Additional Compensation - FPUC	711,844.36	376,668.45	330,016.46	(40,795.20)	26,838.70	39,663.37	(1,392,822.40)
Pandemic Unemployment Assistance PUA	(233,790.34)	(22,231.99)	13,196.76	(7,781.20)	-	(1,397.00)	233,647.37
Federal Emergency Benefits (EUC08)	-	-	-	-	-	-	-
<b>Federal Extended - 2112</b>	<b>2,076.00</b>	<b>(9,333.67)</b>	<b>382.00</b>	<b>(5,609.62)</b>	<b>540.00</b>	<b>-</b>	<b>1,806.05</b>
Emergency Benefits (TEUC)	-	-	-	-	-	-	-
UCFE (Federal Workers) Benefits	61,666.33	86,973.89	76,645.55	68,363.18	77,257.60	67,525.85	(12,139.14)
UCX (Military Workers) Benefits	43,742.17	39,406.10	45,747.15	50,805.84	72,777.29	48,430.60	43,118.31
Reed Act Funds	-	-	-	-	-	-	-
EUISAA Title IX/STC	-	-	-	8,950.40	8,532.73	5,802.57	23,285.70
<b>Total Monthly Disbursements</b>	<u>\$18,981,866.11</u>	<u>\$ 36,452,450.86</u>	<u>\$31,714,146.54</u>	<u>\$19,470,183.88</u>	<u>\$41,052,758.94</u>	<u>\$33,091,940.73</u>	<u>\$ 6,466,420.04</u>
<b>Trust Fund Balance</b>	<u>\$320,465,991.21</u>	<u>\$ 321,552,258.38</u>	<u>\$318,754,981.10</u>	<u>\$ 382,161,959.12</u>	<u>\$376,904,507.02</u>	<u>\$369,307,771.02</u>	<u>\$ 167,601,006.47</u>

\* 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.

Indicates prior month values that have been updated

\*\*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  
Repaid on 5/17/2016  
Borrowed on 12/5/2016  
Repaid on 5/4/2017  
Outstanding Loan from Revenue Shortfall Reserve Fund

\*\*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 – 2023**

Month	Receipts	Disbursements	Trust Fund Balance
<b>2022</b>			
<b>Balance 1/1/2022</b>			<b>\$ 320,721,323</b>
<b>January</b>	\$ 37,538,718	\$ 36,452,450	\$ 321,552,258
<b>February</b>	\$ 28,916,869	\$ 31,697,188	\$ 318,771,939
<b>March</b>	\$ 12,011,605	\$ 19,158,780	\$ 311,624,765
<b>April</b>	\$ 58,377,090	\$ 38,864,190	\$ 331,141,453
<b>May</b>	\$ 119,518,142	\$ 68,430,700	\$ 382,227,590
<b>June</b>	\$ 10,606,226	\$ 14,860,237	\$ 377,973,650
<b>July</b>	\$ 23,347,631	\$ 21,136,193	\$ 380,185,088
<b>August</b>	\$ 44,849,046	\$ 34,688,784	\$ 390,353,159
<b>September</b>	\$ 9,274,519	\$ 15,483,662	\$ 384,144,017
<b>October</b>	\$ 29,373,905	\$ 23,295,702	\$ 390,222,220
<b>November</b>	\$ 21,420,345	\$ 22,714,535	\$ 388,928,030
<b>December</b>	\$ 12,704,112	\$ 19,470,183	\$ 382,161,959
<b>Totals - 2022</b>	<b>\$ 407, 938,208</b>	<b>\$ 346,252,604</b>	<b>\$ 382, 161, 959</b>
<b>2023</b>			
<b>January</b>	\$ 35,795,306	\$ 41,052,758	\$ 376,904,507
<b>February</b>	\$ 25,495,204	\$ 33,091,940	\$ 369,307,771
<b>March</b>	\$	\$	\$
<b>April</b>	\$	\$	\$
<b>May</b>	\$	\$	\$
<b>June</b>	\$	\$	\$
<b>July</b>	\$	\$	\$
<b>August</b>	\$	\$	\$
<b>September</b>	\$	\$	\$
<b>October</b>	\$	\$	\$
<b>November</b>	\$	\$	\$
<b>December</b>	\$	\$	\$
<b>Totals - 2023</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

Benefits and Technical Support Section • Unemployment Compensation Division  
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**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE  
FOR THREE MONTHS STARTING DECEMBER 2021 AND DECEMBER 2022**

	DECEMBER 2021	JANUARY 2022	FEBRUARY 2022	DECEMBER 2022	JANUARY 2023	FEBRUARY 2023	THREE MONTH TOTAL VARIANCE *
<b>Balance Forward</b>	<u>\$ 328,191,610.85</u>	<u>\$ 320,465,991.21</u>	<u>\$ 321,552,258.38</u>	<u>\$ 388,928,030.69</u>	<u>\$ 382,161,959.12</u>	<u>\$ 376,904,507.02</u>	<u>\$ 177,784,636.39</u>
Add Receipts:							
1. Bond Assessment							\$ -
2. Regular Contributions:	898,135.80	13,913,224.57	8,037,738.68	811,953.07	10,878,668.75	5,806,182.39	(5,352,294.84)
3. Federal Emergency Benefits (PEUC)	55,513.52	35,079.18	6,578.99	(13,678.07)	14,615.99	16,262.98	(79,970.79)
4. Federal Share Extended Benefits (EB)	1,694.00	4,680.00	382.00	(5,609.62)	540.00	-	(11,825.62)
5. Federal Additional Compensation - FPUC	333,391.96	244,563.84	114,362.77	33,699.51	6,179.89	12,299.82	(640,139.35)
6. Pandemic Unemployment Assistance PUA	2,929.00	5,035.00	1,368.00	(16,902.20)	(514.00)	(1,397.00)	(28,145.20)
7. UCFE (Federal Agencies)	54,960.32	67,275.99	79,650.53	71,272.77	70,549.01	73,642.25	13,577.19
8. TSFR From Non-Invst FUA	(299,791.33)	-	-	-	-	-	299,791.33
9. EUISAA - EMER US RELIEF/STC	-	-	146,002.00	8,950.40	8,532.73	5,802.57	(122,716.30)
10. Treasury Interest Credits	1,290,073.01	-	-	1,638,583.15	-	-	348,510.14
11. UCX (Military Agencies)	31,678.98	49,008.80	48,145.49	50,607.07	72,104.29	49,863.37	43,741.46
12. Temporary Compensation	-	-	-	-	-	-	-
13. BT to State UI Account	(565,159.34)	-	-	-	-	-	565,159.34
14. UI Modernization	-	-	-	-	-	-	-
15. Loan Advance	-	-	-	-	-	-	-
16. Return of Overpayments FPUC/PUA/EUO	-	-	-	-	-	-	-
<b>Total Monthly Receipts</b>	<u>\$ 11,256,246.47</u>	<u>\$ 37,538,718.03</u>	<u>\$ 28,916,869.26</u>	<u>\$ 12,704,112.31</u>	<u>\$ 35,795,306.84</u>	<u>\$ 25,495,204.73</u>	<u>\$ (3,717,209.88)</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits:	\$ 8,886,486.54	\$ 12,888,254.15	\$ 10,726,845.77	\$ 9,278,377.33	\$ 16,112,554.92	\$ 13,375,847.44	6,265,193.23
Federal Emergency Compensation - PEUC	57,020.50	(127,136.72)	39,337.96	(7,363.08)	8,085.00	17,716.98	49,217.16
Federal Additional Compensation - FPUC	711,844.36	376,668.45	330,016.46	(40,795.20)	26,838.70	39,663.37	(1,392,822.40)
Pandemic Unemployment Assistance PUA	(233,790.34)	(22,231.99)	13,196.76	(7,781.20)	-	(1,397.00)	233,647.37
Federal Emergency Benefits (EUC08)	-	-	-	-	-	-	-
<b>Federal Extended - 2112</b>	<b>2,076.00</b>	<b>(9,333.67)</b>	<b>382.00</b>	<b>(5,609.62)</b>	<b>540.00</b>	<b>-</b>	<b>1,806.05</b>
Emergency Benefits (TEUC)	-	-	-	-	-	-	-
UCFE (Federal Workers) Benefits	61,666.33	86,973.89	76,645.55	68,363.18	77,257.60	67,525.85	(12,139.14)
UCX (Military Workers) Benefits	43,742.17	39,406.10	45,747.15	50,805.84	72,777.29	48,430.60	43,118.31
Reed Act Funds	-	-	-	-	-	-	-
EUISAA Title IX/STC	-	-	-	8,950.40	8,532.73	5,802.57	23,285.70
<b>Total Monthly Disbursements</b>	<u>\$18,981,866.11</u>	<u>\$ 36,452,450.86</u>	<u>\$31,714,146.54</u>	<u>\$19,470,183.88</u>	<u>\$41,052,758.94</u>	<u>\$33,091,940.73</u>	<u>\$ 6,466,420.04</u>
<b>Trust Fund Balance</b>	<u>\$320,465,991.21</u>	<u>\$ 321,552,258.38</u>	<u>\$318,754,981.10</u>	<u>\$ 382,161,959.12</u>	<u>\$376,904,507.02</u>	<u>\$369,307,771.02</u>	<u>\$ 167,601,006.47</u>

\* 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.

Indicates prior month values that have been updated

\*\*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  
Repaid on 5/17/2016  
Borrowed on 12/5/2016  
Repaid on 5/4/2017  
Outstanding Loan from Revenue Shortfall Reserve Fund

\*\*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.

FOR RELEASE: March 22, 2023  
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## State Unemployment Rate Declines in February

West Virginia's seasonally adjusted unemployment rate declined two-tenths of a percentage point to 3.7 percent in February 2023, the lowest seasonally adjusted unemployment rate for the state since April 2022. The number of unemployed state residents fell 2,100 to 28,800. Total employment climbed 900 over the month. The national seasonally adjusted unemployment rate climbed two-tenths of a percentage point to 3.6 percent in February 2023.

Total nonfarm payroll employment rose 1,500 in February, with a gain of 2,100 in the service-providing sector offsetting a decline of 600 in the goods-producing sector.

Within the goods-producing sector, employment declines included 500 in manufacturing and 200 in construction. Mining and logging employment climbed 100 over the month.

Within the service-providing sector, employment gains included 800 in private education and health services, 600 in trade, transportation, and utilities, 400 in government, 300 in other services, 300 in professional and business services, and 100 in information. Employment declines included 300 in leisure and hospitality and 100 in financial activities.

Since February 2022, total nonfarm payroll employment has risen 2,500. Employment gains included 3,400 in private education and health services, 1,500 in mining and logging, 1,000 in other services, 900 in government, and 100 in information. Employment declines included 2,200 in construction, 1,100 in trade, transportation, and utilities, 500 in leisure and hospitality, 400 in professional and business services, 100 in manufacturing, and 100 in financial activities.

West Virginia's not seasonally adjusted unemployment rate fell five-tenths of a percentage point to 3.7 percent in February.

The state's seasonally adjusted labor force participation rate declined one-tenth of a percentage point to 54.6 percent.

**WEST VIRGINIA**  
(In Thousands - Seasonally Adjusted)  
February 2023

	Prelim. Feb 2023	Revised Jan 2023	Revised Feb 2022	Change from:	
				Jan 2023	Feb 2022
Civilian Labor Force	782.8	784.0	784.6	-1.2	-1.8
Total Employment	754.0	753.1	755.7	0.9	-1.7
Total Unemployment	28.8	30.9	28.9	-2.1	-0.1
Unemployment Rate	3.7	3.9	3.7	xx	xx
Labor Force Participation Rate	54.6	54.7	54.6	xx	xx
<b>NONFARM PAYROLL EMPLOYMENT BY INDUSTRY</b>					
Total Nonfarm	699.5	698.0	697.0	1.5	2.5
Total Private	550.3	549.2	548.7	1.1	1.6
Goods Producing	97.9	98.5	98.7	-0.6	-0.8
Mining and Logging	20.8	20.7	19.3	0.1	1.5
Construction	31.5	31.7	33.7	-0.2	-2.2
Manufacturing	45.6	46.1	45.7	-0.5	-0.1
Durable Goods	27.9	27.8	26.8	0.1	1.1
Non-Durable Goods	17.7	18.3	18.9	-0.6	-1.2
Service-Providing	601.6	599.5	598.3	2.1	3.3
Private Service-Providing	452.4	450.7	450.0	1.7	2.4
Trade, Transportation, and Utilities	123.0	122.4	124.1	0.6	-1.1
Wholesale Trade	18.3	18.3	18.6	0.0	-0.3
Retail Trade	78.7	78.2	79.0	0.5	-0.3
Transportation, Warehousing, and Utilities	26.0	25.9	26.5	0.1	-0.5
Information	7.8	7.7	7.7	0.1	0.1
Financial Activities	25.2	25.3	25.3	-0.1	-0.1
Finance and Insurance	18.4	18.5	18.8	-0.1	-0.4
Real Estate and Rental and Leasing	6.8	6.8	6.5	0.0	0.3
Professional and Business Services	71.1	70.8	71.5	0.3	-0.4
Professional, Scientific & Technical Services	28.0	27.8	28.0	0.2	0.0
Administrative and Support and Waste Mgmt	35.6	35.5	35.9	0.1	-0.3
Private Education and Health Services	130.5	129.7	127.1	0.8	3.4
Educational Services	7.0	6.9	6.4	0.1	0.6
Health Care and Social Assistance	123.5	122.8	120.7	0.7	2.8
Leisure and Hospitality	70.0	70.3	70.5	-0.3	-0.5
Arts, Entertainment, and Recreation	8.9	8.8	8.5	0.1	0.4
Accommodation and Food Service	61.1	61.5	62.0	-0.4	-0.9
Other Services	24.8	24.5	23.8	0.3	1.0
Government	149.2	148.8	148.3	0.4	0.9
Federal Government	25.3	25.2	25.2	0.1	0.1
State Government	46.2	46.0	44.7	0.2	1.5
Local Government	77.7	77.6	78.4	0.1	-0.7

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

<b>2023</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
Labor Force	774,300	775,400											
Employment	741,700	746,800											
Unemployment	32,600	28,600											
Rate	4.2	3.7											
Participation Rate	54.0	54.1											
<b>2022</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
Labor Force	776,200	782,700	779,100	783,200	788,100	799,500	792,600	789,200	785,500	788,000	780,800	776,500	785,100
Employment	740,100	745,500	746,400	754,600	760,700	765,200	760,000	755,400	760,000	761,400	754,000	750,200	754,500
Unemployment	36,000	37,200	32,700	28,700	27,400	34,400	32,600	33,800	25,500	26,600	26,800	26,300	30,700
Rate	4.6	4.8	4.2	3.7	3.5	4.3	4.1	4.3	3.2	3.4	3.4	3.4	3.9
Participation Rate	53.9	54.4	54.2	54.5	54.9	55.7	55.2	55.0	54.7	54.9	54.4	54.1	54.7
<b>2021</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
Labor Force	765,200	773,400	770,600	778,700	779,000	792,800	789,700	783,600	781,100	780,800	776,400	773,600	788,800
Employment	713,000	720,100	721,600	733,600	737,700	747,700	749,700	745,200	750,900	752,600	749,100	746,800	749,100
Unemployment	52,300	53,400	49,000	45,000	41,300	45,200	40,000	38,400	30,200	28,200	27,300	26,800	39,700
Rate	6.8	6.9	6.4	5.8	5.3	5.7	5.1	4.9	3.9	3.6	3.5	3.5	5.0
Participation Rate	53.0	53.6	53.4	54.0	54.0	55.0	54.7	54.3	54.2	54.2	53.9	53.7	54.7
<b>2020</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
Labor Force	792,100	797,400	786,300	758,000	774,800	784,200	782,200	780,300	779,600	782,100	772,700	769,200	792,200
Employment	746,200	750,100	734,100	640,200	676,700	705,100	706,800	718,100	724,700	735,400	728,000	722,400	726,000
Unemployment	46,000	47,200	52,200	117,900	98,100	79,100	75,300	62,300	55,000	46,700	44,700	46,800	66,100
Rate	5.8	5.9	6.6	15.6	12.7	10.1	9.6	8.0	7.1	6.0	5.8	6.1	8.3
Participation Rate	54.6	55.0	54.3	52.4	53.6	54.2	54.1	54.0	53.9	54.1	53.5	53.2	54.1
<b>2019</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
Labor Force	787,500	791,400	783,600	787,200	791,000	807,300	805,100	800,300	799,900	803,100	794,900	792,400	798,300
Employment	739,700	743,700	740,800	751,900	755,700	766,600	765,500	761,000	766,400	767,300	758,400	754,000	759,000
Unemployment	47,800	47,700	42,900	35,300	35,300	40,600	39,700	39,300	33,400	35,800	36,500	38,300	39,300
Rate	6.1	6.0	5.5	4.5	4.5	5.0	4.9	4.9	4.2	4.5	4.6	4.8	4.9
Participation Rate	54.1	54.4	53.9	54.2	54.4	55.6	55.4	55.1	55.1	55.3	54.8	54.6	54.8
<b>2018</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
Labor Force	779,100	789,200	783,600	790,400	794,700	808,800	805,300	794,500	795,600	799,400	791,300	789,200	793,400
Employment	731,800	738,000	736,000	748,900	756,800	765,100	763,800	755,700	762,000	764,800	757,000	751,200	752,200
Unemployment	47,300	51,300	47,600	41,500	37,800	43,600	41,400	38,800	33,600	34,600	34,300	38,000	41,200
Rate	6.1	6.5	6.1	5.3	4.8	5.4	5.1	4.9	4.2	4.3	4.3	4.8	5.2
Participation Rate	53.3	54.0	53.6	54.1	54.5	55.4	55.2	54.5	54.6	54.9	54.3	54.2	54.4
<b>2017</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
Labor Force	775,600	779,900	775,100	781,500	780,000	795,200	792,500	790,400	792,900	789,400	784,100	780,400	783,800
Employment	726,200	730,700	731,100	743,000	744,500	753,600	751,500	747,700	757,600	754,300	745,400	739,900	742,700
Unemployment	49,300	49,200	44,000	38,500	35,500	41,600	41,100	42,700	35,300	35,100	38,700	40,400	41,000
Rate	6.4	6.3	5.7	4.9	4.6	5.2	5.2	5.4	4.5	4.4	4.9	5.2	5.2
Participation Rate	52.7	53.0	52.7	53.2	53.1	54.2	54.0	53.9	54.1	53.9	53.5	53.3	53.5
<b>2016</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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
Participation Rate	53.0	53.3	53.0	53.3	53.4	54.0	53.5	53.3	53.3	53.4	52.9	52.6	53.3
<b>2015</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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
Participation Rate	53.1	53.3	53.0	53.6	53.9	54.5	54.0	53.6	53.3	53.4	53.0	52.9	53.5
<b>2014</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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	745,400	750,400	753,500	748,000	744,200	749,900	754,700	745,000	739,600
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
Participation Rate	53.1	53.6	53.3	53.5	53.9	54.2	53.9	53.7	53.6	53.9	53.3	53.0	53.6
<b>2013</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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
Participation Rate	53.7	53.6	53.2	53.7	54.0	54.8	54.3	53.9	53.8	53.7	53.3	53.1	53.8
<b>2012</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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
Participation Rate	53.6	53.9	53.7	54.2	54.8	55.3	54.8	54.4	54.5	54.6	53.9	53.8	54.3



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

<b>2023</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
Labor Force	784,000	782,800											
Employment	753,100	754,000											
Unemployment	30,900	28,800											
Rate	3.9	3.7											
Participation Rate	54.7	54.6											
<b>2022</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
Labor Force	782,900	784,600	785,900	786,700	786,800	786,400	785,700	784,900	784,400	784,100	784,200	784,300	785,100
Employment	753,000	755,700	757,400	757,800	757,200	755,800	754,100	752,600	751,900	751,900	752,200	752,500	754,500
Unemployment	29,900	28,900	28,600	28,800	29,600	30,600	31,600	32,300	32,400	32,300	32,000	31,900	30,700
Rate	3.8	3.7	3.6	3.7	3.8	3.9	4.0	4.1	4.1	4.1	4.1	4.1	3.9
Participation Rate	54.4	54.6	54.7	54.8	54.8	54.8	54.7	54.7	54.7	54.6	54.6	54.7	54.7
<b>2021</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
Labor Force	775,900	776,300	777,500	778,900	780,000	780,600	780,200	779,600	779,100	779,200	779,900	781,100	788,800
Employment	729,000	730,700	732,800	735,100	737,300	739,000	740,200	741,500	742,900	744,900	747,300	750,000	749,100
Unemployment	46,900	45,600	44,700	43,800	42,700	41,600	39,900	38,100	36,100	34,300	32,700	31,100	39,700
Rate	6.0	5.9	5.8	5.6	5.5	5.3	5.1	4.9	4.6	4.4	4.2	4.0	5.0
Participation Rate	53.7	53.8	53.9	54.0	54.1	54.1	54.1	54.1	54.0	54.1	54.2	54.3	54.7
<b>2020</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
Labor Force	798,600	796,700	794,000	792,200	795,700	792,800	796,000	795,000	796,900	796,000	796,000	796,400	792,200
Employment	756,800	754,700	752,000	752,400	753,100	753,300	756,100	756,900	757,300	757,800	758,300	758,500	759,000
Unemployment	41,700	42,100	42,000	39,800	42,600	39,500	39,900	38,100	39,600	38,200	37,700	37,900	33,200
Rate	5.2	5.3	5.3	5.0	5.4	5.0	5.0	4.8	5.0	4.8	4.7	4.7	4.1
Participation Rate	55.1	55.0	54.8	52.7	53.6	53.5	53.7	53.6	53.8	53.7	53.7	53.7	54.1
<b>2019</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
Labor Force	793,900	793,000	792,200	792,100	792,700	794,000	795,400	796,800	797,900	798,800	799,300	799,300	798,300
Employment	754,000	753,800	753,800	754,300	755,200	756,100	756,900	757,300	757,800	758,300	758,500	758,100	759,000
Unemployment	39,900	39,200	38,400	37,800	37,500	37,900	38,500	39,500	40,100	40,500	40,800	41,200	39,300
Rate	5.0	4.9	4.8	4.8	4.7	4.8	4.8	5.0	5.0	5.1	5.1	5.2	4.9
Participation Rate	54.5	54.5	54.5	54.5	54.6	54.7	54.8	54.9	55.0	55.0	55.1	55.1	54.8
<b>2018</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
Labor Force	788,500	789,900	791,700	793,400	794,500	795,000	794,900	794,600	794,500	794,600	794,700	794,500	793,400
Employment	746,000	747,400	749,400	751,500	753,100	754,200	754,700	754,900	754,800	754,700	754,500	754,300	752,200
Unemployment	42,500	42,500	42,300	41,900	41,400	40,800	40,200	39,700	39,700	39,900	40,200	40,200	41,200
Rate	5.4	5.4	5.3	5.3	5.2	5.1	5.1	5.0	5.0	5.0	5.1	5.1	5.2
Participation Rate	53.9	54.0	54.2	54.3	54.4	54.5	54.5	54.5	54.5	54.5	54.5	54.6	54.4
<b>2017</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
Labor Force	782,300	781,900	781,700	781,900	782,800	783,900	785,300	786,400	787,200	787,400	787,400	787,500	783,800
Employment	739,900	741,000	741,800	742,500	743,400	744,300	745,000	745,500	745,700	745,500	745,100	745,000	742,700
Unemployment	42,300	40,900	39,900	39,400	39,400	39,700	40,200	40,900	41,500	41,900	42,300	42,500	41,000
Rate	5.4	5.2	5.1	5.0	5.0	5.1	5.1	5.2	5.3	5.3	5.4	5.4	5.2
Participation Rate	53.2	53.2	53.2	53.2	53.3	53.4	53.5	53.6	53.7	53.7	53.8	53.8	53.5
<b>2016</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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	50,200	50,100	49,700	49,200	48,700	48,300	48,000	47,700	47,200	46,400	45,300	44,000	47,900
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
Participation Rate	53.4	53.5	53.4	53.4	53.3	53.2	53.2	53.1	53.1	53.1	53.2	53.2	53.3
<b>2015</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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	50,900	51,800	52,900	53,800	54,200	54,000	53,200	52,200	51,200	50,500	50,200	50,100	52,100
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
Participation Rate	53.5	53.5	53.6	53.6	53.6	53.6	53.5	53.4	53.3	53.3	53.3	53.4	53.5
<b>2014</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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	53,800	53,700	53,200	52,700	52,100	51,500	51,100	50,900	50,800	50,600	50,400	50,500	51,800
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
Participation Rate	53.7	53.7	53.7	53.7	53.6	53.5	53.5	53.5	53.5	53.5	53.5	53.5	53.6
<b>2013</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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	56,900	55,700	54,600	53,500	52,800	52,500	52,600	52,700	52,800	53,000	53,300	53,700	53,600
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
Participation Rate	54.1	54.0	53.9	53.8	53.8	53.8	53.8	53.7	53.7	53.6	53.6	53.6	53.8
<b>2012</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>AVG</b>
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	749,000	749,200	749,100	748,700	749,600
Unemployment	57,200	56,800	57,000	57,900	58,900	59,600	59,900	59,800	59,600	59,200	58,700	57,900	58,400
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
Participation Rate	54.3	54.3	54.3	54.3	54.3	54.4	54.4	54.3	54.3	54.3	54.3	54.2	54.3

