



JOINT COMMITTEE
ON GOVERNMENT & FINANCE
INTERIM BOOK

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

Prepared by the
West Virginia Office of Broadband
May 3, 2023

<https://broadband.wv.gov>

<https://internetforallwv.wv.gov>

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.

As of today, Governor Justice has awarded over \$105 million in ARPA funds to 24 last-mile broadband infrastructure projects. With the deployment of approximately 2,780 miles of fiber and cable plant, these projects will bring connectivity to over 37,000 unserved locations.

2023 ARPA Broadband Programs

Three programs for a total allocation of \$85 million launched this Spring of 2023 that focuses both on the private sector and local government, as detailed below:

- a. **LEAD Applications 2023:** This year's participation in the LEAD program generated 40 applications and over \$114 million in grant funding. For this round of LEAD, the maximum per project funding increased from \$5,000,000 to \$8,000,000. The increase in available funding promotes projects to expand the extra to mile into areas otherwise difficult to reach.
- b. **MBPS Applications 2023:** The MBPS program focuses connectivity through public-private partner efforts. This year's program generated 8 applications and over \$49 million in requested funds. For this round of MBPS, project proposals focus on addresses versus eligible service areas. Eligible applicants are ISPs with a formed partnership with a local government that has participated in the GigReady program of 2022.
- c. **GigReady2 Implementation:** GigReady2 Implementation is the second round of the GigReady program that is designed for applicants that received technical assistance in 2022. The GigReady2 Implementation program will assist applicants with private ISP partners to deploy shovel-ready projects. The webinar for GigReady2 Implementation will take place on May 10, 2023.

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.

- 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.

- 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

- e) **U.S. Department of the Treasury Quarterly Reporting: First Quarter 2023, \$2,162,594 million in SLFRF funds have been disbursed and the following metrics have been achieved:**

- 79 miles of fiber constructed
- 364 connections

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.

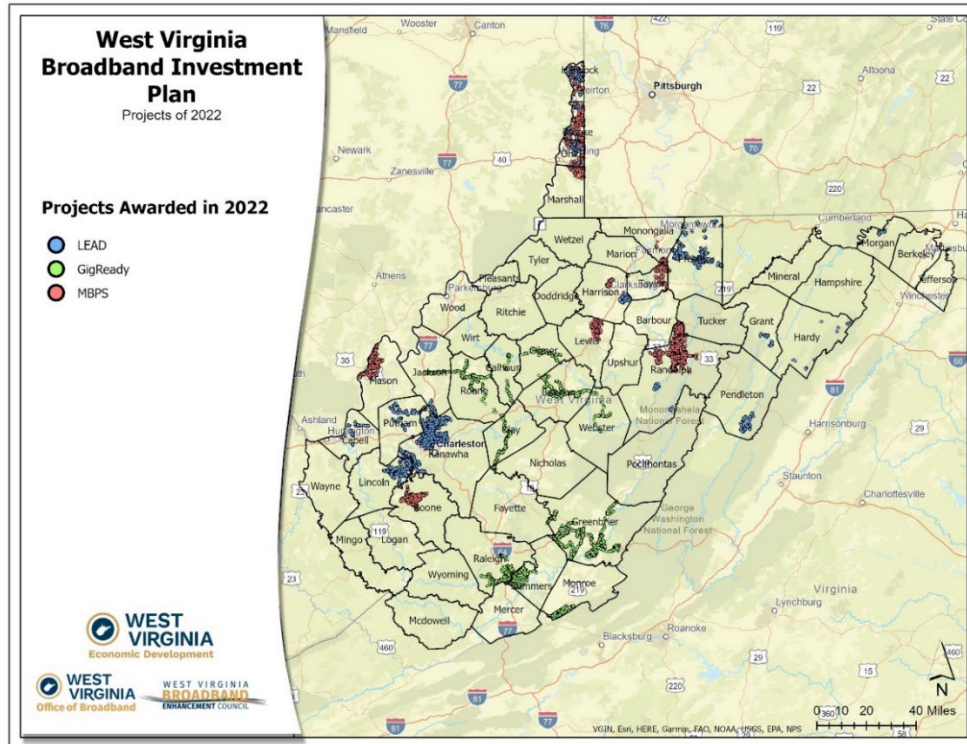


Figure 2: 2022 Announced Projects by Program

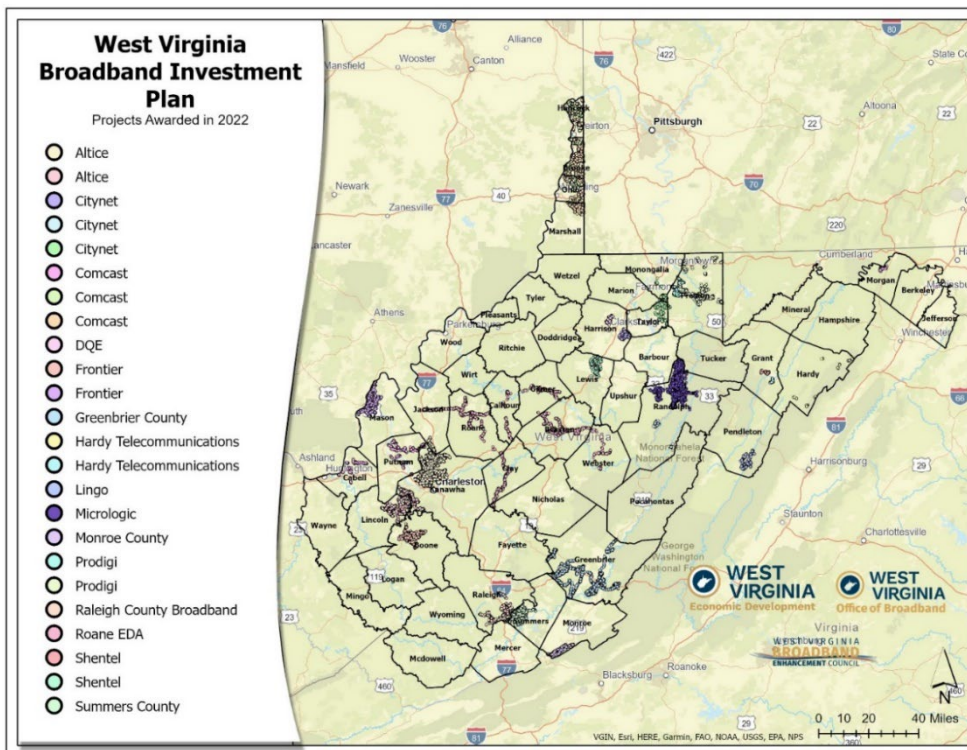


Figure 1: 2022 Announced Projects by Company/Private Partner

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:

Upshur County Seniors Listening Session

Upshur County Senior Center 28 N Kanawha St. Buckhannon, WV 26201
May 3 @ 6:00 pm

Taylor County Listening Session

Taylor County Senior Center 52 Trap Springs Road, Grafton, WV 26354
May 3 @ 6:00 pm

Taylor County Listening Session

Taylor County Senior Center 52 Trap Springs Road, Grafton, WV 26354
May 4 @ 6:00 pm

Harrison County Listening Session

Lost Creek community Building 104 Railroad Street, Lost Creek, WV 26385
May 8 @ 10:00 am

Braxton County Seniors Listening Session

Braxton County Senior Center 23 Senior Center Dr Sutton, WV 26601
May 8 @ 10:00 am

Brooke-Hancock Listening Session 11

West Virginia Northern, 150 Park Ave., Weirton WV
May 9 @ 6:00 pm

Upshur County Listening Session

James W. Curry Public Library 1721 Brooks Hill Rd., French Creek, WV 26218
May 9 @ 6:00 pm

Marion County Listening Session

Farmington Town Hall 1314 Mill Street, Farmington, WV 26571
May 10 @ 10:30 am

Putnam County Seniors Listening Session 2

Hurricane Senior Center 2800 Putnam Avenue Hurricane, WV 25526
May 10 @ 6:00 pm

Monongalia County Listening Session

Hazel & J.W. Ruby Community Center at Mylan Park 500 Mylan Park Lane, Morgantown, WV 26501
May 11 @ 10:00 am