**BRIM**

**April 2023**

**Interim Packet**

**West Virginia Board of Risk and Insurance Management**  
**UNAUDITED BALANCE SHEET AND INCOME STATEMENT**  
**For the Eight Months Ending February 28, 2023**

**Talking Points for Joint Committee on Government and Finance Meeting**  
**April 2023**

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1. **Premium Revenue** for February reflects the premiums earned for the first eight months of the current fiscal year. BRIM premiums in FY'23 reflect an increase in premium revenue including an increase in premium to fund the higher actuarially estimated losses for the current year.
2. **Claims Expense** reflects net claims payments made through February, plus estimated accruals for the first eight months of the fiscal year and the September and December quarterly reserve adjustments to agree our reserves to the actuarial reports for the first and second quarters . Claim payments through February were higher than through February of last year.
3. **Investments** reflect a loss of \$1.3 million for the eight months ended February 28th. Investment returns during the first eight months of FY23 have varied widely. While we had significant losses in August, September and February, our returns in July, November and January have helped offset these losses. November and January were the months in which we had the best returns. Year to date investments returns are higher than last year. Interest rates continue to rise, and the volatility of the equities markets make for an uncertain outlook for investment income for FY'23.
4. BRIM continues to pursue pro-active loss control initiatives.
5. Premium rates – The Boards of Education (BOE) rating group will see liability premium increases for FY'23, which begins July 1, 2022, and for future fiscal years. The increase is the reflection of abuse claim development that has been reported in FY'22 and is driving increases in claim expense payments and in the actuarially estimated IBNR.

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Eight Months Ended February 28th

	<u>2023</u>	<u>2022</u>
	<i>(In Thousands)</i>	
<b>Operating revenues</b>		
Premiums	\$ 64,341	\$ 57,016
Less coverage/reinsurance programs	(6,317)	(3,191)
Net operating revenues	<u>58,024</u>	<u>53,826</u>
<b>Operating expenses</b>		
Claims and claims adjustment expense	114,313	98,778
General and administrative	3,732	3,292
Total operating expenses	<u>118,045</u>	<u>102,071</u>
Operating income (loss)	(60,021)	(48,245)
<b>Nonoperating revenues</b>		
Investment income	(1,287)	(8,737)
Legislative Appropriation	0	0
OPEB Non Operating Income	0	0
Net nonoperating revenues	<u>(1,287)</u>	<u>(8,737)</u>
Changes in net position	(61,308)	(56,982)
Total net position, beginning of year	151,403	276,868
Total net position, end of period	<u>\$ 90,095</u>	<u>\$ 219,886</u>

*Unaudited*

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Eight Months Ended February 28th

	2023	2022
	<i>(In Thousands)</i>	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 11,655	\$ 17,621
Advance deposits with insurance company and trustee	255,635	253,124
Receivables	7,537	6,886
Prepaid insurance	2,653	1,567
Restricted cash and cash equivalents	17,077	13,399
Premiums due from other entities	1,222	711
Total current assets	295,778	293,309
Noncurrent assets:		
Equity position in internal investments pools	111,861	121,793
Restricted investments	66,316	70,335
Total noncurrent assets	178,178	192,127
Total assets	473,956	485,436
Deferred Outflows of Resources	434	438
Deferred Outflows of Resources - OPEB	61	115
<b>Liabilities</b>		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	103,306	61,326
Unearned premiums	19,734	17,721
Agent commissions payable	945	882
Claims Payable	230,520	72
Accrued expenses and other liabilities	9,463	2,728
Total current liabilities	133,679	82,729
Estimated unpaid claims and claims adjustment expense net of current portion	249,968	182,283
Compensated absences	167	172
Net pension liability	(894)	533
Total noncurrent liabilities	249,241	182,987
Total liabilities	382,920	265,716
Deferred Inflows of Resources	1,156	35
Deferred Inflows of Resources - OPEB	280	351
Net position:		
Restricted by State code for mine subsidence coverage	75,988	80,155
Unrestricted	75,415	196,713
Net Assets (Deficiency)	(61,308)	(56,982)
Net position	\$ 90,095	\$ 219,886

*Unaudited*

**PEIA**  
**April 2023**  
**Interim Packet**

## **PEIA April Interim Talking Points**

- **PEIA and RHBT year to date interim financial statements for February 28, 2023 are available for your review.**
- **PEIA statements indicate PEIA is currently ahead of plan by \$10 million. This is due to lower than forecast claims expense.**
- **RHBT statements indicate RHBT is currently behind plan by \$12 million. This is due to lower than forecast forecast investment income.**
- **The 2023 year-end reserve for the State Fund, non-State Fund and RHBT is projected to be \$76, \$23 and \$282 million respectively.**
- **These reserve levels represent 12%, 14% and 182% of the respective funds' expenses. The required reserve for the State Fund is 12% of expenses.**

**West Virginia Retiree Health Benefit Trust Fund**  
**STATEMENT OF CHANGES IN PLAN NET POSITION**  
**For Eight Months Ending February 28, 2023**  
**In Thousands**

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
			<b>ADDITIONS</b>				
			<b>Employer Premiums:</b>				
\$1,348	\$1,378	\$1,418	Health premiums - Non Par	(\$30)	(2%)	(\$70)	(5%)
6,128	6,332	7,350	Health Premiums - RLC Health, Life	(204)	(3%)	(1,222)	(17%)
39,582	40,000	61,220	Pay Go Premiums	(418)	(1%)	(21,638)	(35%)
20,000	20,000	20,000	State appropriation - OPEB	-	0%	-	0%
<b>67,058</b>	<b>67,710</b>	<b>89,988</b>	<b>Total Employer Premiums</b>	<b>(652)</b>	<b>(1%)</b>	<b>(22,930)</b>	<b>(25%)</b>
			<b>Other Additions:</b>				
533	667	533	Retiree Drug Subsidy	(134)	(20%)	-	0%
67,891	90,638	5,932	Investment Income	(22,747)	(25%)	61,959	1,044%
<b>135,482</b>	<b>159,015</b>	<b>96,453</b>	<b>TOTAL ADDITIONS</b>	<b>(23,533)</b>	<b>(15%)</b>	<b>39,029</b>	<b>40%</b>
			<b>DEDUCTIONS</b>				
30,087	31,198	55,127	Payments to Managed Care Org.	1,111	4%	25,040	45%
17,612	18,783	17,932	Life Insurance Expense	1,171	6%	320	2%
32,632	36,717	36,305	Medical Claims Expense	4,085	11%	3,673	10%
12,981	19,155	16,293	Pharmacy Claims Expense	6,174	32%	3,312	20%
1,248	1,094	1,084	Administrative Service Fees (External)	(154)	(14%)	(164)	(15%)
(38,960)	(39,820)	(43,451)	Member Health premiums	(860)	2%	(4,491)	10%
(17,575)	(18,763)	(17,867)	Member Life Insurance Premiums	(1,188)	6%	(292)	2%
1,558	2,015	1,739	Other Operating Expenses	457	23%	181	10%
<b>39,583</b>	<b>50,392</b>	<b>67,162</b>	<b>TOTAL DEDUCTIONS</b>	<b>10,796</b>	<b>21%</b>	<b>27,579</b>	<b>41%</b>
<b>95,899</b>	<b>108,623</b>	<b>29,291</b>	<b>NET POSITION INCREASE (DECREASE)</b>	<b>(12,737)</b>	<b>(12%)</b>	<b>66,608</b>	<b>227%</b>
			<b>Net Position Restricted for</b>				
			<b>Post Employment Benefits</b>				
1,624,972	1,624,972	1,673,024	Beginning of Period Total Net Position	-	0%	(48,052)	(3%)
1,438,764	1,451,488	1,434,208	End of Period Net Position - Restricted	(12,724)	(1%)	4,556	0%
282,107	282,107	268,107	End of Period Net Position - PSR	-	0%	14,000	5%
<b>\$1,720,871</b>	<b>\$1,733,595</b>	<b>\$1,702,315</b>	<b>End of Period Total Net Position</b>	<b>(\$12,724)</b>	<b>(1%)</b>	<b>\$18,556</b>	<b>1%</b>



**West Virginia Public Employees Insurance Agency**  
**Statement of Changes in Plan Net Position**  
**For the Eight Months Ending Tuesday, February 28, 2023**  
(Dollars in Thousands)

(Unaudited-For Internal Use Only)

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
<b>OPERATING REVENUE</b>							
<b>Premium Revenue</b>							
\$291,954	\$294,259	\$277,547	Health Insurance - State Gov. - Employers	(\$2,305)	(1%)	\$14,407	5%
79,511	80,410	80,507	Health Insurance - State Gov. - Employees	(899)	(1%)	(996)	(1%)
92,723	95,941	85,204	Health Insurance - Local Gov. - All	(3,218)	(3%)	7,519	9%
3,217	3,106	3,224	Administrative Fees, Net of Refunds	111	4%	(7)	(0%)
1,388	1,269	1,263	Other Premium Revenue	119	9%	125	10%
<b>468,793</b>	<b>474,985</b>	<b>447,745</b>	<b>Total Operating Revenue</b>	<b>(6,192)</b>	<b>(1%)</b>	<b>21,048</b>	<b>5%</b>
<b>NON-OPERATING REVENUE</b>							
1,343	1,618	1,517	Life Insurance	(275)	(17%)	(174)	(11%)
34,667	34,667	14,000	Direct Transfer	0	0%	20,667	148%
3,783	7,527	(2,061)	Interest and Investment Income	(3,744)	(50%)	5,844	(284%)
39,582	40,000	61,220	WV RHBT Pay Go Premiums	(418)	(1%)	(21,638)	(35%)
<b>79,375</b>	<b>83,812</b>	<b>74,676</b>	<b>Total Non-Operating Revenue</b>	<b>(4,437)</b>	<b>(5%)</b>	<b>4,699</b>	<b>6%</b>
<b>548,168</b>	<b>558,797</b>	<b>522,421</b>	<b>TOTAL REVENUE</b>	<b>(10,629)</b>	<b>(2%)</b>	<b>25,747</b>	<b>5%</b>
<b>EXPENSES</b>							
335,125	332,012	322,201	Claims Expense - Medical	(3,113)	(1%)	(12,924)	(4%)
115,727	136,984	128,908	Claims Expense - Drugs	21,257	16%	13,181	10%
36,288	38,649	36,463	Payments to Managed Care Org.	2,361	6%	175	0%
15,893	14,702	13,796	Administrative Service Fees	(1,191)	(8%)	(2,097)	(15%)
111	1,371	143	Wellness and Disease Management	1,260	92%	32	22%
3,638	3,526	3,009	Other Operating Expenses	(112)	(3%)	(629)	(21%)
1,225	1,476	1,409	Life Insurance Expense	251	17%	184	13%
320	476	646	ACA Comparative Effectiveness Fee	156	33%	326	50%
39,582	40,000	61,220	WV RHBT Pay Go Premiums	418	1%	21,638	35%
<b>547,909</b>	<b>569,196</b>	<b>567,795</b>	<b>TOTAL EXPENSES</b>	<b>21,287</b>	<b>4%</b>	<b>19,886</b>	<b>4%</b>
<b>259</b>	<b>(10,399)</b>	<b>(45,374)</b>	<b>YTD Surplus (Deficit)</b>	<b>10,658</b>	<b>(102%)</b>	<b>45,633</b>	<b>(101%)</b>
93,425	93,425	162,360	Total Net Position, Beginning of Period	0	0%	68,935	42%
<b>\$93,684</b>	<b>\$83,026</b>	<b>\$116,986</b>	<b>Total Net Position, End of Period</b>	<b>\$10,658</b>	<b>13%</b>	<b>(\$23,302)</b>	<b>(20%)</b>

**Real Estate Division**

**April 2023**

**Interim Packet**

# Department of Administration Real Estate Division Leasing Report

For the period of March 1 - 31, 2023

**There are 6 leasing changes for this period, and they are as follows:**

- 1 - New Contract of Lease
- 1 - Straight Renewal
- 1 - Renewal with Increase in Rent
- 3 - Non-Renewal

# Department of Administration Real Estate Division Leasing Report

For the period of March 1, 2023 through March 31, 2023

## NEW CONTRACT OF LEASE

### **DIVISION OF CORRECTIONS AND REHABILITATION, BUREAU OF JUVENILE SERVICES**

**BJS-045** New Contract of Lease for 3 years consisting of 2,250 square feet of office and storage space at the annual per square foot rate of \$8.00, annual cost \$18,000, 906 Third Street, in the City of New Martinsville, Wetzel County, West Virginia.

## STRAIGHT RENEWAL

### **DEPARTMENT OF AGRICULTURE**

**AGR-055** Renewal for 2 years and 2 months consisting of 303 square feet of office space at the current monthly rate of \$400.00 (\$15.84 annual per square foot rate), annual cost \$4,800.00, full service, 3501 Teays Valley Road, in the City of Hurricane, Putnam, County, West Virginia.

## RENEWAL WITH INCREASE IN RENT

### **DIVISION OF FORESTRY**

**FOR-092** Renewal for 2 years consisting of 110 square feet of office space with an increase in the monthly rate from \$100.00 to \$110.00, annual cost \$1,320.00, including utilities, snow and ice removal, window washing, and HVAC services, 200 Confederate Road, in the City of Franklin, Pendleton County, West Virginia.

## NON-RENEWAL

### **DIVISION OF REHABILITATION SERVICES**

**DRS-132** Lease non-renewal consisting of 285 square feet of office space, at the monthly rate of \$300.00 (\$12.63 annual per square foot rate), annual cost \$3,600.00, full service, 140 School Street, in the City of Oakhill, Fayette County, West Virginia.

### **DIVISION OF FORESTRY**

**FOR-021** Lease non-renewal consisting of 5,120 square feet of office space, at the annual per square foot rate of \$4.22 annual cost \$21,600, 878 Main Street, in the City of Milton, Cabell County, West Virginia.

### **DIVISION OF MOTOR VEHICLES**

**DMV-012** Lease non-renewal consisting of 8,866 square feet of office and storage space, at the annual per square foot rate of \$3.29 annual cost \$29,169.14, 1321 Hansford Street, in the City of Charleston, Kanawha County, West Virginia.

Real Estate Division  
 Monthly Summary of Lease Activity  
 March 1 - 31, 2023

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	DOCR, Bureau of Juvenile Services	BJS-045	Wetzel	2,250	8.00	18,000	3.00	54,000
2	Department of Agriculture	AGR-055	Putnam	303	15.84	4,800	2.17	10,399
3	Division of Forestry	FOR-092	Pendleton	110	12.00	1,320	2.00	2,640

35.84  
**Total Rentable :** 2,663  
**Average Annual Rental Rate** 11.95  
**Total Annual Rent** 24,120

\* Indicates the rental rate will exceed \$1,000,000.00 within the term of the lease.

**TERMINATIONS**

# of	Agency	Lease #	County	Square	Rental	Annual
4	Division of Rehabilitation Services	DRS-132	Fayette	285	12.63	3,600
5	Division of Forestry	FOR-021	Cabell	5,120	4.22	21,600
6	Division of Motor Vehicles	DMV-012	Kanawha	8,866	3.29	29,169

**Total Rentable Square Feet** 14,271  
**Total Annual Rent** 54,369

Department of Health and Human Resources  
Bureau for Medical Services

Medicaid Report  
FEBRUARY 2023

Submitted to  
Joint Committee on Government and Finance  
and  
Legislative Oversight Commission on Health and Human  
Resources Accountability

APRIL 2023

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 EXPENDITURES BY PROVIDER TYPE  
 SFY2023

**MONTH OF FEBRUARY 2023**

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2022	SFY2023	Current Month Ended 02/28/23	Current Month Ended 02/28/23	Year To-Date Thru 02/28/23	03/01/23 Thru 06/30/23
<b>EXPENDITURES:</b>						
Inpatient Hospital - Reg. Payments	73,343,477	92,540,273	3,589,358	8,328,625	48,655,712	43,884,561
Inpatient Hospital - DSH	68,763,919	53,500,000	12,000,001	4,815,000	40,980,663	12,519,337
Inpatient Hospital - Supplemental Payments	808,013	-	-	-	-	-
Inpatient Hospital - GME Payments	13,553,905	14,786,078	3,687,547	1,330,747	10,831,602	3,954,476
Mental Health Facilities	9,025,749	8,892,278	652,450	800,305	4,713,611	4,178,667
Mental Health Facilities - DSH Adjustment Payments	20,710,419	18,887,045	2,643,292	1,699,834	14,165,283	4,721,762
Nursing Facility Services - Regular Payments	829,272,856	844,281,073	80,757,489	75,985,297	601,526,102	242,754,971
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	63,783,478	61,466,617	5,484,057	5,531,996	45,912,805	15,553,812
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	27,358,244	27,442,773	2,490,940	2,469,850	18,237,056	9,205,718
Physicians Services - Supplemental Payments	-	-	-	-	-	-
Physician and Surgical Services - Evaluation and Management	-	-	-	-	-	-
Physician and Surgical Services - Vaccine Codes	-	-	-	-	-	-
Outpatient Hospital Services - Regular Payments	36,113,574	36,323,042	2,867,741	3,269,074	24,552,793	11,770,249
Outpatient Hospital Services - Supplemental Payments	-	-	-	-	-	-
Prescribed Drugs	863,893,847	887,195,598	65,591,767	79,847,604	601,089,723	286,105,875
Drug Rebate Offset - National Agreement	(492,992,320)	(466,000,000)	(10,381,595)	(41,940,000)	(339,792,223)	(126,207,777)
Drug Rebate Offset - State Sidebar Agreement	(69,893,026)	(48,000,000)	(1,271,612)	(4,320,000)	(70,239,151)	22,239,151
Drug Rebate Offset - MCO National	(14,142,519)	(12,600,000)	(253,039)	(1,134,000)	(6,001,340)	(6,598,660)
Drug Rebate Offset - MCO State Sidebar Agreement	-	-	-	-	17,601	(17,601)
ODU Medication Assisted Treatment-Drugs	33,307,091	-	5,966,364	-	58,318,561	(58,318,561)
Dental Services	4,519,576	4,388,445	317,829	394,960	3,031,922	1,356,523
Other Practitioners Services - Regular Payments	25,859,285	17,866,132	19,634,975	1,607,952	62,139,535	(44,273,403)
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	1,896,883	1,912,397	72,351	172,116	1,366,534	545,863
Lab & Radiological Services	5,537,165	6,026,059	517,623	542,345	3,763,152	2,262,906
Home Health Services	21,680,938	31,592,194	2,105,852	2,843,297	15,493,834	16,098,360
Hysterectomies/Sterilizations	25,446	9,816	-	883	6,694	3,122
Pregnancy Terminations <sup>(2)</sup>	7,039	14,326	-	1,289	-	14,326
EPSDT Services	972,247	966,443	90,394	86,980	804,562	161,881
Rural Health Clinic Services	2,194,582	2,226,407	205,641	200,377	1,582,328	644,079
Medicare Health Insurance Payments - Part A Premiums	26,474,671	29,277,144	2,354,452	2,634,943	18,759,496	10,517,648
Medicare Health Insurance Payments - Part B Premiums	143,032,832	161,917,620	12,298,150	14,572,586	101,404,718	60,512,902
120% - 134% Of Poverty	13,677,719	13,803,220	1,305,744	1,242,290	10,663,114	3,140,106
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	12,754,173	12,333,082	1,454,401	1,109,977	9,031,712	3,301,370

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 EXPENDITURES BY PROVIDER TYPE  
 SFY2023