Brooke-Hancock Listening Session 12

Weirton Senior Citizens Center, 3425 Main St., Weirton, WV
May 11 @ 6:00 pm

Hybrid Marion County Listening Session

Region VI Planning and Development Council Conference Room 34 Mountain Park Drive, White Hall, WV 26554
May 12 @ 12:00 PM

The IIJA 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 locations are currently available; however, ISP serviceability 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.*

The figure below is current breakdown of datasets as of today:

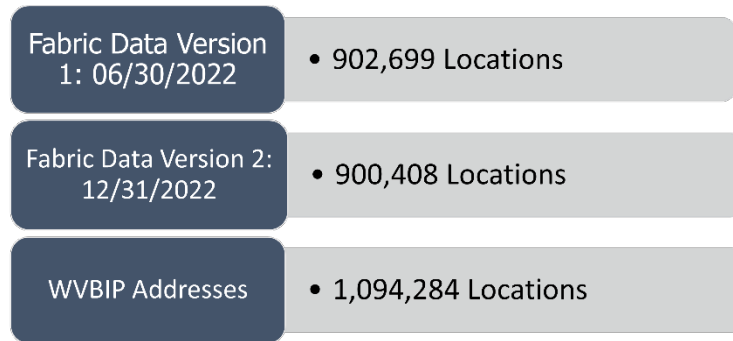


Figure 3: Fabric Version Breakdown

For the first service availability release of Broadband Data Collection, 634,195 locations were identified as served, 77,690 as underserved, and 190,708 as unserved. These numbers do not account for RDOF, or state funded locations.