	MONTH OF FEBRUARY 2023					
	ACTUALS SFY2022	TOTAL SFY2023	ACTUALS Current Month Ended 02/28/23	ESTIMATE Current Month Ended 02/28/23	ACTUALS Year To-Date Thru 02/28/23	PROJECTED 03/01/23 Thru 06/30/23
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	2,557,486,965	2,516,888,533	190,924,504	226,519,968	1,743,895,547	772,992,986
Medicaid MCO - Evaluation and Management	-	-	-	-	-	-
Medicaid MCO - Vaccine Codes	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Group Health Plan Payments	1,806,080	2,102,489	-	189,224	1,420,684	681,805
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-
Home & Community-Based Services (IDD)	399,132,220	423,654,313	30,073,753	38,128,888	265,326,711	158,327,602
Home & Community-Based Services (Aged/Disabled)	168,890,148	157,496,579	3,071,213	14,174,692	90,607,702	66,888,877
Home & Community-Based Services (Traumatic Brain Injury)	2,439,619	2,374,251	67,993	213,683	3,416,082	(1,041,831)
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	94,539,187	86,313,057	1,679,965	7,768,175	50,201,640	36,111,417
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-
Targeted Case Management Services - State Wide	2,705,088	2,114,330	106,967	190,290	1,565,336	548,994
Primary Care Case Management Services	-	-	-	-	-	-
Hospice Benefits	26,947,181	27,674,479	2,598,478	2,490,703	20,062,188	7,612,292
Emergency Services Undocumented Aliens	1,007,796	600,000	121,000	54,000	1,400,612	(800,612)
Federally Qualified Health Center	6,788,867	6,480,457	601,724	583,241	8,755,932	(2,275,475)
Non-Emergency Medical Transportation	37,138,633	44,435,613	3,662,120	3,999,205	27,045,572	17,390,042
Physical Therapy	936,459	979,776	94,710	88,180	669,670	310,106
Occupational Therapy	433,066	431,700	43,865	38,853	262,466	169,234
Services for Speech, Hearing & Language	267,992	267,448	28,275	24,070	194,909	72,539
Prosthetic Devices, Dentures, Eyeglasses	656,807	632,759	44,809	56,948	585,182	47,578
Diagnostic Screening & Preventive Services	59,427	62,899	6,494	5,661	47,677	15,222
Nurse Mid-Wife	108,545	100,733	7,739	9,066	63,536	37,197
Emergency Hospital Services	-	-	-	-	-	-
Critical Access Hospitals	24,146,104	24,081,090	1,579,557	2,167,298	16,705,190	7,375,901
Nurse Practitioner Services	4,052,010	3,834,296	489,198	345,087	3,041,192	793,104
School Based Services	34,336,767	29,998,075	238,690	2,699,827	2,261,722	27,736,353
Rehabilitative Services (Non-School Based)	32,559,913	26,684,942	3,156,411	2,223,745	24,688,134	1,996,808
2a) Opioid Treatment Program (OTP) - Methadone services	9,314,229	-	39,863	-	34,593	(34,593)
2a) Opioid Treatment Program (OTP) - Peer Recovery Support Services	2,359,158	-	135,634	-	2,225,275	(2,225,275)
2a) Opioid Treatment Program (OTP) - Residential Adult Services	3,437,675	-	539,625	-	4,456,575	(4,456,575)
2a) OUD Medicaid Assisted Treatment Services	6,551,909	-	1,563,030	-	11,294,936	(11,294,936)
2a) Opioid Treatment Program (OTP) - Other	433,875	-	55,621	-	401,393	(401,393)
Private Duty Nursing	7,276,356	4,783,407	348,595	430,507	3,302,820	1,480,587
Freestanding Birth Centers	-	-	-	-	-	-
Health Home for Enrollees w Chronic Conditions	2,496,573	2,494,799	217,469	224,532	1,838,587	656,212
Other Care Services	23,477,740	24,892,898	1,863,214	2,240,361	17,339,250	7,553,648
Less: Recoupments	-	-	(942,682)	-	(8,069,431)	8,069,431
<b>NET MEDICAID EXPENDITURES:</b>	<b>5,173,325,653</b>	<b>5,190,426,986</b>	<b>456,600,006</b>	<b>466,960,529</b>	<b>3,576,058,078</b>	<b>1,614,368,908</b>



WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 EXPENDITURES BY PROVIDER TYPE  
 SFY2023

**MONTH OF FEBRUARY 2023**

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

**NET EXPENDITURES and CMS-64 ADJUSTMENTS:**

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

**TOTAL MEDICAID EXPENDITURES**

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

**TOTAL EXPENDITURES**

ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
SFY2022	SFY2023	Current Month Ended 02/28/23	Current Month Ended 02/28/23	Year To-Date Thru 02/28/23	03/01/23 Thru 06/30/23
(10,061,843)	-	-	-	(4,625,925)	4,625,925
(576,955)	-	-	-	(1,961,445)	1,961,445
(79,688)	-	-	-	(717,966)	717,966
(16,141,663)	-	-	-	(20,751,354)	20,751,354
<b>5,146,465,505</b>	<b>5,190,426,986</b>	<b>456,600,006</b>	<b>466,960,529</b>	<b>3,548,001,389</b>	<b>1,642,425,598</b>
36,875,489	52,225,540	3,561,550	4,700,299	28,200,973	24,024,568
215,799	296,842	11,669	26,716	133,500	163,342
1,046,209	1,056,776	97,882	95,110	698,393	358,383
<b>\$5,184,603,001</b>	<b>\$5,244,006,144</b>	<b>\$460,271,106</b>	<b>\$471,782,653</b>	<b>\$3,577,034,254</b>	<b>\$1,666,971,890</b>
4,348,531	-	423,564	-	2,917,775	(2,917,775)
288,102	58,550	17,582	5,269	105,409	(46,860)
-	-	-	-	-	-
<b>\$5,189,239,635</b>	<b>\$5,244,064,693</b>	<b>\$460,712,253</b>	<b>\$471,787,923</b>	<b>\$3,580,057,438</b>	<b>\$1,664,007,255</b>

(1) This amount will revert to State Only if not reimbursed.

(2) Pregnancy Terminations are State Only expenditures and are not currently claimed.

(3) Of the amount in the 'Nursing Facility Services - Regular Payments' line \$21,239,075 is the amount paid to State Facilities year to date.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 MEDICAID CASH REPORT  
 SFY2023

MONTH OF FEBRUARY 2023	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2022	Current Month Ended 02/28/2023	Year-To-Date Thru 02/28/2023	03/01/23 Thru 06/30/23	SFY2023
<b>REVENUE SOURCES</b>					
Beg. Bal. (5084/1020 prior mth)	139,436,683	56,677,535	81,507,579	-	81,507,579
<b>MATCHING FUNDS</b>					
General Revenue (0403/189)	307,763,411	24,526,433	172,666,096	121,651,117	294,317,213
IDD Waiver (0403/466)	108,541,736	9,045,145	63,677,819	44,863,917	108,541,736
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,333	1,730,666	865,334	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,667	4,237,334	2,118,666	6,356,000
Traumatic Brain Injury (0403/835)	800,000	66,667	469,334	330,666	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	1,132,802	7,974,924	5,618,696	13,593,620
Medical Services Surplus (0403/633)	-	-	8,800,000	-	8,800,000
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	4,015,503	3,400,875	10,202,626	3,400,875	13,603,501
Lottery Waiver (0420/539)	29,950,955	4,903,239	14,709,717	4,903,240	19,612,957
Lottery Transfer (5405/871)	16,400,070	4,100,017	12,300,051	4,100,019	16,400,070
Excess Lottery (5365/189)	16,302,960	-	16,200,000	10,497,960	26,697,960
Lottery Surplus (5405/68199)	16,000,000	-	14,750,000	-	14,750,000
Lottery Surplus (5365/68100)	17,000,000	-	-	16,200,000	16,200,000
Trust Fund Appropriation (5185/189)	24,535,507	-	9,214,473	45,550,484	54,764,957
Provider Tax (5090/189)	257,437,072	20,340,000	155,922,673	410,500,245	566,422,918
NSGO UPL (5084/6717)	-	-	-	-	-
Expirations (5084)	-	-	-	-	-
Certified Match	12,931,908	456,163	5,616,528	6,024,222	11,640,750
Reimbursables - Amount Reimbursed	2,240,609	2,966	3,334,562	(3,334,562)	-
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	1,017	-	-	-	-
CHIP State Share	-	-	-	-	-
CMS - 64 Adjustments	(2,219,739)	-	31,735	(31,735)	-
<b>TOTAL MATCHING FUNDS</b>	<b>\$ 973,683,311</b>	<b>\$ 125,397,842</b>	<b>\$ 583,346,118</b>	<b>\$ 673,259,143</b>	<b>\$ 1,256,605,261</b>
<b>FEDERAL FUNDS</b>	<b>4,294,542,939</b>	<b>373,380,592</b>	<b>3,034,920,620</b>	<b>1,234,351,965</b>	<b>4,269,272,584</b>
<b>TOTAL REVENUE SOURCES</b>	<b>\$ 5,268,226,250</b>	<b>\$ 498,778,434</b>	<b>\$ 3,618,266,737</b>	<b>\$ 1,907,611,108</b>	<b>\$ 5,525,877,846</b>
<b>TOTAL EXPENDITURES:</b>					
Provider Payments	\$ 5,189,239,635	\$ 460,712,253	\$ 3,580,057,438	\$ 1,664,007,255	\$ 5,244,064,693
<b>TOTAL</b>	<b>\$ 78,986,616</b>	<b>\$ 38,066,181</b>	<b>\$ 38,209,299</b>	<b>\$ 243,603,853</b>	<b>\$ 281,813,152</b>

Note: FMAP (74.02% applicable Oct. 2022 - Jun. 2023)

Department of Health and Human Resources  
Bureau for Medical Services

Medicaid Waiver Report  
FEBRUARY 2023

Submitted to  
Joint Committee on Government and Finance  
and  
Legislative Oversight Commission on Health and Human  
Resources Accountability

APRIL 2023

**WV Department of Health and Human Resources  
Bureau for Medical Services A&D Waiver Program Report**

Aged & Disabled Waiver Reported February 28, 2023		FY2022	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	FY2023 YTD
<b>Slots Approved By CMS</b>		8,506	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500					7,500
-Slots Available for Traditional (ADW-WV) enrollees		8,430	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424					7,424
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees		76	76	76	76	76	76	76	76	76					76
-Slots reserved for Money Follows the Person (MFP-WV) enrollees															
Total number of members served YTD (unduplicated slots used) (1) YTD Column reflects most recent month's count		8,418	7,386	7,555	7,786	7,909	7,910	8,104	8,226	8,333					8,333
Applicants determined eligible this month and added to MEL (2) * 130 of 223 are awaiting Financial Eligibility not yet on MEL		216	246	268	197	229	171	215	255	223*					1,804
Applicants determined ineligible		113	8	15	10	6	13	6	6	19					83
<b>ACTIVE MEMBERS</b>															
Active Traditional Members at the end of the month		7,236	7,259	7,384	7,512	7,558	7,560	7,585	7,642	7,669					7,669
Active Take Me Home Members at the end of the month		52	50	54	55	55	52	51	48	45					45
Active Money Follows the Person Members at the end of the month															
Total Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count		7,288	7,309	7,438	7,567	7,613	7,612	7,636	7,690	7,714					7,714
<b>Active members enrolled during the calendar month</b>		1,793	127	252	230	150	128	130	148	158					1,323
-Total Active Traditional members enrolled during the calendar month		1,737	123	247	224	148	125	126	147	153					1,293
-Total Active TMH-WV members enrolled during the calendar month		56	4	5	6	2	3	4	1	5					30
-Total Active MFP-WV members enrolled during the calendar month															
Members discharged during the calendar month		1,480	106	122	101	104	130	106	94	134					897
ADW Members whose case was closed by reason	Member is deceased	1,036	76	68	65	74	83	72	63	94					595
	Other (3)	444	30	54	36	30	47	34	31	40					302
<b>MANAGED ENROLLMENT LIST (MEL)</b>															
# Eligible applicants closed during the calendar month (removed from MEL)		3,668	371	234	150	186	176	153	218	242					1,730
ADW Applicants removed from the MEL	Applicant offered a slot (Traditional + MFP)	1,227	255	140	71	105	78	100	111	129					989
	Applicant became deceased	242	19	10	22	17	13	29	31	18					159
	Other (4)	2,199	97	84	57	64	85	24	76	95					582
Applicants on the MEL who are in a nursing facility YTD Column reflects # members in setting during reporting month		4	0	1	2	8	0	0	57	2					2
Applicants on the MEL receiving Personal Care YTD Column reflects # members receiving service during reporting month		3	4	4	2	5	0	0	2	1					1
Applicants at some stage in the application process - not released at end of month		525	20	37	12	0	11	29	8	11					11
Days -Average time spent on the MEL to date Minus MFP Applicants		44	75	88	105	120	141	151	158	145					123

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

(2) 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.

(3) Other reasons 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.

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

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

Intellectual/Developmental Disabilities Waiver Reported February 28, 2023		FY2022	July-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	YTD2023
Slots approved by CMS		6,115	6,115	6,115	6,115	6,115	6,115	6,115	6,115	6,115					6,115
Total number of members served YTD (unduplicated slots used) (1)		6,079	5,989	6,002	6,025	6,047	6,059	6,060	6,066	6,070					6,070
Total number of members served YTD in Traditional Slots		6,078	5,989	6,002	6,025	6,047	6,059	6,060	6,066	6,070					6,070
Total number of members served YTD in Adult Ben H. slots (Active)		1	0	0	0	0	0	0	0	0					0
Total number of members served YTD in Children Ben H. slots (Active)		0	0	0	0	0	0	0	0	0					0
Applicants determined eligible (2)		43	28	42	45	53	44	32	46	40					330
Applicants determined ineligible (3)		55	23	54	51	48	46	58	43	34					357
<b>ACTIVE MEMBERS</b>															
# of active members at the end of the month (unduplicated slots active) (1)		5,880	5,978	5,972	5,977	5,986	5,984	5,968	5,951	5,945					5,945
Discharged members at the end of the calendar month		216	12	19	20	13	15	19	26	10					134
Discharged members who were discharged by reason	Deceased	106	3	6	10	6	4	10	9	2					50
	Left program to enter a facility	65	5	7	2	3	5	5	11	4					42
	a. Hospital	0	0	0	0	0	0	0	0	0					0
	b. ICF/IID	29	3	2	2	2	3	4	8	1					25
	c. Nursing Facility	35	2	5	0	1	2	1	2	3					16
	d. Psychiatric Facility	0	0	0	0	0	0	0	0	0					0
	e. Rehabilitation Facility	0	0	0	0	0	0	0	0	0					0
	f. Other Facility	0	0	0	0	0	0	0	1	0					1
Other (6)	48	4	6	8	4	6	4	6	4					42	
<b>MANAGED ENROLLMENT LIST (MEL)</b>															
Total number of applicants on the MEL at the end of the month		271	187	213	232	261	291	319	355	390					390
Number of applicants added to the MEL (4)		421	28	42	45	53	44	32	46	40					330
Applicants enrolled (removed from the MEL)		337	110	13	25	22	13	3	9	4					199
Applicants removed from the MEL due to Death (5)		3	1	0	0	0	0	0	1	0					2
Applicants removed from the MEL due to Other (6)		21	2	3	1	2	1	1	0	1					11
Applicants on the MEL who are in a Nursing Facility		0	0	0	0	1	0	1	1	1					0
Applicants on the MEL who are in an ICF/IID Group Home		8	6	7	7	7	7	16	18	19					0
Applicants on the MEL receiving Personal Care Services each month		8	4	4	4	9	4	10	10	10					0
Longest on the MEL to date (7)		839	870	901	931	962	992	1,023	1,054	1,082					1,082

(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**

<b>Traumatic Brain Injury Waiver Reported February 28, 2023</b>	<b>FY2022</b>	<b>Jul-22</b>	<b>Aug-22</b>	<b>Sep-22</b>	<b>Oct-22</b>	<b>Nov-22</b>	<b>Dec-22</b>	<b>Jan-23</b>	<b>Feb-23</b>	<b>Mar-23</b>	<b>Apr-23</b>	<b>May-23</b>	<b>Jun-23</b>	<b>FY2023 YTD</b>
Slots Approved By CMS (1)	96	96	96	96	96	96	96	96	96					96
-Slots Available for Traditional (non TMH-WV) enrollees	96	92	92	92	92	92	92	92	92					92
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	0	4	4	4	4	4	4	4	4					4
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count	92	85	85	86	86	88	90	92	93					93
Applicants determined eligible this month and added to MEL (3)*	8	0	1	1	0	4	1	2	0					9
Applicants determined ineligible	0	0	0	0	0	0	0	0	0					0
<b>ACTIVE MEMBERS</b>														
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count	84	84	84	85	85	87	89	90	91					91
Active members enrolled during the calendar month	10	1	0	1	0	2	2	1	1					8
-Total Active Traditional members enrolled during the calendar month	10	1	0	1	0	2	2	1	0					7
-Total Active TMH-WV members enrolled during the calendar month	0	0	0	0	0	0	0	0	1					1
Members discharged during the calendar month	11	1	0	0	0	0	0	0	0					1
TBIW Members whose case was closed by reason														
Member is deceased	5	0	0	0	0	0	0	0	0					0
Other (4)	6	1	0	0	0	0	0	0	0					1
<b>MANAGED ENROLLMENT LIST (MEL)</b>														
# Eligible applicants closed during the calendar month (removed from MEL)	8	0	0	0	0	0	0	0	0					0
TBIW Applicants removed from the MEL														
Applicant offered a slot	8	0	0	0	0	0	0	0	0					0
Applicant became deceased	0	0	0	0	0	0	0	0	0					0
Other (5)	2	0	0	0	0	0	0	0	0					0
Applicants on the MEL who are in a nursing facility	1	0	0	0	0	0	0	0	0					0
Applicants on the MEL receiving Personal Care	1	0	0	0	0	0	0	0	0					0
Applicants on the MEL at the end of the month	0	0	0	0	0	0	0	0	0					0
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days	52	0	0	0	0	0	0	0	0					0

(1) CMS Approved 96 slots. Of the 96 slots approved by CMS, four (4) are reserved for the Money Follows the Person and Rebalancing Demonstration Grant for SFY 2023.

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

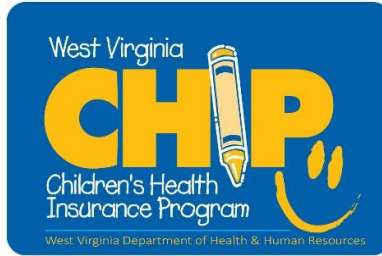
(3) Monthly number added to MEL is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on their initial application date. \* NO MEL

(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

*APRIL 2023*  
*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 Six Months Ending December 31, 2022 and December 31, 2021**

	Annual Budget 2023	Budget Year-to-Date	Actual December 31, 2022	Actual December 31, 2021	Actual Variance		Budget Variance	
					\$	%	\$	%
<b>Beginning Operating Fund Balance</b>			<b>\$6,699,256</b>	<b>\$7,418,708</b>	<b>(\$719,452)</b>	<b>-10%</b>		
<b>Revenues</b>								
Federal Grants	\$53,211,908	\$26,605,954	\$20,598,233	\$23,058,831	(\$2,460,598)	-11%	(\$6,007,721)	-23%
State Appropriations	\$7,090,665	\$3,545,333	\$2,905,817	\$2,978,080	\$0	0%	(\$639,516)	-18%
Premium Revenues	\$82,500	\$41,250	\$20,462	\$25,697	(\$5,235)	-20%	(\$20,788)	-50%
Investment Earnings (Interest)	\$100,000	\$50,000	(\$35,459)	(\$14,168)	(\$21,291)	150%	(\$85,459)	-171%
<b>Total Operating Fund Revenues</b>	<b>\$60,485,073</b>	<b>\$30,242,537</b>	<b>\$23,489,053</b>	<b>\$26,048,440</b>	<b>(\$2,559,387)</b>	<b>-10%</b>	<b>(\$6,753,484)</b>	<b>-22%</b>
<b>Expenditures:</b>								
<b>Claims Expenses:</b>								
Managed Care Organizations			\$19,116,093	\$19,097,148	\$18,945	0%		
Prescribed Drugs			\$4,187,239	\$5,502,914	(\$1,315,675)	-24%		
Physicians & Surgical			\$1,200,594	\$1,310,974	(\$110,380)	-8%		
Inpatient Hospital Services			\$234,542	\$342,272	(\$107,730)	-31%		
Dental			\$48,742	\$64,620	(\$15,878)	-25%		
Outpatient Services			\$147,458	\$154,805	(\$7,347)	-5%		
Therapy			\$32,824	\$42,923	(\$10,099)	-24%		
Other Services			\$24,463	\$35,495	(\$11,032)	-31%		
Inpatient Mental Health			\$32,978	\$0	\$32,978	0%		
Vision			\$2,837	\$9,958	(\$7,121)	-72%		
Durable & Disposable Med. Equip.			\$1,980	\$4,729	(\$2,749)	-58%		
Outpatient Mental Health			\$1,979	\$2,357	(\$378)	-16%		
Medical Transportation			\$19,834	\$76,623	(\$56,789)	-74%		
Less: Other Collections**			(\$134,709)	(\$6,273)	(\$128,436)	2047%		
Drug Rebates	(\$2,517,954)	(\$1,258,977)	(\$1,490,794)	(\$1,681)	(\$1,489,113)	88585%	\$366,526	-29%
<b>Total Claims Expenses</b>	<b>\$60,430,294</b>	<b>\$30,215,147</b>	<b>\$23,426,060</b>	<b>\$26,636,864</b>	<b>(\$3,210,804)</b>	<b>-12%</b>	<b>(\$6,789,087)</b>	<b>-22%</b>
<b>Administrative Expenses:</b>								
Salaries and Benefits	\$669,704	\$334,852	\$169,614	\$198,658	(\$29,044)	-15%	(\$165,238)	-49%
Program Administration	\$4,393,877	\$2,196,939	\$2,018,511	\$1,842,585	\$175,926	10%	(\$178,428)	-8%
Outreach & Health Promotion			\$0	\$0	\$0	0%	\$0	0%
Health Service Initiative	\$225,000	\$112,500	\$112,500	\$112,500	\$0	0%	\$0	0%
Current	\$175,000	\$87,500	\$18,580	\$25,723	(\$7,143)	-28%	(\$68,920)	-79%
<b>Total Administrative Expenses in Operating Fund</b>	<b>\$5,463,581</b>	<b>\$2,731,791</b>	<b>\$2,319,205</b>	<b>\$2,179,466</b>	<b>\$139,739</b>	<b>6%</b>	<b>(\$412,586)</b>	<b>-15%</b>
<b>Total Operating Fund Expenditures</b>	<b>\$65,893,875</b>	<b>\$32,946,938</b>	<b>\$25,745,265</b>	<b>\$28,816,330</b>	<b>(\$3,071,065)</b>	<b>-11%</b>	<b>(\$7,201,673)</b>	<b>-22%</b>
<b>Adjustments</b>			<b>(\$188,336)</b>	<b>(\$12,045)</b>				
<b>Ending Operating Fund Balance</b>			<b>\$4,254,708</b>	<b>\$4,638,773</b>	<b>(\$384,065)</b>	<b>-8%</b>		
Money Market			\$13,311	\$13,073				
Bond Pool			\$3,658,510	\$3,769,692				
Cash on Deposit			\$582,887	\$856,008				
<b>Revenues Outside of Operating Funds:</b>								
Federal Grants			\$853,520	\$0	\$853,520	0%		
<b>Total WVCHIP Revenues</b>			<b>\$24,342,573</b>	<b>\$26,048,440</b>	<b>(\$1,705,867)</b>	<b>-7%</b>		
<b>Program Expenses outside of Operating Funds:</b>								
Eligibility	\$500,000	\$250,000	\$853,520	\$103,710	\$749,810	723%	\$603,520	241%
<b>Total Administrative Expenses</b>	<b>\$5,963,581</b>	<b>\$2,981,791</b>	<b>\$3,172,725</b>	<b>\$2,283,176</b>	<b>\$889,549</b>	<b>39%</b>	<b>\$190,934</b>	<b>6%</b>
<b>Total WVCHIP Expenditures</b>	<b>\$66,393,875</b>	<b>\$33,196,938</b>	<b>\$26,598,785</b>	<b>\$28,920,040</b>	<b>(\$2,321,255)</b>	<b>-8%</b>	<b>(\$6,598,153)</b>	<b>-20%</b>

**Footnotes:**

- 1) Statement is on cash basis.
- 2) Estimate of Incurred but Not Reported (IBNR) claims on December 31, 2022 is \$360,000. The December 31, 2021 estimate was \$454,358.
- 3) Administrative Accounts Payable balance on December 31, 2022 was \$329,068. The December 31, 2021 balance was \$230,099.
- 4) 2023 and 2022 adjustments to fund balance represent timing issues between the payment of expense and the draw-down of federal revenues.
- 5) Revenues are primarily federal funds. WVCHIP's Federal Matching Assistance Percentage (FMAP) during SFY23 is 85.0% through 9/30/2022 and 81.81% starting 4/1/2023. SFY22 was 85.0%.
- 6) Other Collections are primarily provider refunds and subrogation (amounts received from other insurers responsible for bills WVCHIP paid - primarily auto).
- 7) Physician & Surgical services include physicians, clinics, lab, Federally Qualified Health Centers (FQHC), and vaccine payments.
- 8) Other Services include home health, chiropractors, psychologists, podiatrists, and nurse practitioners.
- 9) Eligibility costs outside the fund represent the costs allocated to the WVCHIP for eligibility and enrollment processing (RAPIDS/WVPATH).

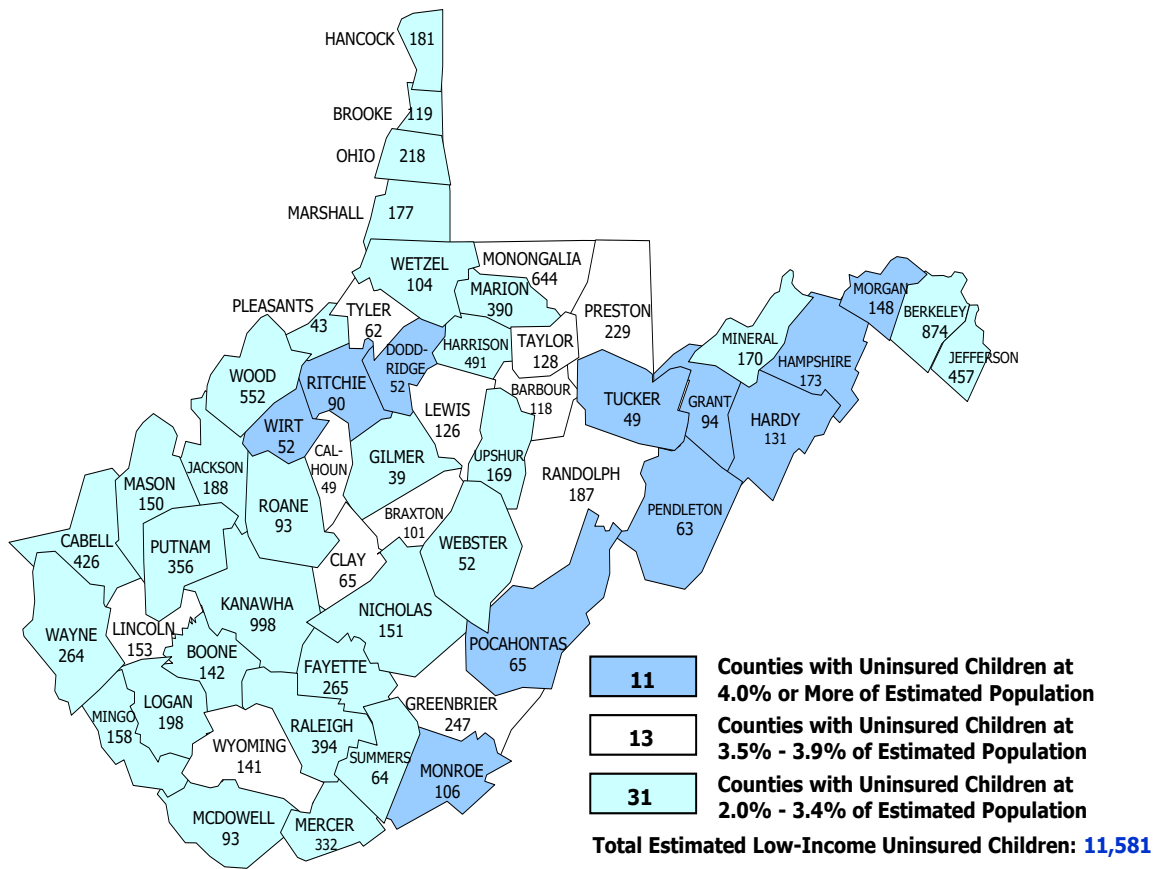
**Unaudited - For Management Purposes Only**  
**PRELIMINARY STATEMENT**



# WVCHIP Enrollment Report

MARCH 2023

County	County Pop.				MATERNITY		Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2020	2020
	2020 Est. (0-18 Yrs)	BLUE Mar-23	GOLD Mar-23	PREM Mar-23	BLUE Mar-23	PREM Mar-23	Enrollment Mar-23	Enrollment Mar-23	CHIP/Medicaid Enrollment	% of Population	SAHIE Uninsured Est.	SAHIE % Uninsured
Barbour	3,243	74	40	82	2	0	198	2,135	2,333	71.9%	118	3.6%
Berkeley	28,759	731	499	573	20	20	1,843	16,214	18,057	62.8%	874	3.0%
Boone	4,366	58	56	52	1	1	168	3,239	3,407	78.0%	142	3.3%
Braxton	2,579	56	40	41	1	2	140	1,591	1,731	67.1%	101	3.9%
Brooke	3,888	0	0	0	0	0	0	55	55	1.4%	119	3.1%
Cabell	18,302	294	239	229	10	9	781	10,901	11,682	63.8%	426	2.3%
Calhoun	1,265	31	18	12	1	2	64	931	995	78.7%	49	3.9%
Clay	1,818	39	13	30	2	0	84	1,423	1,507	82.9%	65	3.6%
Doddridge	1,181	23	17	16	0	1	57	822	879	74.4%	52	4.4%
Fayette	8,609	190	94	166	5	9	464	5,882	6,346	73.7%	265	3.1%
Gilmer	1,142	20	22	17	1	0	60	682	742	65.0%	39	3.4%
Grant	2,261	50	19	37	3	0	109	1,422	1,531	67.7%	94	4.2%
Greenbrier	6,618	168	112	138	8	3	429	4,453	4,882	73.8%	247	3.7%
Hampshire	4,103	97	56	64	2	0	219	2,777	2,996	73.0%	173	4.2%
Hancock	5,501	175	113	111	4	1	404	4,860	5,264	95.7%	181	3.3%
Hardy	2,742	72	48	39	4	0	163	1,866	2,029	74.0%	131	4.8%
Harrison	14,649	283	195	262	7	5	752	7,881	8,633	58.9%	491	3.4%
Jackson	6,156	99	70	81	0	2	252	3,540	3,792	61.6%	188	3.1%
Jefferson	13,252	268	145	181	7	3	604	4,767	5,371	40.5%	457	3.4%
Kanawha	35,737	623	420	607	21	19	1,690	36,004	37,694	105.5%	998	2.8%
Lewis	3,385	56	46	49	2	4	157	2,322	2,479	73.2%	126	3.7%
Lincoln	4,432	76	38	53	3	1	171	3,276	3,447	77.8%	153	3.5%
Logan	6,538	117	69	87	2	3	278	5,048	5,326	81.5%	198	3.0%
Marion	11,397	242	140	209	8	6	605	6,399	7,004	61.5%	390	3.4%
Marshall	5,847	73	58	56	1	4	192	3,242	3,434	58.7%	177	3.0%
Mason	5,492	89	52	55	0	6	202	3,348	3,550	64.6%	150	2.7%
Mercer	12,047	298	169	205	3	5	680	9,418	10,098	83.8%	332	2.8%
Mineral	5,365	129	67	64	5	1	266	2,957	3,223	60.1%	170	3.2%
Mingo	5,013	79	44	53	2	3	181	4,249	4,430	88.4%	158	3.2%
Monongalia	18,331	366	191	227	5	4	793	7,172	7,965	43.5%	644	3.5%
Monroe	2,635	59	43	78	3	1	184	1,527	1,711	64.9%	106	4.0%
Morgan	3,167	73	43	80	3	1	200	1,890	2,090	66.0%	148	4.7%
McDowell	3,372	52	54	34	1	0	141	3,092	3,233	95.9%	93	2.8%
Nicholas	4,952	149	125	124	3	3	404	3,196	3,600	72.7%	151	3.0%
Ohio	8,140	174	112	128	3	1	418	4,488	4,906	60.3%	218	2.7%
Pendleton	1,250	32	19	25	1	0	77	708	785	62.8%	63	5.0%
Pleasants	1,461	25	8	12	1	1	47	787	834	57.1%	43	2.9%
Pocahontas	1,406	36	19	29	0	0	84	921	1,005	71.5%	65	4.6%
Preston	6,396	180	104	145	2	4	435	3,571	4,006	62.6%	229	3.6%
Putnam	13,000	303	202	208	5	4	722	5,295	6,017	46.3%	356	2.7%
Raleigh	15,247	305	147	282	9	7	750	10,645	11,395	74.7%	394	2.6%
Randolph	5,224	103	74	141	5	0	323	3,270	3,593	68.8%	187	3.6%
Ritchie	1,896	30	9	20	0	0	59	1,216	1,275	67.2%	90	4.7%
Roane	2,757	93	75	108	1	2	279	1,974	2,253	81.7%	93	3.4%
Summers	1,981	54	22	34	0	0	110	1,642	1,752	88.4%	64	3.2%
Taylor	3,413	66	37	55	2	0	160	1,708	1,868	54.7%	128	3.8%
Tucker	946	35	23	29	1	3	91	675	766	81.0%	49	5.2%
Tyler	1,718	17	15	21	0	2	55	997	1,052	61.2%	62	3.6%
Upshur	4,938	104	78	79	1	0	262	3,351	3,613	73.2%	169	3.4%
Wayne	7,913	140	111	92	6	2	351	5,463	5,814	73.5%	264	3.3%
Webster	1,559	35	24	28	1	1	89	1,284	1,373	88.1%	52	3.3%
Wetzel	3,053	38	21	26	1	0	86	2,096	2,182	71.5%	104	3.4%
Wirt	1,209	27	10	17	1	0	55	786	841	69.6%	52	4.3%
Wood	17,613	337	176	209	6	9	737	10,382	11,119	63.1%	552	3.1%
Wyoming	4,086	91	51	74	2	2	220	2,939	3,159	77.3%	141	3.5%
<b>Totals</b>	<b>363,350</b>	<b>7,434</b>	<b>4,692</b>	<b>5,874</b>	<b>188</b>	<b>157</b>	<b>18,345</b>	<b>232,779</b>	<b>251,124</b>	<b>69.1%</b>	<b>11,581</b>	<b>3.2%</b>



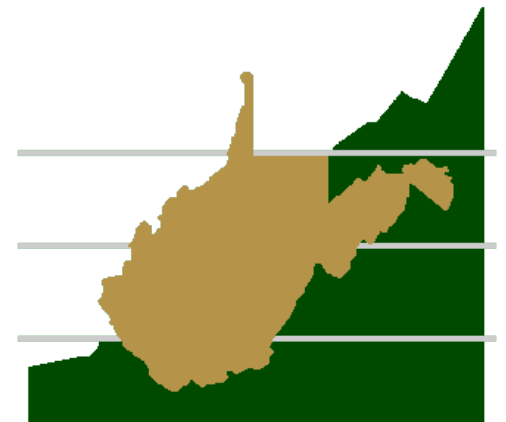
The above map shows the most recent 2020 county level data provided by the U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE) for children under 19 years. While the statewide average for children under 19 is now about 3.2%, the SAHIE data reflects more accurately the variation from county 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

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Participant Plan Performance Report

February 28, 2023



# Participant Plans Allocation & Performance Net of Fees

Period Ending: February 28, 2023

	6/30/2022		2/28/2023		Performance %							
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
<b>WVIMB Fund Assets</b>	<b>22,991,842</b>	<b>100.0</b>	<b>23,505,863</b>	<b>100.0</b>								
<b>Pension Assets</b>	<b>18,829,116</b>	<b>81.9</b>	<b>19,163,079</b>	<b>81.5</b>								
Public Employees' Retirement System	8,004,835	34.8	8,146,599	34.7	(1.4)	0.8	4.3	(2.7)	9.6	7.3	8.4	8.5
Teachers' Retirement System	8,980,424	39.1	9,012,189	38.3	(1.4)	0.9	4.3	(2.7)	9.6	7.3	8.3	8.3
EMS Retirement System	112,407	0.5	117,646	0.5	(1.4)	0.8	4.3	(2.7)	9.6	7.3	8.3	
Public Safety Retirement System	767,508	3.3	764,939	3.3	(1.4)	0.9	4.3	(2.7)	9.7	7.3	8.4	8.5
Judges' Retirement System	259,323	1.1	268,834	1.1	(1.4)	0.8	4.3	(2.7)	9.6	7.3	8.4	8.5
State Police Retirement System	289,417	1.3	305,231	1.3	(1.4)	0.8	4.3	(2.7)	9.6	7.3	8.4	8.5
Deputy Sheriffs' Retirement System	293,315	1.3	304,154	1.3	(1.4)	0.8	4.3	(2.7)	9.6	7.3	8.4	8.5
Municipal Police & Firefighter Retirement System	26,796	0.1	31,598	0.1	(1.4)	0.8	4.2	(2.8)	9.5	7.2	8.2	
Natural Resources Police Office Retirement System	24,467	0.1	26,112	0.1	(1.4)	0.8	4.3	(2.7)				
Municipal Model A (I)	68,337	0.3	183,247	0.8	(1.4)	0.9	5.2	(2.4)	10.2	7.7		
Municipal Model B (I)	2,287	0.0	2,530	0.0	(2.2)	1.1	3.9	(7.2)	4.6			
<b>Insurance Assets</b>	<b>3,007,901</b>	<b>13.1</b>	<b>3,170,511</b>	<b>13.5</b>								
Workers' Compensation Old Fund	881,990	3.8	846,331	3.6	(1.5)	0.9	1.9	(6.4)	3.2	3.3	4.0	
Workers' Comp. Self-Insured Guaranty Risk Pool	35,691	0.1	36,039	0.2	(1.5)	0.9	2.2	(5.6)	3.7	3.5	4.3	
Workers' Comp. Self-Insured Security Risk Pool	48,590	0.2	47,771	0.2	(1.5)	0.9	2.2	(5.6)	3.7	3.5		
Workers' Comp. Uninsured Employers' Fund	15,559	0.1	16,147	0.1	(1.5)	0.9	2.2	(5.6)	3.6	3.4	4.2	
Pneumoconiosis	207,487	0.9	199,385	0.8	(1.5)	0.9	2.2	(5.7)	3.6	3.5	4.3	5.2
Board of Risk & Insurance Management	175,463	0.8	178,178	0.8	(1.5)	0.9	2.1	(5.7)	3.7	3.5	4.3	
Public Employees' Insurance Agency	134,812	0.6	171,493	0.7	(1.6)	1.1	2.0	(6.0)	2.9	3.3	4.1	
WV Retiree Health Benefit Trust Fund	1,508,309	6.6	1,675,167	7.1	(1.4)	0.9	4.3	(2.7)	9.6	7.3	8.3	
<b>Endowment Assets</b>	<b>1,154,825</b>	<b>5.0</b>	<b>1,172,273</b>	<b>5.0</b>								
Berkeley County Development Authority	7,886	0.0	8,225	0.0	(1.4)	0.9	4.3	(2.7)	9.6	7.3		
Wildlife Fund	73,641	0.3	71,097	0.3	(1.4)	0.8	4.3	(2.8)	9.6	7.3	8.3	8.5
WV State Parks and Recreation Endowment Fund	14,770	0.1	28,779	0.1	(1.3)	0.8	4.6	(2.2)				
Revenue Shortfall Reserve Fund	329,802	1.4	326,041	1.4	(1.7)	0.3	(1.3)	(8.6)	(2.3)	0.9	1.1	
Revenue Shortfall Reserve Fund - Part B	498,719	2.2	499,824	2.1	(1.9)	0.5	0.2	(8.6)	1.1	2.5	3.5	
WV DEP Trust	10,357	0.0	11,040	0.0	(1.4)	2.1	6.6	(4.5)	7.9	5.1	6.9	
WV DEP Agency	219,650	1.0	227,267	1.1	(1.7)	1.4	3.5	(5.5)	4.6	3.8		

Composite Asset Allocation & Performance Net of Fees

Period Ending: February 28, 2023

	Asset (\$000)	%	Performance %								
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year	
Investment Pools Composite	23,513,854	100.00									
Portable Alpha Composite +/- S&P 500 Index	4,835,789	20.57	(2.65) (0.21)	(2.91) (0.63)	5.31 (0.77)	(8.06) (0.37)					
Large Cap Domestic Equity Composite +/- S&P 500 Index	293,771	1.26	(2.44) 0.00	(2.24) 0.04	5.99 (0.09)	(7.79) (0.10)	12.16 0.01	9.54 (0.28)	12.19 (0.06)	10.27 0.04	
Non-Large Cap Domestic Equity Composite +/- Russell 2500 Index	1,116,410	4.75	0.58 2.93	5.86 4.83	24.83 12.69	(0.06) 5.36	14.70 3.22	9.09 1.42	10.51 0.55	11.52 0.58	
International Equity Composite +/- MSCI AC World ex US IMI Index (b)	4,558,549	19.38	(2.44) 0.92	5.62 1.86	7.36 (0.43)	(7.61) (0.55)	7.12 1.15	1.69 (0.37)	5.38 0.83	8.62 0.81	
Fixed Income Composite +/- Bloomberg Universal (c)	3,565,551	15.16	(2.48) (0.02)	0.57 0.34	(0.77) 0.99	(7.77) 1.53	(2.03) 1.39	1.15 0.47	2.08 0.69	3.76 0.48	
Core Fixed Income Composite +/- Bloomberg US Aggregate	1,065,934	4.53	(2.28) 0.31	0.55 0.59	(2.02) 0.55	(8.70) 1.02	(2.77) 1.00	1.33 0.80	1.73 0.61		
Total Return Fixed Income Composite (j) +/- Bloomberg Universal	2,499,617	10.63	(2.57) (0.11)	0.57 0.34	(0.23) 1.53	(7.38) 1.92	(1.74) 1.68	1.06 0.38	2.22 0.83	4.12 0.74	
TIPS Composite +/- Bloomberg US TIPS	396,494	1.69	(1.38) (0.01)	(0.58) 0.01	(2.74) 0.05	(10.35) 0.05	0.27 0.07	2.65 0.08	1.26 0.04		
Cash Composite +/- FTSE 3 Month US T-Bill (d)	109,114	0.46	0.33 (0.02)	1.01 (0.05)	2.01 (0.05)	2.14 (0.08)	0.76 (0.10)	1.26 (0.09)	0.81 (0.02)	1.34 (0.03)	
Private Equity Composite +/- Russell 3000 + 3% (e, f)	2,713,686	11.54	0.37 2.46	(0.62) 0.36	(0.29) (9.17)	1.58 6.65	24.74 9.95	23.07 10.65	18.26 3.30		
Real Estate Composite +/- NCREIF + 1% (e)	2,474,448	10.52	(0.25) 0.85	(1.46) 0.45	(1.54) (3.59)	5.80 (4.13)	7.69 (1.99)	7.71 (1.14)	8.71 (1.33)		
Hedge Fund Composite +/- HFRI FOF + 1% (g)	2,521,020	10.72	0.05 0.40	3.17 0.84	5.04 1.26	5.10 4.67	7.43 1.71	5.61 1.41	5.13 1.07		
Private Credit & Income Composite +/- CS Leveraged Loan + 2% (e, k)	929,022	3.95	(0.17) (0.96)	(0.43) (4.51)	1.47 (6.73)	5.68 1.42	6.65 0.94	6.73 1.10			