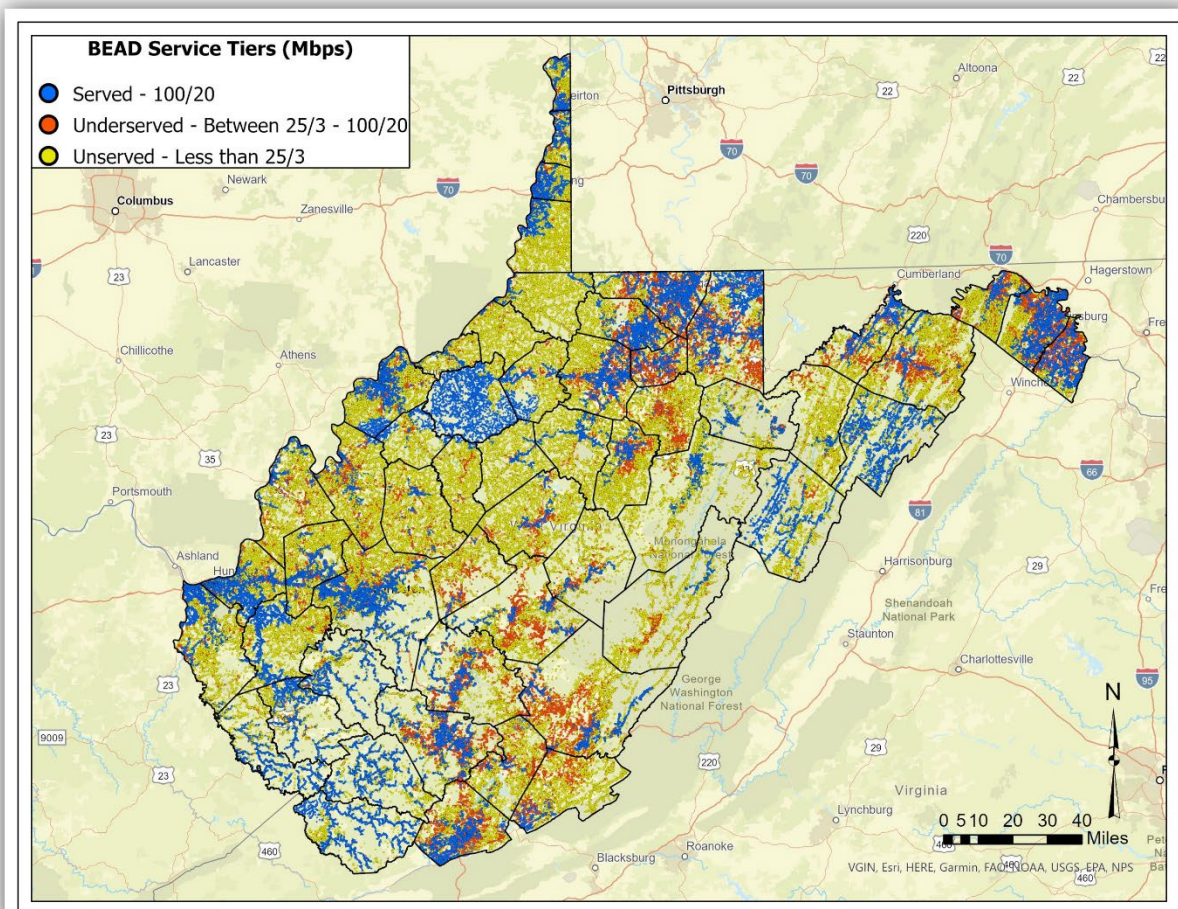


Figure 4: Map of BDC served, underserved, and unserved locations

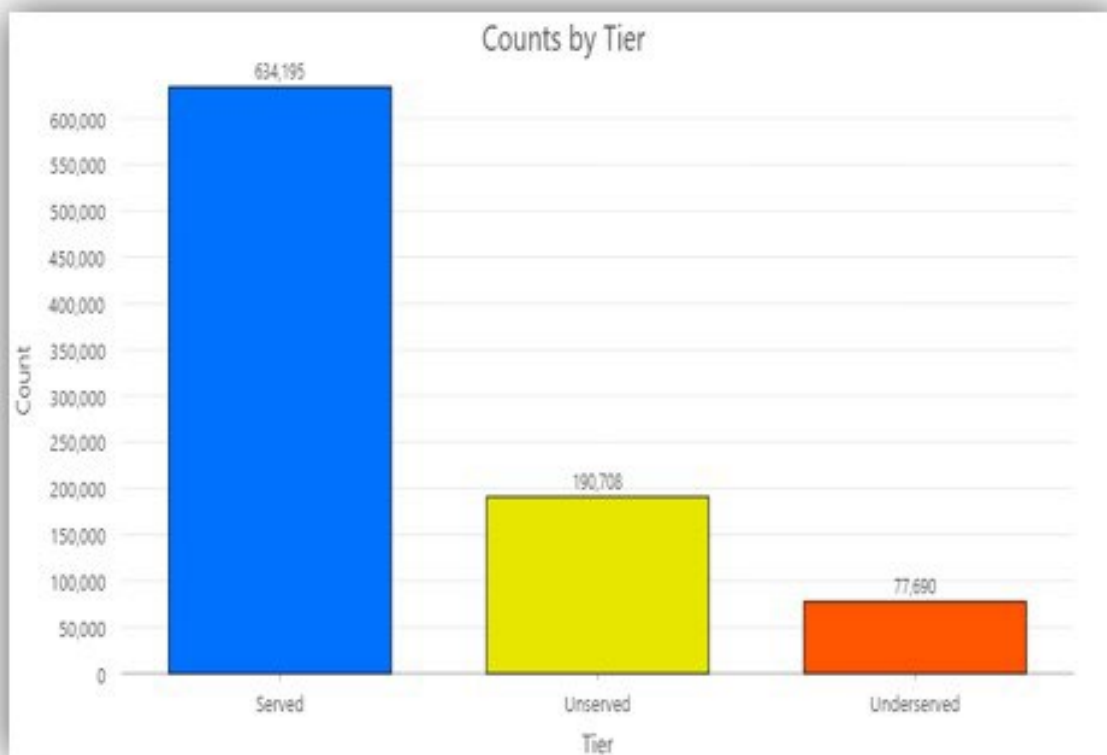


Figure 5: Count of locations by service tier

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.