# Participant Plans Allocation vs. Strategy

Period Ending: February 28, 2023

	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	48.7	45.0	12.3	15.0	12.5	12.0	11.7	12.0	4.3	6.0	10.5	10.0	0.0	0.0
Teachers' Retirement System	48.7	45.0	12.2	15.0	12.5	12.0	11.7	12.0	4.3	6.0	10.5	10.0	0.1	0.0
EMS Retirement System	48.5	45.0	12.6	15.0	12.5	12.0	11.6	12.0	4.3	6.0	10.5	10.0	0.0	0.0
Public Safety Retirement System	48.8	45.0	12.1	15.0	12.5	12.0	11.7	12.0	4.3	6.0	10.6	10.0	0.0	0.0
Judges' Retirement System	48.6	45.0	12.4	15.0	12.5	12.0	11.6	12.0	4.3	6.0	10.5	10.0	0.1	0.0
State Police Retirement System	48.4	45.0	12.7	15.0	12.4	12.0	11.6	12.0	4.3	6.0	10.5	10.0	0.1	0.0
Deputy Sheriffs' Retirement System	48.6	45.0	12.5	15.0	12.5	12.0	11.6	12.0	4.3	6.0	10.5	10.0	0.0	0.0
Municipal Police & Firefighter Retirement System	47.2	45.0	12.9	15.0	12.2	12.0	11.4	12.0	4.2	6.0	10.3	10.0	1.8	0.0
Natural Resources Police Office Retirement System	48.3	45.0	12.5	15.0	12.4	12.0	11.6	12.0	4.2	6.0	10.4	10.0	0.6	0.0
Municipal Model A	48.4	45.0	12.3	15.0	12.5	12.0	11.7	12.0	4.3	6.0	10.5	10.0	0.3	0.0
Municipal Model B	55.6	55.0	40.6	45.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.8	0.0

## Insurance Assets

Workers' Compensation Old Fund	26.2	25.0	43.9	45.0	4.2	4.0	3.9	4.0	1.4	2.0	15.8	15.0	4.6	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	26.2	25.0	43.8	45.0	4.2	4.0	3.9	4.0	1.4	2.0	15.8	15.0	4.7	5.0
Workers' Comp. Self-Insured Security Risk Pool	26.2	25.0	44.0	45.0	4.2	4.0	3.9	4.0	1.4	2.0	15.8	15.0	4.5	5.0
Workers' Comp. Uninsured Employers Fund	26.1	25.0	43.6	45.0	4.1	4.0	3.9	4.0	1.4	2.0	15.7	15.0	5.2	5.0
Pneumoconiosis	26.3	25.0	44.2	45.0	4.2	4.0	3.9	4.0	1.4	2.0	15.9	15.0	4.1	5.0
Board of Risk & Insurance Mgmt.	25.8	25.0	44.1	45.0	4.2	4.0	3.9	4.0	1.4	2.0	15.7	15.0	4.9	5.0
Public Employees' Insurance Agency	20.7	20.0	53.6	55.0	2.1	2.0	1.9	2.0	0.7	1.0	21.0	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	48.8	45.0	12.8	15.0	12.2	12.0	11.4	12.0	4.2	6.0	10.3	10.0	0.3	0.0

## Endowment Assets

Berkeley County Development Authority	48.4	45.0	12.7	15.0	12.4	12.0	11.6	12.0	4.2	6.0	10.5	10.0	0.2	0.0
Wildlife Fund	47.9	45.0	12.9	15.0	12.4	12.0	11.6	12.0	4.3	6.0	10.5	10.0	0.4	0.0
WV State Parks and Recreation Endowment Fund	47.0	45.0	11.5	15.0	11.7	12.0	10.9	12.0	4.0	6.0	9.9	10.0	5.0	0.0
Revenue Shortfall Reserve Fund	10.6	10.0	79.4	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0	10.0
Revenue Shortfall Reserve Fund - Part B	18.5	17.5	71.5	72.5	2.1	2.0	1.9	2.0	0.7	1.0	5.3	5.0	0.0	0.0
WV DEP Trust	52.4	50.0	14.1	15.0	10.2	10.0	9.5	10.0	3.4	5.0	10.4	10.0	0.0	0.0
WV DEP Agency	36.5	35.0	38.0	40.0	2.1	2.0	1.9	2.0	0.7	1.0	20.8	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 September 2021 to September 2022, the index was S&P 500 Index 2.5x minus 3 Month Libor minus 15 basis points. 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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The information presented may be deemed to contain forward-looking information. Examples of forward looking information include, but are not limited to, (a) projections of or statements regarding return on investment, future earnings, interest income, other income, growth prospects, capital structure and other financial terms, (b) statements of plans or objectives of management, (c) statements of future economic performance, and (d) statements of assumptions, such as economic conditions underlying other statements. Such forward-looking information can be identified by the use of forward looking terminology such as believes, expects, may, will, should, anticipates, or the negative of any of the foregoing or other variations thereon comparable terminology, or by discussion of strategy. No assurance can be given that the future results described by the forward-looking information will be achieved. Such statements are subject to risks, uncertainties, and other factors which could cause the actual results to differ materially from future results expressed or implied by such forward looking information. The findings, rankings, and opinions expressed herein are the intellectual property of Verus and are subject to change without notice. The information presented does not claim to be all-inclusive, nor does it contain all information that clients may desire for their purposes. The information presented should be read in conjunction with any other material provided by Verus, investment managers, and custodians.

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





**WEST VIRGINIA OFFICES *OF THE* INSURANCE COMMISSIONER**

*Allan L. McVey*  
*Insurance Commissioner*

**Status Report:**  
**Workers' Compensation**

*Joint Committee on Government & Finance*

*April 2023*

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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"<sup>1</sup>, 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 March 2023, there were 7,330 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.

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

## Definitions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

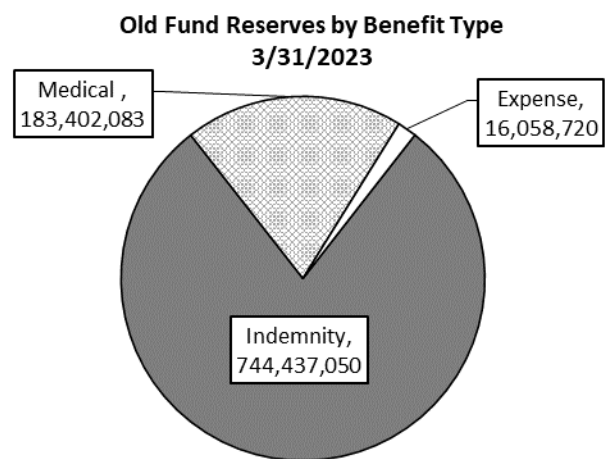
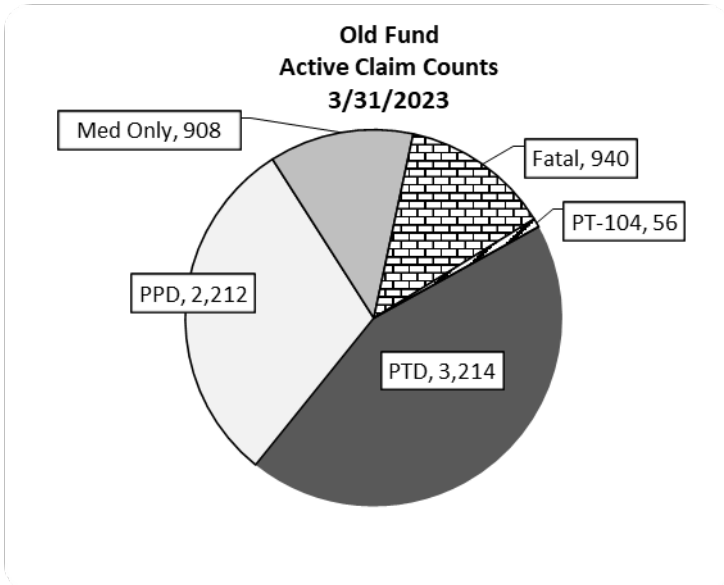
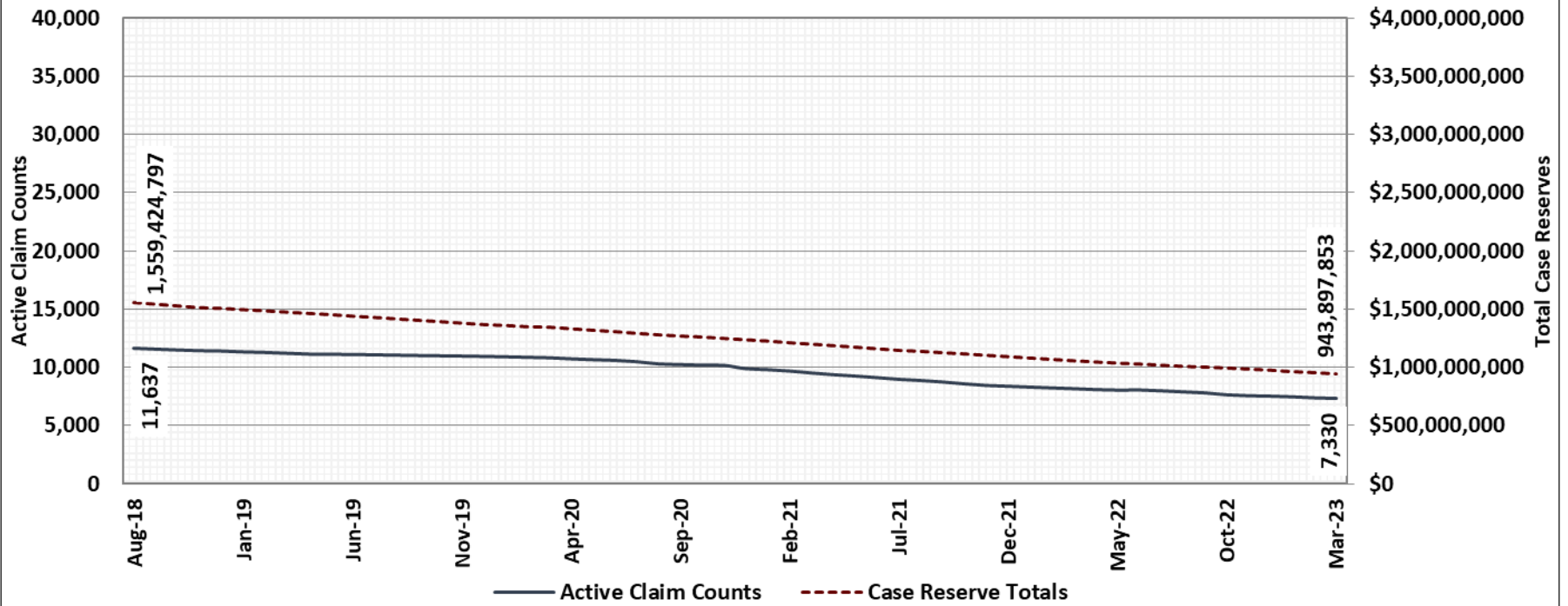
**Self-Insured Security Fund:** State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or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

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

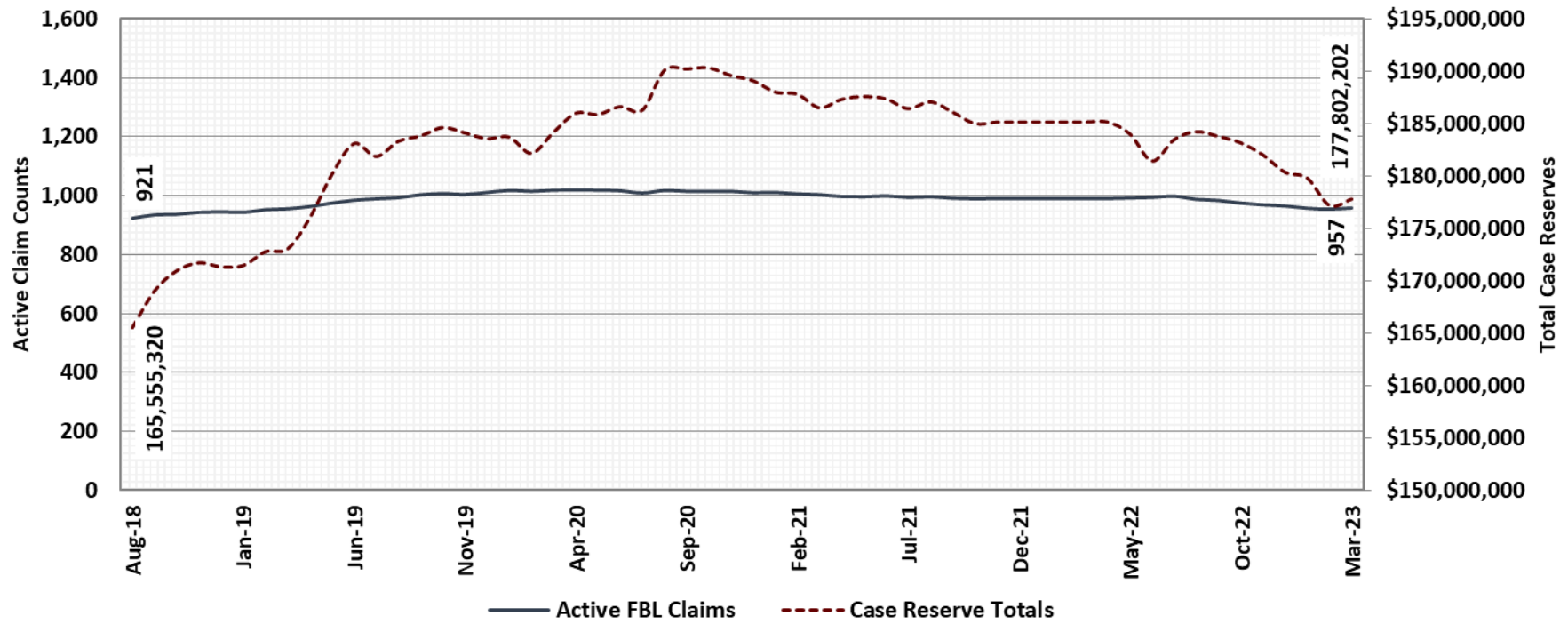
**TTD:** (Temporary Total Disability) an inability to return to substantial gainful employment requiring skills or activities comparable to those of one's previous gainful employment during the healing or recovery period after the injury. In order to receive TTD benefits, the injured worker must be certified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

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

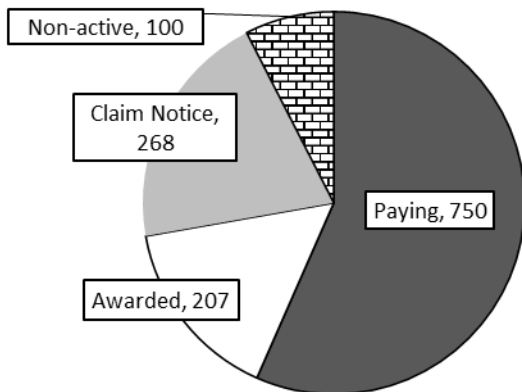
**Old Fund  
Active Claim Counts and Case Reserves  
3/31/2023**



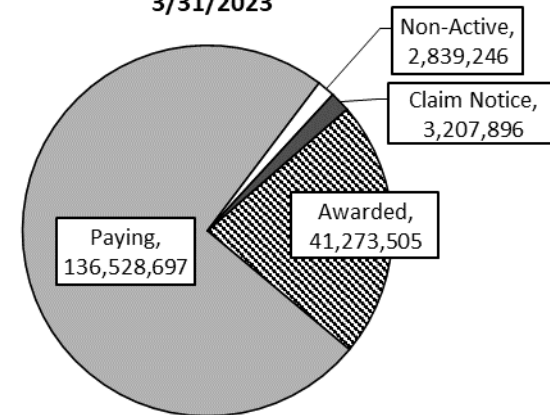
**CWP Fund (FBL)  
Active Claim Counts and Case Reserves  
3/31/2023**



**CWP Fund (FBL)  
Active and Inactive Claims  
3/31/2023**

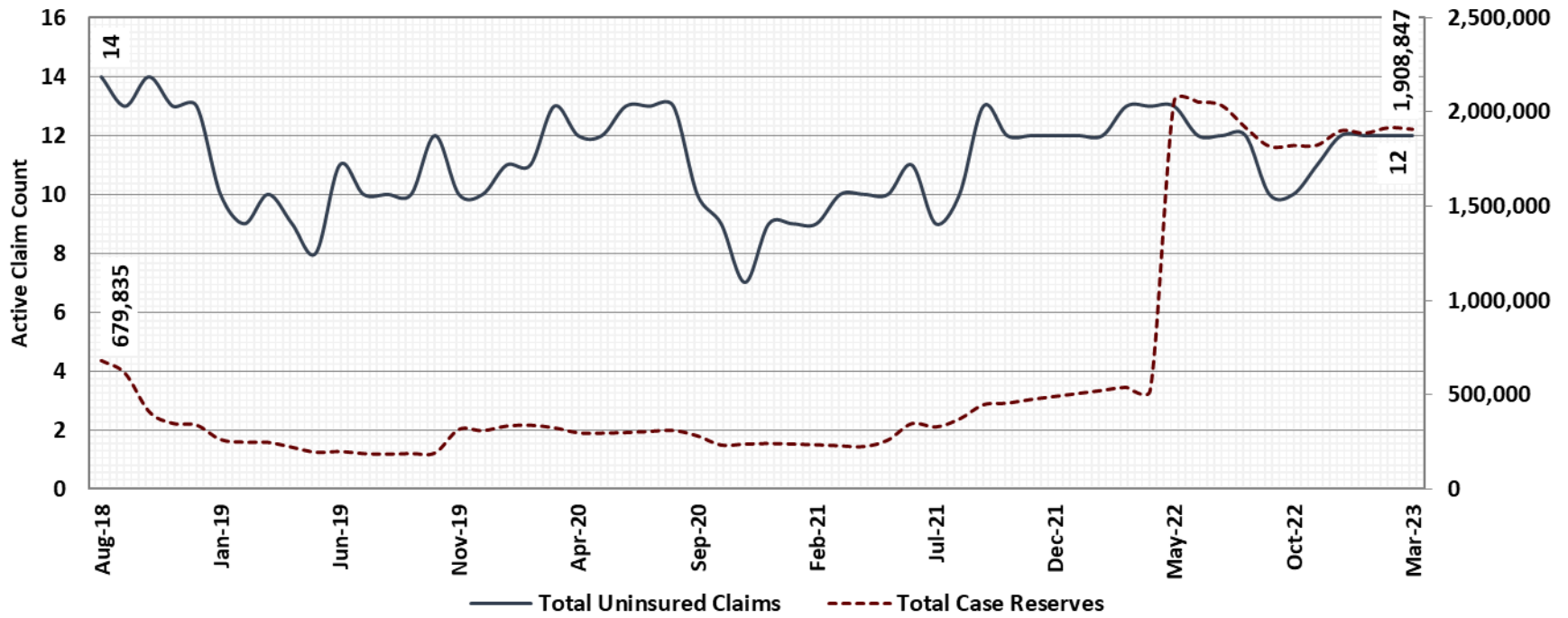


**CWP Fund Reserves by Benefit Type  
3/31/2023**

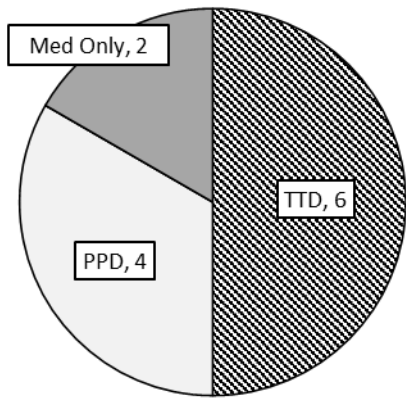




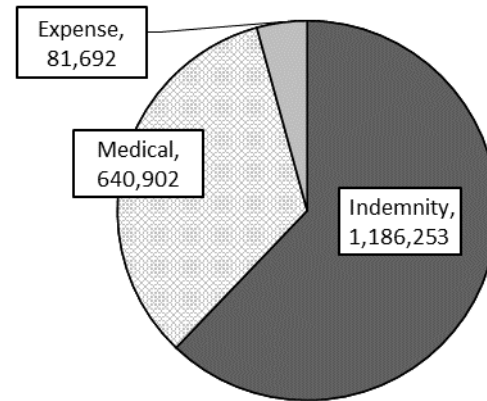
**Uninsured Fund  
Active Claim Counts and Case Reserves  
3/31/2023**

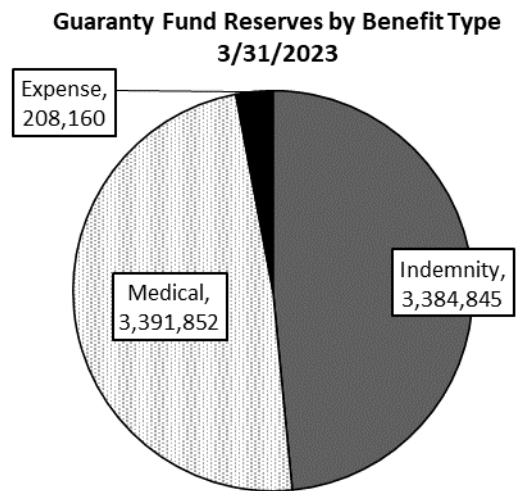
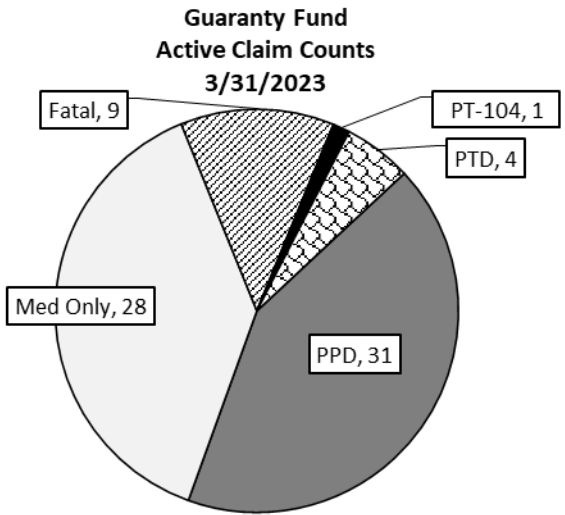
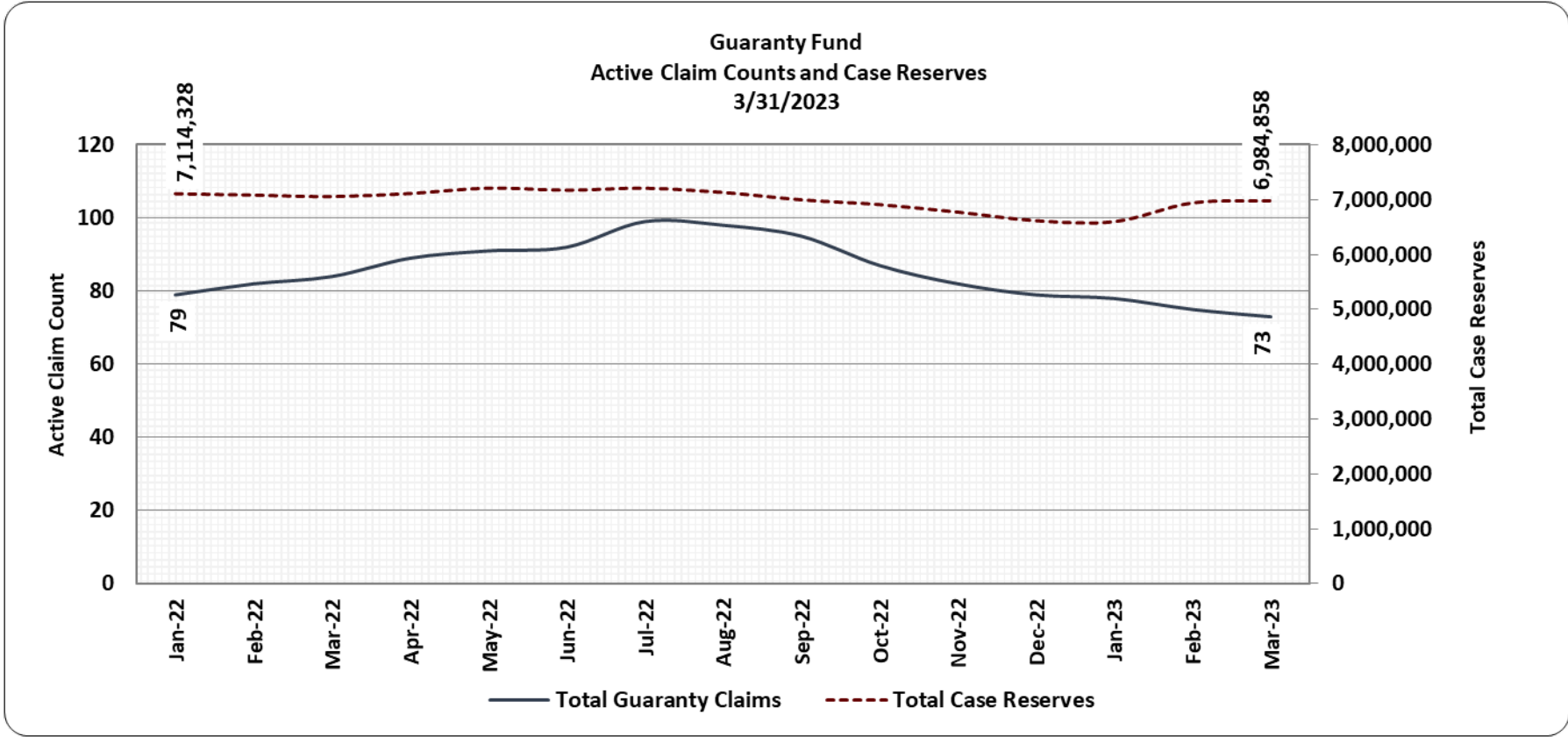


**Uninsured Fund  
Active Claim Counts  
3/31/2023**

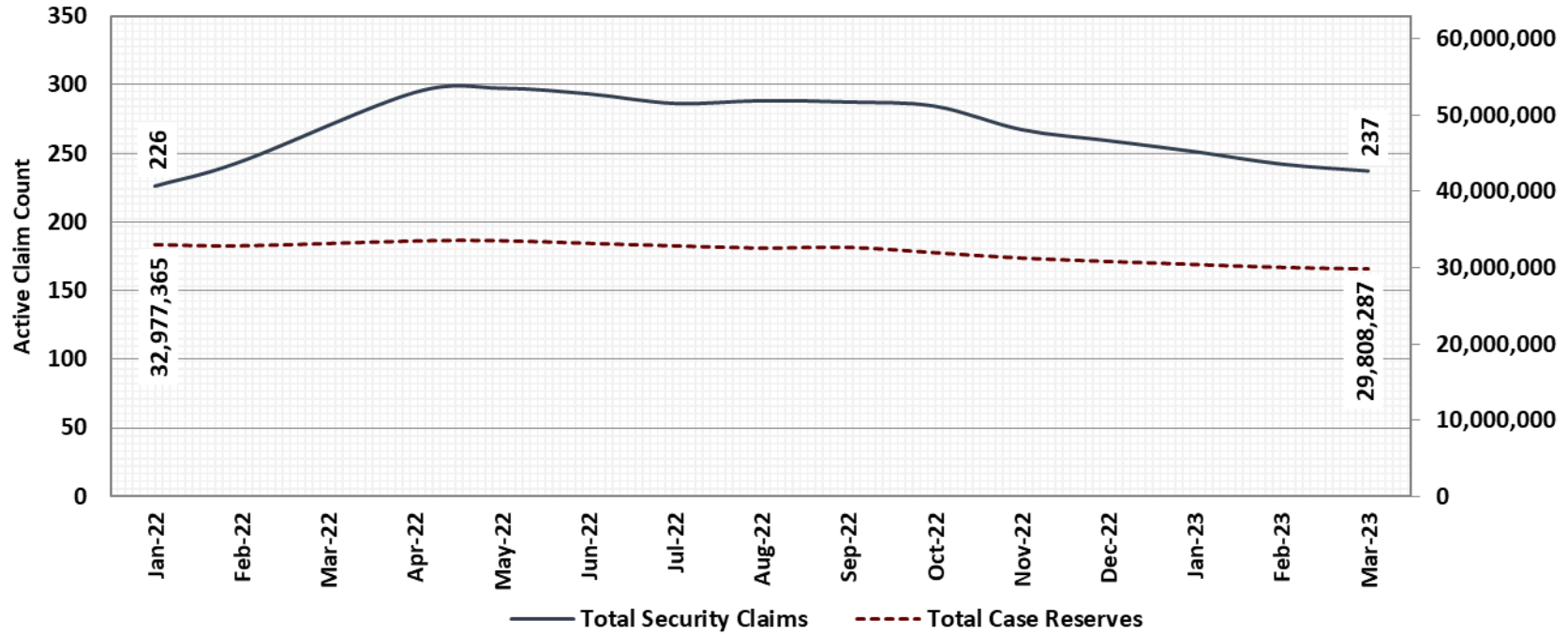


**Uninsured Fund Reserves by Benefit Type  
3/31/2023**

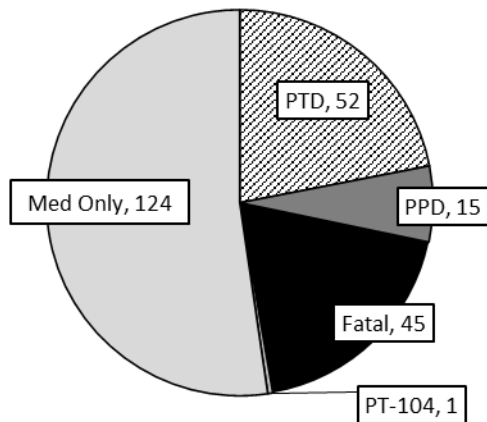




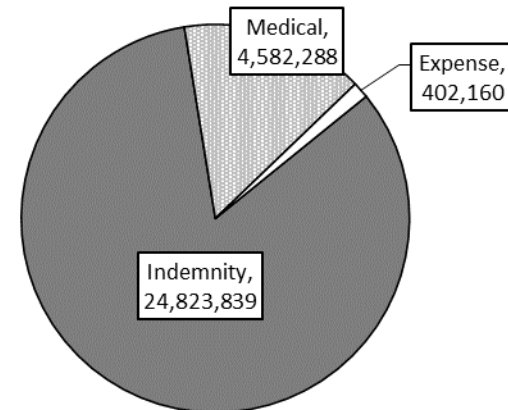
**Security Fund  
Active Claim Counts and Case Reserves  
3/31/2023**



**Security Fund  
Active Claim Counts  
3/31/2023**



**Security Fund Reserves by Benefit Type  
3/31/2023**



OLD FUND CASH STATEMENT  
MARCH 31, 2023

Three Year History for years ended:

	YTD FY2023	YTD FY2022	Change	FY2022	FY2021	FY2020
<b>Cash Beginning Balances</b>	<b>919,242,416</b>	<b>1,080,592,100</b>	<b>(161,349,685)</b>	<b>1,080,592,100</b>	<b>993,229,138</b>	<b>1,077,104,966</b>
<b>Revenues</b>						
Personal Income Tax	-	-	-	-	-	-
Severance Tax	-	-	-	-	-	-
Debt Reduction Surcharge	-	-	-	-	-	-
Self-Insured Debt Reduction Surcharge	-	-	-	-	-	-
Video Lottery	-	-	-	-	-	-
Employer Premium	31,504	226,476	(194,972)	238,786	189,298	138,119
Other Income - Return of Unclaimed Property	-	-	-	-	-	-
<b>Operating Revenues</b>	<b>31,504</b>	<b>226,476</b>	<b>(194,972)</b>	<b>238,786</b>	<b>189,298</b>	<b>138,119</b>
Investment / Interest Earnings (Losses)	(21,082,199)	(9,966,030)	(11,116,169)	(52,668,067)	187,370,470	48,614,936
<b>Total Revenues</b>	<b>(21,050,695)</b>	<b>(9,739,554)</b>	<b>(11,311,141)</b>	<b>(52,429,280)</b>	<b>187,559,768</b>	<b>48,753,055</b>
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	11,358,069	10,769,599	588,470	14,588,442	16,509,277	21,141,087
Permanent Total Disability	43,270,674	48,030,881	(4,760,207)	63,031,618	69,561,392	75,310,561
Permanent Partial Disability	55,353	142,514	(87,160)	163,078	112,956	70,989
Temporary Disability	-	-	-	-	-	(486)
Fatals	12,152,236	12,991,307	(839,071)	17,124,757	18,386,146	19,297,908
104 weeks death benefit	3,625,512	4,242,915	(617,403)	6,011,709	6,353,928	5,474,959
Settlements	1,145,672	1,461,298	(315,626)	2,382,067	2,708,581	4,452,419
Loss Adjustment Expenses	780,874	945,007	(164,133)	1,284,295	1,095,241	1,603,551
<b>Total</b>	<b>72,388,390</b>	<b>78,583,521</b>	<b>(6,195,131)</b>	<b>104,585,967</b>	<b>114,727,520</b>	<b>127,350,987</b>
Less: Claims credits and overpayments	297,018	330,832	(33,814)	454,800	334,334	982,782
<b>Total Benefits Paid</b>	<b>72,091,372</b>	<b>78,252,689</b>	<b>(6,161,317)</b>	<b>104,131,167</b>	<b>114,393,187</b>	<b>126,368,205</b>
Administrative Expenses	2,802,795	3,153,630	(350,835)	4,789,237	5,803,619	6,260,679
<b>Total Expenditures</b>	<b>74,894,167</b>	<b>81,406,319</b>	<b>(6,512,151)</b>	<b>108,920,405</b>	<b>120,196,805</b>	<b>132,628,883</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(95,944,862)</b>	<b>(91,145,873)</b>	<b>(4,798,990)</b>	<b>(161,349,685)</b>	<b>67,362,963</b>	<b>(83,875,828)</b>
<b>Transfer from Operating Fund</b>	<b>20,000,000</b>	<b>-</b>	<b>20,000,000</b>	<b>-</b>	<b>20,000,000</b>	<b>-</b>
<b>Cash Ending Balances</b>	<b>843,297,553</b>	<b>989,446,228</b>	<b>(146,148,674)</b>	<b>919,242,416</b>	<b>1,080,592,100</b>	<b>993,229,138</b>

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  
MARCH 31, 2023

Three Year History for years ended:

	YTD FY2023	YTD FY2022	Change	FY2022	FY2021	FY2020
<b>Cash Beginning Balances</b>	<b>215,931,727</b>	<b>246,613,162</b>	<b>(30,681,436)</b>	<b>246,613,162</b>	<b>220,914,521</b>	<b>232,485,887</b>
<b>Revenues</b>						
Investment Earnings (Losses)	(3,893,589)	(1,867,888)	(2,025,701)	(11,131,323)	43,567,242	9,366,126
Other Income - Return of Unclaimed Property	-	-	-	-	-	-
<b>Total Revenues</b>	<b>(3,893,589)</b>	<b>(1,867,888)</b>	<b>(2,025,701)</b>	<b>(11,131,323)</b>	<b>43,567,242</b>	<b>9,366,126</b>
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	2,358,556	3,824,569	(1,466,013)	6,033,252	5,107,159	7,541,269
PTD and Fatal Indemnity	7,846,910	7,116,481	730,428	9,518,418	8,726,207	8,899,722
Settlements	-	1,837	(1,837)	1,837	-	-
Loss Adjustment Expenses	3,835,564	2,753,850	1,081,714	3,513,844	3,343,071	3,933,266
Total	14,041,030	13,696,737	344,293	19,067,350	17,176,438	20,374,258
Less: Claims Credits and Overpayments	113,911	65,493	48,418	387,376	94,896	360,474
Total Benefits Paid	13,927,119	13,631,244	295,875	18,679,974	17,081,541	20,013,784
Administrative Expenses	398,181	630,638	(232,457)	870,138	787,060	923,707
<b>Total Expenditures</b>	<b>14,325,300</b>	<b>14,261,882</b>	<b>63,417</b>	<b>19,550,112</b>	<b>17,868,601</b>	<b>20,937,491</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(18,218,889)</b>	<b>(16,129,770)</b>	<b>(2,089,119)</b>	<b>(30,681,436)</b>	<b>25,698,641</b>	<b>(11,571,365)</b>
<b>Cash Ending Balances</b>	<b>197,712,838</b>	<b>230,483,392</b>	<b>(32,770,553)</b>	<b>215,931,727</b>	<b>246,613,162</b>	<b>220,914,521</b>

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  
MARCH 31, 2023

				Three Year History for years ended:		
	YTD FY2023	YTD FY2022	Change	FY2022	FY2021	FY2020
<b>Cash Beginning Balances</b>	<b>37,187,942</b>	<b>39,659,496</b>	<b>(2,471,554)</b>	<b>39,659,496</b>	<b>33,724,356</b>	<b>33,373,873</b>
<b>Revenues</b>						
Guaranty Risk Pool Assessments	10,000	10,000	-	10,000	-	-
Collateral Proceeds	-	-	-	-	-	-
Investment Earnings (Losses)	(631,704)	(326,069)	(305,635)	(1,884,585)	6,763,880	1,367,274
<b>Total Revenues</b>	<b>(621,704)</b>	<b>(316,069)</b>	<b>(305,635)</b>	<b>(1,874,585)</b>	<b>6,763,880</b>	<b>1,367,274</b>
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	136,655	121,968	14,687	178,127	280,185	346,473
Permanent Total Disability	30,148	47,788	(17,640)	63,717	89,242	102,389
Permanent Partial Disability	33,839	73,830	(39,991)	83,562	91,922	225,842
Temporary Disability	-	-	-	-	-	-
Fatals	155,247	155,247	-	206,996	206,996	223,506
104 Weeks Death Benefit	17,640	-	17,640	-	-	-
Settlement Agreements	43,500	62,000	(18,500)	62,000	39,699	10,000
Non Awarded Partial Disability	-	-	-	-	-	-
Loss Adjustment Expenses	58,543	18,898	39,645	31,743	52,455	76,110
<b>Total</b>	<b>475,572</b>	<b>479,730</b>	<b>(4,159)</b>	<b>626,144</b>	<b>760,498</b>	<b>984,319</b>
Less: Claims Credits and Overpayments	429	25,544	(25,115)	53,649	150	45,480
<b>Total Benefits Paid</b>	<b>475,142</b>	<b>454,186</b>	<b>20,956</b>	<b>572,495</b>	<b>760,348</b>	<b>938,840</b>
Administrative Expenses	(3,979)	24,473	(28,452)	24,473	68,392	77,951
<b>Total Expenditures</b>	<b>471,163</b>	<b>478,659</b>	<b>(7,496)</b>	<b>596,968</b>	<b>828,740</b>	<b>1,016,791</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(1,092,867)</b>	<b>(794,728)</b>	<b>(298,139)</b>	<b>(2,471,554)</b>	<b>5,935,140</b>	<b>350,483</b>
<b>Cash Ending Balances</b>	<b>36,095,075</b>	<b>38,864,768</b>	<b>(2,769,693)</b>	<b>37,187,942</b>	<b>39,659,496</b>	<b>33,724,356</b>

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  
MARCH 31, 2023

Three Year History for years ended:

	YTD FY2023	YTD FY2022	Change	FY2022	FY2021	FY2020
<b>Cash Beginning Balances</b>	<b>50,605,643</b>	<b>55,995,948</b>	<b>(5,390,305)</b>	<b>55,995,948</b>	<b>49,568,499</b>	<b>50,905,481</b>
<b>Revenues</b>						
Security Risk Pool Assessments	-	-	-	-	-	-
Collateral Proceeds	-	-	-	-	-	-
Investment Earnings (Losses)	(885,924)	(440,858)	(445,065)	(2,592,281)	9,805,453	2,087,341
<b>Total Revenues</b>	<b>(885,924)</b>	<b>(440,858)</b>	<b>(445,065)</b>	<b>(2,592,281)</b>	<b>9,805,453</b>	<b>2,087,341</b>
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	606,571	312,958	293,613	585,099	531,814	549,908
Permanent Total Disability	821,484	894,619	(73,135)	1,177,138	1,250,688	1,379,159
Permanent Partial Disability	8,906	5,725	3,181	11,540	4,243	(60)
Temporary Disability	-	-	-	-	-	-
Fatals	650,657	635,516	15,141	838,483	918,152	979,631
104 Weeks Death Benefit	21,065	45,339	(24,274)	50,458	171,468	78,073
Settlement Agreements	16,000	51,750	(35,750)	61,325	315,463	162,665
Loss Adjustment Expenses	33,203	28,527	4,677	36,980	73,223	118,818
Total	2,157,886	1,974,434	183,452	2,761,024	3,265,052	3,268,194
Less: Claims Credits and Overpayments	67,667	30,806	36,861	31,348	84,004	102,299
Total Benefits Paid	2,090,219	1,943,628	146,591	2,729,676	3,181,048	3,165,895
Administrative Expenses	(18,328)	66,318	(84,646)	68,348	196,956	258,428
<b>Total Expenditures</b>	<b>2,071,891</b>	<b>2,009,946</b>	<b>61,945</b>	<b>2,798,024</b>	<b>3,378,004</b>	<b>3,424,323</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(2,957,815)</b>	<b>(2,450,804)</b>	<b>(507,010)</b>	<b>(5,390,305)</b>	<b>6,427,449</b>	<b>(1,336,982)</b>
<b>Cash Ending Balances</b>	<b>47,647,828</b>	<b>53,545,144</b>	<b>(5,897,316)</b>	<b>50,605,643</b>	<b>55,995,948</b>	<b>49,568,499</b>

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  
MARCH 31, 2023

Three Year History for years ended:

	YTD FY2023	YTD FY2022	Change	FY2022	FY2021	FY2020
<b>Cash Beginning Balances</b>	<b>16,195,294</b>	<b>16,844,759</b>	<b>(649,465)</b>	<b>16,844,759</b>	<b>13,817,714</b>	<b>13,211,915</b>
<b>Revenues</b>						
Fines and Penalties	365,007	264,632	100,374	341,220	322,680	385,577
Investment Earnings (Losses)	(263,955)	(152,785)	(111,170)	(828,855)	2,767,995	517,439
<b>Total Revenues</b>	<b>101,052</b>	<b>111,847</b>	<b>(10,795)</b>	<b>(487,635)</b>	<b>3,090,675</b>	<b>903,016</b>
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	44,091	4,836	39,255	118,279	2,096	7,169
Permanent Total Disability	-	-	-	-	-	-
Permanent Partial Disability	5,809	4,507	1,302	6,929	-	15,617
Temporary Disability	24,272	55,500	(31,228)	64,151	3,048	22,059
Fatals	-	19,201	(19,201)	19,201	25,601	37,816
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	17,000	15,000	2,000	22,000	44,276	82,000
Loss Adjustment Expenses	28,023	29,811	(1,788)	39,974	26,492	46,867
<b>Total</b>	<b>119,195</b>	<b>128,855</b>	<b>(9,661)</b>	<b>270,534</b>	<b>101,513</b>	<b>211,528</b>
Less: Employer Reimbursement	39,931	-	39,931	-	-	-
Less: Claims Credits and Overpayments	332	39,623	(39,290)	116,115	42,742	7,535
<b>Total Benefits Paid</b>	<b>78,931</b>	<b>89,233</b>	<b>(10,302)</b>	<b>154,419</b>	<b>58,770</b>	<b>203,993</b>
Administrative Expenses	3,093	5,265	(2,172)	7,410	4,860	93,224
<b>Total Expenditures</b>	<b>82,024</b>	<b>94,498</b>	<b>(12,474)</b>	<b>161,829</b>	<b>63,630</b>	<b>297,217</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>19,028</b>	<b>17,349</b>	<b>1,679</b>	<b>(649,465)</b>	<b>3,027,045</b>	<b>605,799</b>
<b>Cash Ending Balances</b>	<b>16,214,322</b>	<b>16,862,108</b>	<b>(647,786)</b>	<b>16,195,294</b>	<b>16,844,759</b>	<b>13,817,714</b>

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  
April 27 2023

## OPERATING REPORT

### FEBRUARY 2023

**Board of Treasury Investments**

315 70<sup>th</sup> 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

Patrick M. Smith,  
CPA  
Appointed by the  
Governor

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

**Executive Staff**

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

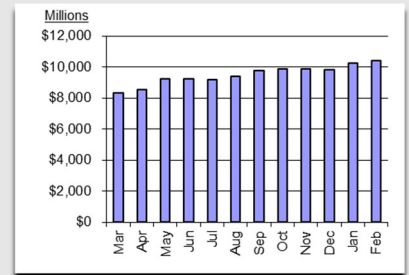
Chief Financial  
Officer  
Karl Shanholtzer,  
CFA, CPA, CIA

### Total Net Assets Under Management

**\$10,402,616,000**

Last Month  
**\$10,242,699,000**

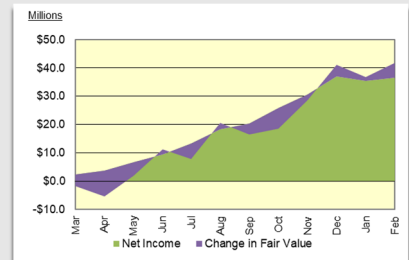
Beginning of Fiscal Year  
**\$9,234,695,000**



**Net Assets for the Past 12 Months**

### Total Net Income & Changes in Fair Value

Fiscal Year  
**\$211,761,000**



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

### Money Market Pools

As of February 28, 2023

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	4.7453%	23 Days	\$9.4 Billion
WV Gov't Money Market	4.5146%	10 Days	\$273.8 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

### FEBRUARY 2023

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#### **Time Will Tell**

##### **Markets Update**

What a month for perverse logic, better numbers on labor, better numbers on retail spending, better numbers on growth forecasts, but bad numbers for the markets. Why? The sentiment that the Fed would pause rate hikes dominated the investing landscape in late 2022 and into January 2023. As a result of stronger economic data released in February, that sentiment has reversed, and as a result both the stock and bond markets reversed course after a strong January rally.