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/](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 May 1, 2023, nearly 100,661 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 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 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)

April 18, 2023

1:00 p.m. – 2:00 p.m.

Senate	House
Blair, Chair	Hanshaw, Chair
Nelson	Capito
Takubo (absent)	Criss
Tarr	Householder (absent)
Trump	Howell
Weld	Skaff
Woelfel (absent)	Summers

Speaker Hanshaw: “All right, looks like we do have a quorum. So, let’s go ahead and call today’s meeting to order. We do have...looks like at least one set of draft minutes to be approved. So, if everyone will take a moment and look at the draft minutes that are in your packets if you’ve not already done so. Any questions or comments on this draft? If not, Mr. President.”

President Blair: “Mr. Speaker, I move the minutes on January the 12th, 2023, the meeting on 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 January 12th, 2023, meeting of the committee be approved as distributed. Is there discussion on the motion? If not, those in favor of the motion will please say aye, any opposed will please say no, the ayes have it, that motion is adopted, those minutes are approved. Let’s just jump right into reports then. So, our first report today will be General Revenue & Federal Funds. Mr. Muchow, welcome!”

Secretary Muchow: “Good afternoon, Mark Muchow, Deputy Secretary of Revenue for West Virginia. In terms of revenues, the month of March, we saw general revenue collections of \$517.8 million dollars, that was almost \$159 million dollars above estimate, compared to last year we were ahead by 6.1%. The bottom line for the year to date through March is \$4.6 billion dollars in collections versus an estimate of \$3.335 billion, \$1.266 billion above estimate, and also 16% ahead of last year or a total of \$634.6 million dollars ahead of last year.

About four or five components of general revenue make up virtually all of the surplus and all the gain in revenue for the year to date. Started by the sales tax, sales collections in March total \$139.7 million, that was 22 and a half million above estimate, 10.4% ahead of last...ahead of last year. Year to date on sales tax \$1.269 billion, \$170.8 million above estimate, 6.7% ahead of last year. Personal income tax collections in March \$200.3 million dollars, was \$48.1 million above estimate, 2% below last year’s receipts for the year to date. \$1.8 billion dollars in collections versus an estimate of a \$1.558 billion, that’s \$246.7 million above estimate, and 10% ahead of last year. So, pretty strong income tax collections. The severance tax, the severance tax beginning to slow down a little bit. We’ve been expecting it all along because energy prices have retreated and in

March we collected \$84.8 million, that was \$64.2 million above the official estimate, and 1% ahead of last year. For the year to date, almost \$787 million dollars in collections, \$605 million above estimate, and 57.2% ahead of last year on severance. For other major revenue, corporate income tax, typically March is not a big month for collections but we see pretty good collections. We had \$18.5 million in receipts in March, that was 15 and a half million above estimate and 216% ahead of last year. Year to date, \$232.9 million in corporate income tax collections, that's \$140.9 million above estimate, 21.7% ahead of last year. So, very strong corporate collections. The other component that's really performed well recently is interest income. We collected \$10.2 million dollars in March versus a loss last year of \$774,000. Year to date we have almost 78 and a half million dollars in interest collections versus last year we had a negative \$2.39 million. So, that's a gain over last year of \$80.9 million, all related to higher interest rates plus the higher cash balances available for...for overnight investments. So, those were also strong.

State Road Fund, overall collections on the road fund including the federal reimbursement \$124.2 million in March, that was \$1.4 million below estimate and 7.1% below last year. Year to date 1.3...a little over \$1.3 billion dollars in collections, which is 84 and a half million above estimate and 27.4% ahead of last year. The federal reimbursements, we're on pace to have a record year for federal reimbursements and the year to date \$483.4 million dollars this year versus \$380.3 million last year. Motor fuel tax, year to date we have \$319.3 million dollars in collections versus an estimate of 321.4, that's about two million below estimate but 1.1% ahead of last year. Registration fees, year to date \$97.2 million versus an estimate of \$121 million, we're \$23.8 million below estimate on registration fees but 4.7% ahead of last year. So, registration fees are

beginning to come back from the pandemic lows. Motor vehicle sales tax is doing well, for the month of March we're up 3% over last year, year to date running about...almost \$12 million ahead of estimate and 5.3% ahead of last year.