##### **Stock Markets**

With the fourth quarter earnings season almost done, so far the S&P 500 average decline in earnings for 2022 was -4.9%, the first decline since the third quarter of 2020 which was just after the pandemic hit. While companies are, on average, still increasing revenue, margins appear to be compressing as less cost increases are being pushed out to customers. So, while at year end valuations were not high, they were not cheap either. The market decline in the month of February was widespread (-2.4% for S&P 500), but interestingly, value declined more than growth and for the second month in a row value underperformed the averages. Small cap and mid cap held up better than large cap, while non-US and emerging markets also declined, with the latter down the most at -6.5%.

##### **Bond Markets**

Fixed income markets in the month of February fell with the Aggregate Index down -2.6%, erasing much of its gains from January. The index is now up only 0.4% year to date. Long duration suffering the most and short duration the least, as yields increased across the curve. We ended the month of February with 2-year Treasuries at just under 5% and the 10-year at just under 4% (3.93%), flirting with the highs reached in October of last year. The market seems to have adjusted to a higher outlook for terminal rates and at this point given up the ghost of pausing and declining by the Fed anytime soon. Year to date, however, fixed income indices are still mostly positive across the board, albeit marginally so.

##### **Looking Ahead**

We reiterate our mantra that data dependency results in volatility. Just as we saw last year, newly released economic, inflation or jobs data pushes or pulls the market in different directions. Since we don't yet have a clear path, the likelihood is this continuation of month-to-month variation, much as we saw February as almost the mirror opposite of January. However, it is important to note that there are positives ... the very positives that caused the market to decline. Healthy labor in many sectors, better wages, growth ... maybe goldilocks (not too hot, not too cold) is alive and well? Time will tell.

# West Virginia Board of Treasury Investments

## Financial Highlights as of February 28, 2023

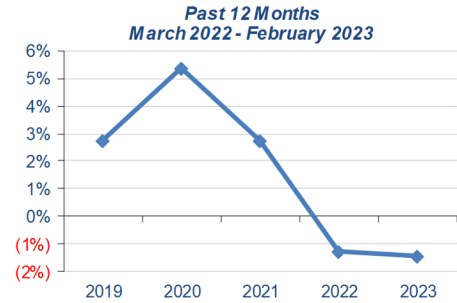
### WV Short Term Bond Pool

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

<u>March 2022 - February 2023</u>	<u>Return</u>	<u>Net Assets Feb 28, 2023 (In Millions)</u>
2023	(1.5%)	\$ 694.1
2022	(1.3%)	\$ 804.3
2021	2.8%	\$ 818.6
2020	5.4%	\$ 827.8
2019	2.7%	\$ 721.3

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

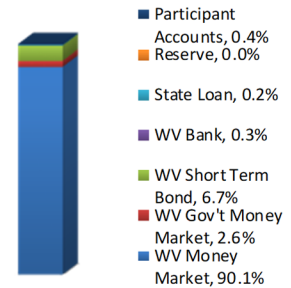
#### WV Short Term Bond Pool Rates of Return



### Summary of Value and Earnings *(In Thousands)*

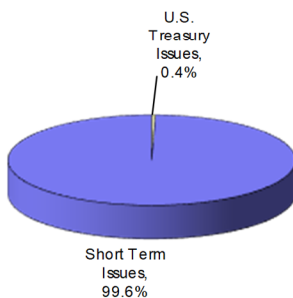
<u>Pool</u>	<u>Net Asset Value</u>	<u>Feb Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 9,369,123	\$ 33,896	\$ 201,720
WV Gov't Money Market	273,807	1,003	5,722
WV Short Term Bond	694,141	(3,671)	3,810
WV Bank	65	0	9
Loans	23,996	23	344
Reserve	0	0	73
Participant Accounts	41,484	14	83
	<u>\$ 10,402,616</u>	<u>\$ 31,265</u>	<u>\$ 211,761</u>

#### Percent of Total Net Asset Value

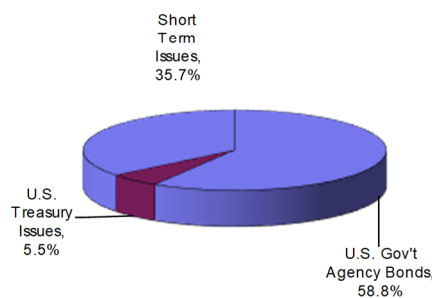


### Securities by Type for Operating Pools *(Percentage of Asset Value)*

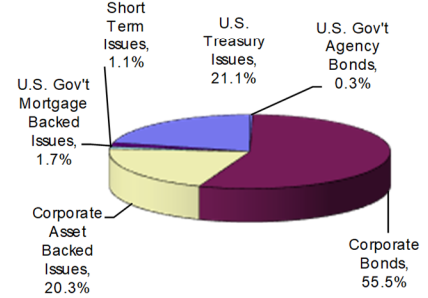
#### WV Money Market



#### WV Gov't Money Market



#### WV Short Term Bond



**WEST VIRGINIA BOARD OF TREASURY INVESTMENTS**  
**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED**  
**FEBRUARY 28, 2023**  
*(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>
<b>Assets</b>							
Investments:							
At amortized cost	\$ 9,353,540	\$ 273,444	\$ -	\$ 65	\$ 23,948	\$ -	\$ 9,650,997
At fair value	-	-	698,471	-	-	41,459	739,930
Other assets	16,259	392	3,361	-	49	25	20,086
Total assets	<u>9,369,799</u>	<u>273,836</u>	<u>701,832</u>	<u>65</u>	<u>23,997</u>	<u>41,484</u>	<u>10,411,013</u>
<b>Liabilities</b>							
Accrued expenses, dividends payable & payables for investments purchased							
	676	29	7,691	-	1	-	8,397
Total liabilities	<u>676</u>	<u>29</u>	<u>7,691</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>8,397</u>
<b>Net Position</b>							
Held in trust for investment pool participants	9,369,123	273,807	694,141	-	-	-	10,337,071
Held in trust for individual investment account holders	-	-	-	65	23,996	41,484	65,545
Total net position	<u>\$ 9,369,123</u>	<u>\$ 273,807</u>	<u>\$ 694,141</u>	<u>\$ 65</u>	<u>\$ 23,996</u>	<u>\$ 41,484</u>	<u>\$ 10,402,616</u>
<b>Additions</b>							
Investment income:							
Interest and dividends	\$ 19,012	\$ 466	\$ 1,628	\$ -	\$ 23	\$ 16	\$ 21,145
Net (amortization) accretion	15,211	549	47	-	-	(1)	15,806
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>34,223</u>	<u>1,015</u>	<u>1,675</u>	<u>-</u>	<u>23</u>	<u>15</u>	<u>36,951</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	327	12	42	-	-	-	381
Total investment expenses	<u>327</u>	<u>12</u>	<u>42</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>381</u>
Net investment income	33,896	1,003	1,633	-	23	15	36,570
Net realized gain (loss) from investments	-	-	(1,403)	-	-	-	(1,403)
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>(3,901)</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(3,902)</u>
Net increase (decrease) in net position from operations	33,896	1,003	(3,671)	-	23	14	31,265
Participant transaction additions:							
Purchase of pool units by participants	924,624	15,330	-	-	-	-	939,954
Reinvestment of pool distributions	33,893	1,003	1,463	-	-	-	36,359
Contributions to individual investment accounts	-	-	-	-	-	-	-
Total participant transaction additions	<u>958,517</u>	<u>16,333</u>	<u>1,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>976,313</u>
Total additions	992,413	17,336	(2,208)	-	23	14	1,007,578
<b>Deductions</b>							
Distributions to pool participants:							
Net investment income	33,896	1,003	1,633	-	-	-	36,532
Net realized gain (loss) from investments	-	-	(1,403)	-	-	-	(1,403)
Total distributions to pool participants	<u>33,896</u>	<u>1,003</u>	<u>230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,129</u>
Participant transaction deductions:							
Redemption of pool units by participants	782,443	26,510	3,437	-	-	-	812,390
Withdrawals from individual investment accounts	-	-	-	-	25	117	142
Total participant transaction deductions	<u>782,443</u>	<u>26,510</u>	<u>3,437</u>	<u>-</u>	<u>25</u>	<u>117</u>	<u>812,532</u>
Total deductions	<u>816,339</u>	<u>27,513</u>	<u>3,667</u>	<u>-</u>	<u>25</u>	<u>117</u>	<u>847,661</u>
Net increase (decrease) in net position from operations	176,074	(10,177)	(5,875)	-	(2)	(103)	159,917
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	176,074	(10,177)	(5,875)	-	(2)	(103)	159,917
Net position at beginning of period	9,193,049	283,984	700,016	65	23,998	41,587	10,242,699
Net position at end of period	<u>\$ 9,369,123</u>	<u>\$ 273,807</u>	<u>\$ 694,141</u>	<u>\$ 65</u>	<u>\$ 23,996</u>	<u>\$ 41,484</u>	<u>\$ 10,402,616</u>



PROCUREMENT CONTRACTING AND PAYMENT SERVICES

April 5, 2023

To: West Virginia State Joint Committee on Government and Finance  
West Virginia State Oversight Committee on Education Accountability

Re: West Virginia University External Audit of Procurement Contracting and Payment Services

In compliance with West Virginia Code 18B5-4(r)(3), West Virginia University has participated in an external audit of Procurement, Contracting, and Payment Services including our operations, processes, controls and technology. This independent audit was conducted by Matrix Consulting Group and is attached for your review.

We will be happy to discuss the results of this audit with members of your committees as you wish.

Please contact me on cell at (440) 725 9203 or at [jeff.pratt@mail.wvu.edu](mailto:jeff.pratt@mail.wvu.edu) with any questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeffrey Pratt'.

Jeffrey Pratt  
Assistant Vice President, CPO  
West Virginia University

# Purchasing Performance Audit Final Report

WEST VIRGINIA UNIVERSITY

March 15, 2023

**matrix**   
consulting group

## Table of Contents

1	Introduction and Executive Summary	1
2	Current State of Operations	4
3	Review of Prior Audit and Best Practices	8
4	Compliance Audit	18

# 1. Introduction and Executive Summary

This report presents the results and findings of the purchasing performance audit conducted for West Virginia University (WVU) by the Matrix Consulting Group. This audit was completed with the cooperation of the Procurement, Contracting, and Payment Services (PCPS) Department at WVU.

## 1. Introduction

The purpose of the purchasing performance audit was to conduct an “independent performance audit of all purchasing functions and duties” pursuant to West Virginia Code Sections 18B-5-4. This review is required to be conducted every three years and to cover the time period that had elapsed from the preceding audit. For this study, the time period covered was July 1, 2019 through June 30, 2022.

This audit was focused on completing the review necessary to evaluate compliance requirements outlined in the above referenced West Virginia Code, and to determine whether purchasing and payments are conducted in accordance with established internal policies including BOG adopted policies. It also addressed improvements to policies and procedures, enhancements to procurement operations, any deficiencies noted in current practices. Specific tasks included in the review included, but were not limited to, the following areas:

- Evaluating compliance with state law, the rules, policies, procedures of the West Virginia University Board of Governors as they apply to purchasing, receiving, supplies and equipment.
- Assessing whether professional procurement procedures are established and maintained within the University.
- Determining whether the Chief Procurement Officer (CPO) is performing the CPO’s responsibilities, duties and remedies outlined in the West Virginia University Board of Governors Policy and duly adopted Purchasing Manual.
- Assessing whether the provisions of the West Virginia University Board of Governor’s Policy and duly adopted Purchasing Manual are specifically being followed for purchases in the following categories:
  - Purchases not requiring competitive bidding (\$50,000 and below)
  - Purchases requiring competitive bidding (those exceeding \$50,000)



- Determining if the Purchasing Card Program is being managed by the institutions in conformance with West Virginia code Section 12-3-10a and Title 148CSR7.
- Identifying “Best Business Practices” which may be adopted by WVU to improve efficiency and performance.

Each of these areas were evaluated and items of note are outlined in the following sections of the report. The report chapters have been developed to provide the status of recommendations from the prior procurement audit, an assessment of best management practices related to procurement operations, an evaluation of compliance with required statutes and regulations, and analysis and recommendations regarding current practices and procedures.

## 2. Summary of Key Findings

While a more comprehensive analysis can be found in the following chapters, the bullet points below summarize the key findings resulting from this audit.

### Operational Findings

- In many regards, PCPS operates as a highly effective organization, adhering to or exceeding many industry best practices and exceeding performance and accountability standards in a number of areas.
- The Department is proactive in managing and directing the University’s spend to vendors of choice such as those with existing contracts, selected catalogs, or standing on a pre-approved vendor list.
- The Department proactively implements technology to improve efficiency and accountability and manages relationships with vendors and University Departments to ensure clarity on policies and procedures.
- PCPS has clear policies and procedures to govern procurement activity. The procurement manual was last updated in 2017 and the BOG Procurement Rule was modified in 2019. PCPS is currently updating the procurement manual with an expected publication date of mid-year 2023. The PCard manual and travel expense guide were each updated in 2022.
- The Department has instituted a digital system called Oversight that audits PCard transactions and posts audit findings. They have also hired systems analysts to assist in auditing the PCard program.
- The University’s purchasing thresholds and standard payment terms are comparable to those of peer universities, but the approvals required from the State for payment issuance are beyond the range of common practice among the same universities.

- The Department has created a team of analysts that screen and audit PCard transactions to ensure compliance of all PCard rules and regulations. This has decreased the infractions that were made and went unchecked.

### Compliance Findings

- The project team identified 31 potential mismatches between purchase order amounts and vendor invoices. These were reviewed with PCPS staff who provided additional documentation that allowed the review team to determine the University was in compliance with applicable policies and procedures.
- The project team identified 4 instances of discrepancies in the documentation or permissibility of purchases made using PCard.

The detailed narrative and analysis related to each of these findings is provided in Chapter 4.

## 2. Current State of Operations

The following sections provide a descriptive profile of the procurement function at West Virginia University, including its general mission and focus, staffing and organizational structure, workload, and technology resources. This report is intended to summarize the project team's understanding of the organization in its current state and be used as a reference for recommendations.

### 1. Introduction to WVU Procurement

The WVU Procurement, Contracting, and Payment Services Department (PCPS) is tasked with managing the University's sourcing, purchasing, and payments. The organization assists departments in locating goods and services, registers vendors to do business with the University, seeks to obtain maximum value in purchases through negotiations and bidding processes, manages purchasing cards, oversees travel arrangements, and processes invoices for payment. PCPS focuses on streamlining the procurement of needed goods and services while increasing accountability, achieving savings, and strategically directing the University's spend. The following subsections address the current staffing, organizational chart, workload, and technology tools in use by PCPS.

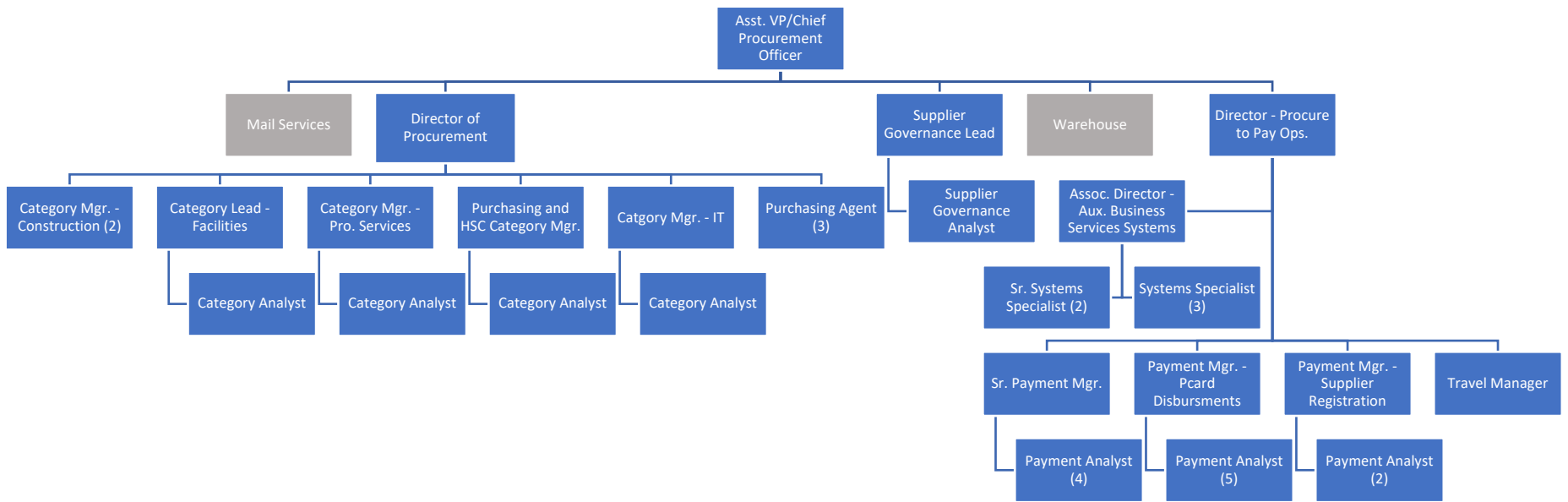
### 2. Staffing and Organizational Structure

PCPS consists of 58 authorized positions, led by a Chief Procurement Officer. The following table shows the authorized count of each position type within PCPS.

<b>Team/Work Group</b>	<b>Number of Authorized Positions</b>
Chief Procurement Officer	1
Procurement to Pay Operations	22
Procurement	14
Supplier Governance	2
Warehouse	12
Mail Services	7

Staffing levels are appropriate and were not determined to be a factor in performance. However, vacancies in some positions, especially supplier governance, are impacting the ability to further implement desired programs and oversight.

### PCPS Organizational Chart



### 3. Utilization of Technology

The Department utilizes several technology tools to support the management of purchasing operations, facilitate invoice payments, conduct analysis on spending and contracting, and ensure accountability for purchases. The following table summarizes the key software tools and applications used by staff.

Name	Description	Function
<b>MAP</b>	WVU's enterprise software system for accounting and financial management.	Used by procurement staff to integrate purchasing and payment functions with the University's accounting and financial structure. Includes managing supplier/vendor profiles for invoicing and payment, processing payments in response to invoices, and generating required documentation for the State.
<b>Mountaineer Marketplace</b>	Centralized procurement software by Jaggaer. Contains vendor profiles and all purchasing and contracting records. Interfaces with MAP to allow data transfers.	Used by Department staff to facilitate majority of purchasing activities, including processing requisitions, reviewing and managing contracts, facilitating formal bidding, generating and editing purchase orders, and auditing invoices.
<b>SpendRadar</b>	Application within Jaggaer procurement system, linked to purchasing and contracting data and equipped with analytical tools for reviewing purchasing at a broad level.	Used by purchasing staff to analyze patterns and generate reports on various subsections of the University's spend (by category, by supplier, etc.)
<b>Total Contract Manager</b>	Application within Jaggaer procurement system containing all University contracts.	Currently serves as searchable repository of all contracts, with additional management tools being added to allow strategic approach to contracting.
<b>MyExpenses</b>	Web-hosted application supported by Chrome River containing purchasing card account records for each University cardholder.	Used by WVU staff to reconcile PCard transactions and enter the required documentation. Used by Procurement staff to audit PCard transactions and analyze PCard spending patterns.
<b>Dun and Bradstreet</b>	Online resource for financial and credit data on businesses and potential vendors.	Used to assist in determining and monitoring supplier risk and monitoring or determining diverse and disadvantaged businesses.
<b>ProcurementIQ</b>	Web-based market data source.	Used to research market trend analysis and assistance in building RFP documents.

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Name	Description	Function
<b>MyTravel</b>	AMEX's Neo tool. Web-hosted application containing travel search and booking tools which reflect partnerships and discounts negotiated by Procurement.	Used by University staff to book travel and accommodations while taking advantage of discounts and partnerships negotiated by Procurement.
<b>OASIS</b>	Payment processing system for the State of West Virginia. Accessed by WVU staff through an online portal.	Used by payment staff to interface with the State, send approved invoices for payment, and obtain payment documentation to close transactions.

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### 3. Review of Prior Audit and Best Practices Assessment

The project team conducted an evaluation of various operations of the Department and concluded whether key targets were being met or not. First, we reviewed the findings of the last evaluation and the progress being made, then we looked at current operations, policies, and standards.

#### 1. Review of Prior Audit

The prior procurement audit covering July 2016 through June 2019 resulted in a number of findings and recommendations related to WVU procurement operations and practices. In the course of the project team's interviews and data collection, the status of those findings and recommendations has been determined. The following table shows each of the recommendations resulting from the prior audit and a summary of their current state.

2016-2019 Finding/Recommendation	Current Status
A customer survey has been conducted within the last three years to elicit feedback regarding WVU service levels and practices.	No regular or on-going customer satisfaction survey is being conducted to gauge satisfaction levels nor to provide stakeholder feedback on potential service improvements.
There is a standard form utilized by departments for requesting sole source contract approval.	<b>Complete:</b> There is a standard form utilized by departments for requesting sole source contract approval. Compliance review found that this form is regularly used in cases where a sole source was needed.
Departments provide research and backup documentation in writing justifying sole sourcing (e.g., letters from manufacturers about local distributors, solicitation of quotes from vendors, systems integration requirements, etc.)	<b>Complete:</b> As noted above, the sole source justification form is utilized for all relevant purchases and requires submittal of appropriate documentation to support the request. Sole source contracts are approved at the Director level and above.
For large contracts and / or random sample of small dollar contracts, procurement staff conduct research to validate sole source justifications.	<b>Complete:</b> All sole source requests are investigated prior to approval by procurement staff to ensure compliance with policies and appropriateness.
Contract amendments are reviewed by appropriate legal authority and/or the Procurement Services Division.	<b>Complete:</b> WVU policy dictates that all contract amendments be reviewed by the Director – Procurement. Substantive changes to contracts are required to be reviewed by legal staff.