The big movement in state road fund collections was an appropriation earlier this year by...or by the legislature...of \$150 million dollars...that ended up in the miscellaneous line. So, year to date collections of miscellaneous are \$167.5 million versus last year was only \$9.7 million. So, we've had a \$157 million dollar gain in miscellaneous, \$150 million of which was the one-time appropriation by the legislature for roads. If there's any questions, I'll be happy to take them."

Speaker Hanshaw: "Okay, thank you very much Mark. Mr. President."

President Blair: "Thank you. Thank you, Mark. Let's go back to the interest...of income that we got from that and did...what I'm asking is that we made changes on the consolidated fund and I realize that we're using the consolidated fund now for roads but was there benefits by what we did for the consolidated fund that helped increase the interest collections?"

Secretary Muchow: "Not that I'm aware of but that would be...probably...maybe a question for the Treasurer's Office. The Treasurer's Office is...ultimately invests the money overnight... I think it's just an overall general balance...general revenue balance has been so positive and then interest rates this year. Last year, interest rates were basically close to zero. This year, we're now in that four and a half plus percent range. So, that's the big difference and last year we had losses but the losses last year were mainly short-term bond pole losses. The bond pole was...bonds were not very good

investments last year so we lost a bit of money last year on that. Otherwise, we would have had some positive interest last year.”

President Blair: “Thank you. Thank you, Mr. Speaker.”

Speaker Hanshaw: “Other questions? Going once, going twice. Okay Mark, thank you very much.”

Secretary Muchow: “Thank you.”

Speaker Hanshaw: “All right, let’s hear from the Investment Management Board. Mr. Slaughter.”

Director Slaughter: “Craig Slaughter, Executive Director of the West Virginia Investment Management Board. In your packet, you should have the performance report from February 28th of 2023. That reflects...if you look at that it reflects a fiscal year to date return through the end of February of 4.3%, a 20-year return of 8.5%, well above the 7.25 discount rate or assumed rate of return. The actuary (...inaudible...) is a bogey. The fiscal year returns are driven in part by fixed income which was negative...0.77...reflecting a drop, you know, rising interest rates which cause...obviously cause prices to decline, fixed income prices to decline over the past few months.

Now positives were in three areas, U.S. equity was up 5.31%, which I consider an okay result. All things considered it was better than expected...but international stocks did even better than that at 7.36%. Three reasons for that, essentially all related to interest rates, slowing...the slowing of the rise in interest rates in the U.S. and the relative increase and the rise in interest rates in Europe kind of caused a kind of a...somewhat of a transition in currency. Translation...so, the U.S. dollar is falling...has fallen somewhat

relative to international currencies and that's a positive for U.S. investors in international. So, that's had a translation...a positive translation effect. You know, the rise in interest rates also hurts growth stocks...you know...and specifically technology stocks more than other stocks because their values are based off of future earnings which have to be discounted and as rates rise, you know, that reduces the present value of those present valuations. So, tech stocks have got hurt a whole lot more in the U.S. cause the international stocks have a lower percentage of technology ...(inaudible)... growth than the U.S. market.

Hedge funds also were a positive performer at 5.04%, that's not...that doesn't beat equity but we don't look at hedge funds in our portfolio as a replacement for equity. We look at it as a replacement for fixed income and so, relative to a negative 0.77% that's a great result. Hedge funds have actually been outperforming for the last year and a half or so and...which is really nice to see given the fact that for the prior ten years, they underperformed...but we kept it in portfolio partly because there's an old saying, if you're not unhappy with something in your portfolio, you're not diversified...and that's what we're seeing now with hedge funds is they're giving us a boost when fixed income is fallen off.