2016-2019 Finding/Recommendation	Current Status
Vendors are evaluated at the completion of the provision services. Those vendors not receiving a satisfactory rating are not eligible for continued placement on the master contract.	<b>In progress:</b> The Department has created a supplier governance division. Part of this division's responsibilities includes the development of a 'supplier risk score card' focused on the most critical and high-risk suppliers that will implement, based upon risk categories, vendor evaluation processes. This program is anticipated to be implemented in 2023.

As the table shows, WVU has made progress in many of these areas, implementing technology and approaches which result in a greater percentage of spend being handled through established catalogs and contracts, more streamlined processing of vendors and transactions, more accountability for vendors and purchasers within the University, and more useful spend analysis and reporting.

## 2. Best Practices Assessment

In addition to reviewing the Department's movement on findings and recommendations from prior audits, the project team has reviewed and updated the best practices assessment from the prior audit in order to reflect changes that have been implemented and provide some basis for potential additional areas of exploration or future improvement opportunities.

The best practices measures utilized in the following table have been derived from the project team's collective experience, standards or benchmarks utilized by professional purchasing associations, and measures representing progressive, well-developed, and high-performing purchasing organizations. They represent ways to identify departmental strengths as well as improvement opportunities:

- Statements of "effective practices" based on the study team's experience in evaluating operations in progressive procurement operations and/or "industry standards" from recognized procurement associations and research organizations.
- Identification of whether and how the procurement practices in place at WVU meet the performance targets.

The purpose of the best practices assessment is to provide one basis which can be used to develop an overall evaluation of the procurement policies and practices. The following



points summarize the initial findings of the project team relative to existing strengths and opportunities for improvement.

Performance Target	Meets	Partially Meets	Does Not Meet	Notes
A comprehensive procurement policy has been developed and distributed to all staff outlining required practices in procuring goods, services, and construction services.	✓			WVU has developed and distributed a comprehensive procurement manual for use by staff and departments. A fully revised manual in development currently.
The procurement policy has been reviewed and revised within the last three years.	✓			The procurement manual was last updated in 2017. The PCard manual and travel expense guide were each updated in 2022.
All key staff in procurement functions have attended required training on the WVU Procurement Policy. All new staff assigned to procurement functions are required to receive, review and attend training on the University's policy upon appointment.	✓			Staff are encouraged to stay updated on industry best practices and are regularly informed regarding policy updates, the introduction of new technology, and relevant statutory changes. Additionally, meetings are periodically held with department staff to update them on changes in procurement rules. The implementation of the new procurement manual will also be paired with a more comprehensive customer training program. Training is currently scheduled for summer of 2023.
The procurement policy outlines procurement authority levels by position title with increasing levels of authority based upon position level.	✓			The WVU internal controls document delineates authority levels by position and function.
The procurement policy contains an ethics section governing staff and vendor actions.	✓			WVU's procurement manual contains a section with discussion of ethics in public procurement.

Performance Target	Meets	Partially Meets	Does Not Meet	Notes
The Procurement Division has published a "How To Do Business" Guide for vendors. The guide has been revised within the last three years.	✓			While a specific "how to do business" guide is not found on the website, the WVU purchasing website has extensive information and guidance for prospective vendors and allows vendors to register electronically. Additionally, the Division's commitment to supplier diversity is outlined and explained and covers small businesses, disadvantaged businesses.
Formal vendor training is offered annually to acquaint potential vendors on the University's policies and procedures.	✓			The University offers periodic vendor training in order to acquaint vendors with the University's requirements. The level of training has not been as high in the last three years as in prior periods – mainly due to COVID impacts on operations.
A customer survey has been conducted within the last three years to elicit feedback regarding WVU service levels and practices.	✓			The department conducts category-specific (e.g., travel) surveys and focus groups to gauge current levels of service. PCPS has also discussed incorporating broader-level internal/external surveys into their new customer training program.
Contracts entered into by WVU staff are either: <ul style="list-style-type: none"> <li>Reviewed prior to signing by University legal staff; or</li> <li>Within procedure guidelines where legal review is not conducted based upon contract templates having received prior University legal approval.</li> </ul>	✓			All contracts are prepared according to a format approved by either the University's legal staff or the State Attorney General. All changes to standard terms and conditions must have prior legal approval prior to use.
The use of procurement cards is based upon a defined policy and procedure adopted by the University.	✓			The University has a written PCard manual which provides defined policy and procedure regarding procurement card utilization.

Performance Target	Meets	Partially Meets	Does Not Meet	Notes
Procurement card use is periodically audited by the University to ensure compliance with policies and procedures.	✓			PCard utilization is audited both by the State Auditor and by the University. Approximately 4-5% of all PCard transactions are reviewed by procurement staff, who spend significant time working to identify problem areas (i.e. – stringing, misuse, attempts to exceed authority levels). The Department has added a team dedicated to screening PCard transactions. The level of compliance with adopted policies and procedures has increased notably in the last three years compared to prior periods reviewed.
Utilization of PCards is well defined regarding the types and number of services that may be paid for through the PCards.	✓			WVU's policy outlines the types of purchases which may be paid using PCards.
Procurement Services maintains a master listing of authorized purchasers for each department with designated authority level.	✓			Procurement staff maintain a comprehensive listing of authorized users by department and authority level.
All changes in designated users (addition of new staff, termination of existing staff) are communicated within 24 hours to Procurement by the appropriate department.	✓			Departments are responsible for notifying procurement staff of all changes in designated users for PCards and for approval / authorization of purchase requisitions. The Department has moved to working from home, creating a decentralized environment, but there have been no issues of notifications being delayed or missed.
Guidelines have been developed to limit the number and dollar amount of non-competitively bid contracts that can be awarded to a single vendor.	✓			The department reviews overall spend periodically, seeking to identify patterns and inefficiencies such as multiple non-competitive contracts issued to a single vendor which might justify a contract.

<b>Performance Target</b>	<b>Meets</b>	<b>Partially Meets</b>	<b>Does Not Meet</b>	<b>Notes</b>
A written appeal procedure is in place for non-selected vendors.	✓			The procurement manual provides direction and guidance regarding the filing and processing of appeals.
The University's policies and procedures outlines the process, guidelines and criteria to be utilized in making a determination regarding the appropriateness of executing a contract extension versus conducting a new solicitation.	✓			The manual provides clear compliance guidelines outlining the basis on which decisions to award should be made.
The Procurement Division serves as the centralized procurement authority with responsibility and authority to oversee all University purchasing and review of compliance with established policies and procedures.	✓			The University's Procurement Division serves as the centralized procurement entity, with control over vendor relationships, requisitions, bidding, PCards, and invoice payments. They are responsible to not only process purchasing actions, but to ensure compliance with established policies and procedures.
Procurement Services is responsible for maintaining a centralized listing of registered vendors.	✓			Vendor registration is available online, and the Department maintains a centralized registry of registered vendors.
The WVU utilizes a common procurement software system across all departments.	✓			All WVU departments use the same procurement software.
Staff involved with procurement is able to view historical purchases online to evaluate current bids, proposals, and quotations against prior purchase experience.	✓			Buyers have access to a full array of historical information for use in evaluating current bids, proposals and quotations on current bids.
Access to vendor maintenance files is limited to designated procurement staff.	✓			Vendor management responsibilities are assigned to specific positions within the Department.

Performance Target	Meets	Partially Meets	Does Not Meet	Notes
<p>Appropriate internal controls are in place within the procurement system to generate reports or flag actions where:</p> <ul style="list-style-type: none"> <li>Total purchase expenditures for common services and/or goods across multiple departments exceed established approval levels.</li> <li>Identification of requested payments that would exceed authorized contract or purchase order limits.</li> <li>Contract amendments or change orders exceed a pre-determined percentage of the original authorized amount.</li> </ul>	✓			<p>Invoice and payment reviews conducted by staff prior to payment issuance prevent payments from being processed that would exceed the authorized contract limits or where administrative requirements (name matching, address inconsistencies) are not aligned. Additionally, requests for payments received outside of the contract time period are not permitted without contract modification.</p> <p>Contract amendments and change orders are reviewed individually for each contract to determine appropriateness.</p> <p>Analysis of spend has enabled the Department to implement new master contracts to direct spend to established vendors and achieve more cost-effective pricing. Continued attention to the organization's overall-spend off-contract remains a priority for the department to evaluate to continue developing new contracts and purchasing mechanisms.</p>
A sole source policy has been developed and/or reviewed within the last three years.	✓			The University has a defined sole source policy requiring review and approval by purchasing staff.
All departments are required to follow the University's approval for sole source contracts.	✓			All university departments must follow the sole source requirements without exception. The Chief Procurement Officer, or designee, signs off on all forms prior to processing.
There is a clear policy in place for addressing violations of the sole source contract policy, including disciplinary actions.	✓			The policy outlines remedial actions that can be taken for non-compliance.
There is a standard form utilized by departments for requesting sole source contract approval.	✓			A single sole source purchase form has been developed by the Procurement Division and is used by all departments.

<b>Performance Target</b>	<b>Meets</b>	<b>Partially Meets</b>	<b>Does Not Meet</b>	<b>Notes</b>
Departments provide research and backup documentation in writing justifying sole sourcing (e.g., letters from manufacturers about local distributors, solicitation of quotes from vendors, systems integration requirements, etc.)	✓			Sufficient documentation is required prior to approval.
Appropriate procurement processes are utilized to achieve competitive pricing on service contracts not requiring formal bidding / RFPs.	✓			The procurement manual outlines suggested methods for achieving competitive pricing where formal bidding is not required.
Master databases are maintained of all service and construction contracts entered into by WVU.	✓			All contracts entered into by the University are maintained by Procurement staff in a master listing.
Contract amendments are reviewed by appropriate legal authority and/or the Procurement Services Division when the total dollar value of the amendment exceeds 25% of the original contract amount.	✓			WVU policy dictates that all contract amendments be reviewed by the Director – Procurement. Substantive changes to contracts are required to be reviewed by legal staff.
Appropriate documentation is maintained supporting the selection decision reached by staff.	✓			Selection processes are required, in accordance with the guidelines, to be maintained as part of the procurement file.
Contracts for services exceeding a pre-determined threshold must receive authorization from Procurement Services Division prior to approval.	✓			Procurement services is involved in the development and issuance of all contracts for service, and the established purchasing thresholds are in effect for these contracts.
All contracts entered into for service contracts are either based upon contracts approved by the WVU or if based upon a vendor supplied contract are reviewed by legal staff prior to signature.	✓			All contracts are based upon forms drafted by legal counsel, which incorporate all standard terms and conditions.

Performance Target	Meets	Partially Meets	Does Not Meet	Notes
Assistance by Procurement Services is provided to departments in negotiating pricing for service contracts. Prior contracts and external research is utilized for determining the appropriateness of consultant rates and fees.	✓			Procurement staff provide assistance and historical information, as appropriate, to evaluate pricing rates provided on service contracts during the evaluation phase.
Services and commodities utilized by multiple departments are acquired through a joint effort coordinated by the Procurement Services Division to achieve best value for the University.	✓			The implementation of university-wide contracts to cover certain services and commodities of general use within the University is a priority for the Department, which seeks to direct spend toward established contracts. In many cases, the use of an established contract is required.
A master contract approach is utilized for pre-qualifying firms able to provide construction, engineering and design services.	✓			The University has historically utilized master contracting as an effective approach for construction, engineering, and design services.
Vendors are evaluated at the completion of the provision of design and engineering services. Those vendors not receiving a satisfactory rating are not eligible for continued placement on the master contract.		✓		The Department has historically evaluated only the largest vendors with quarterly performance reviews based on established KPI's for service delivery under their contracts. The Department has recently introduced a supplier governance division that will be dedicated to vendor evaluation.
A standard policy has been established across all departments outlining the process to be followed in evaluating and selecting vendors for service contracts (i.e. – numerical ratings, consensus selection, etc.).	✓			Guidelines are outlined in the procurement manual regarding which measure (best value, lowest responsible bidder) must be utilized for specific types of procurements.

Performance Target	Meets	Partially Meets	Does Not Meet	Notes
Basic documentation on service contracts including RFPs/RFQs, vendor submissions, selection process, etc. is maintained by Procurement for all contracts.	✓			Procurement services maintains files on each solicitation processed, including bid responses and evaluations conducted. Managers are responsible for ensuring purchasing agents are in compliance with documentation requirements and conduct periodic audits of documentation.
Procurement staff conduct periodic spend analysis to determine commodity areas where group purchasing would be more effective.	✓			Staff have conducted various spend analysis reports and implemented new master contracts for frequently utilized and high dollar volume goods and services. Spend analysis and increasing the efficiency of WVU's overall spend is a priority for the Department.
The Procurement Division identifies and makes users aware of available cooperative purchasing agreements and GSA-like/State schedules available for direct purchases.	✓			The Procurement staff has emphasized the use of cooperative purchasing agreement and the ability to make purchases from a catalog, seeking to maximize the use of these established schedules for direct purchases.
The Procurement Division staff ensures compliance with applicable state and university regulations and procedures when performing their defined tasks, duties, and required reviews.	✓			Individual staff in the Department have been assigned compliance functions for their individual areas (purchase orders, payments, PCard). Individual buyers are periodically evaluated on compliance.



## 4. Compliance Audit

The project team conducted an audit and evaluation of purchase orders and PCard transactions over the three fiscal years under review (July 2019 through June 2022) in order to assess the level of compliance with established policies, procedures, and statutory requirements. The following section discusses the methodology and findings of this audit.

### 1. Purchasing Audit

The University's standard process involves the generation of a purchase order to initiate a purchase from a vendor. Purchase orders are created in Mountaineer Marketplace, the University's procurement software system which also serves a number of vendor management functions. For the three fiscal years under review (FY 20, FY 21, and FY 22) over 230,000 unique purchase orders were generated in the system. The project team reviewed a selection of the documentation for these purchase orders in order to determine the level of compliance with established policy and required practices including that staff had determined that vendors were not on the debarred vendor listing.

#### 1.1 The Project Team Selected a Sample of 180 Purchase Orders for Review.

In order to ensure that each fiscal year was adequately represented in this compliance review, the project team randomly selected 60 transactions per year for the purpose of this audit. This resulted in a total of 180 purchase orders selected for review. As noted later in this section, the project team also ensured that POs from each of the three thresholds levels were also equally represented. Sole source transactions were included in the random selection and these were reviewed for compliance with established procedures including appropriateness for sole source, sufficiency of the required documentation and approvals by an authorized position.

The University is bound by three distinct documents in its purchasing practices: The Board of Governors Finance and Administration Rule 5.9, the policies and procedures of the University's own procurement manual, and Chapter 18 Article 5 of the West Virginia State Code. A review of the requirements and practices outlined in these documents results in a tiered structure of purchasing requirements depending on the dollar amount and type of purchase.

The following table summarizes the procurement requirements and the tested attributes for each threshold:

<b>Tier</b>	<b>Requirements</b>
<b>\$0 - \$24,999</b>	No competitive process required. Purchases should be made from existing contracts, catalog, or pre-approved vendor list if possible. Tested to ensure dollar amounts match with records and attachment of either an existing contract or a set of terms and conditions.
<b>\$25,000 - \$49,999</b>	Formal bidding not required, but PCPS may require evidence of multiple quotes from vendors. Tested for attributes above along with evidence of multiple quotes.
<b>\$50,000 +</b>	Competitive bidding threshold (except for construction purchases, which have a bidding threshold of \$100,000). Formal solicitation with advertisement and sealed bids required. Exceptions may include sole source, single source, emergency, and must be documented. Tested for attributes above as well as evidence of formal bidding process and selection for those not purchased from an existing contract, or justification for emergency or sole/single source purchase.

While the number of purchase orders in the first tier was significantly larger than the number of purchase orders in the two larger tiers combined, the sample was taken to ensure that at least 30% of the total sample came from each of the three tiers. The sample was also stratified by the fiscal year in which the purchase order was generated. The following table shows the count of transactions audited by year.

<b>Year</b>	<b>Count</b>	<b>Total Value</b>
FY20	60	\$ 8,564,592.47
FY21	60	\$ 12,447,975.00
FY22	60	\$ 17,131,438.93
<b>TOTAL</b>	<b>180</b>	<b>\$ 38,144,006.40</b>

The documentation for the purchases in the selected sample were requested and reviewed for compliance with the requirements established for their respective purchase types and dollar amounts.

While the project team requested 60 transactions from each bracket, some transactions were moved to different thresholds during the review process based upon modifications made to the transactions during processing / implementation that resulted in increases to the purchase order between issuance and final close-out. The table found in subsection 1.2 shows the final number of transactions per each dollar threshold.

## 1.2 Findings

The following table outlines the project team’s findings from the audit of purchase documentation in each of the three tiers.

Tier	Transactions	Findings
<b>\$0 - \$24,999</b>	55	<ul style="list-style-type: none"> <li>• Nine occurrences of mismatches between vendor invoices and total on purchase order.</li> </ul>
<b>\$25,000 - \$49,999</b>	42	<ul style="list-style-type: none"> <li>• Five occurrences of mismatches between vendor invoices and total on purchase order.</li> </ul>
<b>\$50,000 +</b>	78	<ul style="list-style-type: none"> <li>• 17 occurrences of mismatches between vendor invoices and total on purchase order.</li> </ul>

As shown in the above table, the project team only discovered discrepancies related to mismatches between totals on POs and the amount provided by vendors on the invoice. After discussions with PCPS staff, these mismatches were explained and additional documentation provided that eliminated the discrepancy. Mismatches occurred primarily for two reasons: either due to missing shipping charges or missing/duplicative documentation attached to the PO.

Some of the transactions selected for this audit were sole source procurements. In these instances, the project team noted that the sole source justification form (and any other required documentation) was consistently utilized.

The project team found no other issues of note regarding purchase orders during the audit.

## 2. PCard Audit

The University’s purchasing card (PCard) utilization was also reviewed by the project team in the course of this audit. The PCard program is governed by a specific WVU and WVURC PCard manual (last updated January 1, 2022) which outlines the standards of acceptable use, thresholds and limits, and the requirements for documentation. The project team reviewed the documentation for a random sample of PCard transactions to assess compliance with the requirements outlined in the PCard manual and State statutes. The documentation for each PCard transaction was reviewed for the presence of an itemized receipt or invoice showing the correct name and amount(s), and the type

of purchases were assessed for compliance with allowable categories (per pg. 8 of the 2022 WVU & WVURC PCard manual). The project team also assessed if PCard purchases that require additional approvals (such as software, gift cards, etc.) were appropriately processed as outlined in the PCard manual.

## 2.1 Selected PCard Transactions

In the three years under review, there were over 227,000 recorded PCard transactions. The project team selected a random sample of 75 transactions and reviewed the documentation associated with each. The sample was divided among the three fiscal years under review to ensure at least 30% of the sample came from each of the three years. We also ensured there were samples from each spending category (0-1K, 1-10K, 10-25K, 25-50K, and 50K+). The following table summarizes the PCard transactions reviewed.

<b>Year</b>	<b>Count</b>	<b>Total Value</b>
2019-20	25	\$171,906.94
2020-21	25	\$173,424.19
2021-22	25	\$204,383.53
<b>TOTAL</b>	<b>75</b>	<b>\$549,714.66</b>

There was an initial screening conducted of all 75 transactions that were selected to review. Upon initial review of the transactions, the project team found items that needed further investigating. We then provided that feedback to the WVU team, upon their notification, they provided sufficient documentation to justify what the project team perceived as possible concerns. Below are the only findings that could not be justified.

## 2.2 Findings

<b>Time Frame</b>	<b>Transactions</b>	<b>Findings</b>
<b>2019-2020</b>	25	<ul style="list-style-type: none"> <li>No infractions were found</li> </ul>
<b>2020-2021</b>	25	<ul style="list-style-type: none"> <li>1 (one) infraction was found. Sales tax was incorrectly applied to a transaction.</li> <li>Transaction/Reference #24445000245500444259458</li> </ul>

Time Frame	Transactions	Findings
2021-2022	25	<ul style="list-style-type: none"> <li>• 3 (three) infractions were found. Sales tax was incorrectly applied to the transactions.</li> <li>• Transaction/Reference #24164071341018340626087</li> <li>• Transaction/Reference #24692161226100464982205</li> <li>• Transaction/Reference #24492161312000016957449</li> </ul>

WVU conducts PCard transactions according to their PCard Manual. The manual discusses how sales tax is to be applied or not applied during transactions: "Tax Exempt Status: WVU and the WVU Research Corporation are tax exempt and should not pay sales tax to in-state vendors. Cardholders should remind vendors of the tax-exempt status before initiating a transaction. The words "Tax Exempt" and the WVU's tax identification number are printed on the WVU PCard. The cardholder may be required to provide the vendor with a copy of the WVU or WVURC tax-exempt certificate upon request."

The project team identified multiple receipts with sales tax but all accept four of those were out of state vendors and were within regulation. The four that were in state vendors were identified and reported to WVU. The WVU team found that there was no proof that sales tax was ever credited back.

PCPS should consider reimplementing of more and additional training programs for staff on procurement policies and processes to proactively increase compliance levels.

### 2.3 WVU Internal Audit Findings

The WVU Procurement team conducts monthly audits of PCard transactions. From the data collected by the project team it was determined a little over 1 percent of transactions were audited. There were also several self-reported violations made by PCard users.

The below table expresses the type of violations that were caught or self-reported during the 3-year audit period.

Type	Count
Accidental Personal Purchase	322
Alcohol Charged	19
Business purpose not provided	149

<b>Type</b>	<b>Count</b>
Card Delegation	15
Card Security	1
Construction Services	3
Covid-19 Unallowable Purchase	3
Credit Card Processing Fee	2
Fleet Information Missing	6
Lack of Gift Card Approval	64
Insufficient Documentation	126
Insufficient Hospitality Documentation	15
Internal Controls	4
Lack of ITS Approval	33
Lack of Prior Approval	7
Live Animals	2
Meals While on Travel	53
No Itemized/Eligible Receipt	144
Over \$5K no Prior Approval	50
Personal Gift	7
Retirement Gift over \$100	5
Services	24
Stringing	55
Tax Charged	37
Travel Service	1
Unallowable Hospitality	15
Unallowable Purchase	7
Unallowable Travel Expense	21
Wrong Procurement Method	162

There were many more transactions that were reviewed and found that no violation had occurred. The most common violation from the table above is an accidental personal purchase and the second is someone using the wrong procurement method. The comprehensiveness of the audit program being conducted by Procurement staff is indicative of a strong internal controls program designed to ensure that all users of PCards are appropriately utilizing them.

PCPS should consider reimplementation of more and additional training programs for staff on PCard usage to proactively increase compliance levels.