As you turn to March, we have positive numbers for both fixed income and equity. We're probably up in the two to three percent for the month. Which, if you put that on top of the 4.3% through February, we're looking at a six to seven percent return through the first nine months of the fiscal year. That's a pretty good place to be after last year. That suggests that we have a good shot at beating 7.25 by the end of the fiscal year and with only three more months to go. So, I think there is a reasonably good chance of doing that. The positive return in fixed income and equity was...I think it's really more of a function

of the banking crisis that we're all familiar with. That is...you know, it suggested to the fixed income markets that...well, it saw a little bit of relief in the interest rate rise and so we saw interest rates fall off a little bit. Then we also saw equity anticipating an end to the fed tightening cycle. They got a little bit more positive about markets and so you had both of them up at the same time...but turning to...you know that financial crisis though was...or banking crisis...you know, I see it as the first crack in the system, the economic system...caused by the fed tightening. I would expect more cracks in the system...which none of that should be surprising, a fed tightening is all about putting stress on the economic structure and you know, it's supposed to break things in essence and it's the only way to get economic activity to reduce and then consequently wages and prices to come down. So, I would fully expect to see more cracks in the economy develop. I guess the better news is that it sounds like we're closer to the end than we used to be. I think one area, I think as far as places to look for cracks...you know, you've probably seen this in the papers...commercial real estate is probably the weakest area and that's what...you know, when you stress something, you know, it always shows up first in the weak spots and that's probably one of the weakest spots. It's been weak ever since the pandemic.

Looking further out into the future, I...you know...and the U.S. markets they're, you know, the U.S. stock market seems to be anticipating a soft landing...that the fed will be able to engineer a soft landing and that we won't fall into a bad recession and maybe not recession all...recession at all but if so, a mild recession. I think that's unrealistic to expect that because to achieve that the fed is going to have to hit perfection and I'm not a believer in perfection. I don't think it's ever achieved in anything and I don't think it will be in this case. So, the fed will probably err on one side or the other, either lower interest rates too

soon or fail to lower them soon enough and either...in either case, we'll ultimately end up in a...we'll likely end up in a recession and it's likely to be somewhat fairly significant. If I had to...I don't necessarily expect it particularly soon, I think that this fiscal year we're probably in pretty good territory because there's a lot of demand out there...excess demand from the pandemic, all the excess money flowing through that we still need to work off and until we do, that recession probably won't happen. So, we may be...so, I'm guardedly optimistic for the rest of this fiscal year but very pessimistic about fiscal year twenty-four and I think you should take that into your plans as you look out next year.

One other...I probably should mention something about the proxy voting since that was a major topic of discussion for us anyway in the last legislative session. We have...we're going back to square one to look at proxy voting. So, what I've asked for my staff to do is gather all the votes for one proxy season from all the money managers. So, we take...most...80% of the votes happen in one season and it's usually the...and it's the spring season of the year. So, the Spring of Fiscal Year 2022, we've gathered all the votes. We're also gathering....so, we've already done that, we're currently in a process of gathering irrationals for all those votes. Rations...say all of the shareholder proposals, which are the ones that are controversial, and we're going to analyze all those rationales. I mean it's going to be a huge analysis quite honestly. There's...for every company, every series of votes, there's probably twenty, forty, fifty pages worth of rationale to back all that up for each one of these votes. So, we're going to have to work through all that. The whole goal of it is to be able to have our board look at it and make a decision about how they would've voted if they'd been making the votes themselves and see if that...and the idea being to see if we can create an efficient policy that'll allow us to do this efficiently

going forward...and so, that's where we are. My hope is to be able to get all that done...that analysis done...by next fall, early winter....and to be able to report back to you the results and if there are any tweaks or things to make it work a little bit better than we can talk about those when the time comes. Be happy to answer questions.”

Speaker Hanshaw: “...(inaudible)...Craig. Senator Tarr.”

Senator Tarr: “Thank you, Mr. Speaker. Craig, we had a...I brought a question up in Pensions Committee up here in Joint Committee and it was...I was told to direct it to you. So, it has to do with when we do our investments relative to the time we appropriate the funds. So, as...pensions for example...as we go in and appropriate pension payments where it's a payment ...(inaudible)... down the unfunded liability or just what's due as an employer...when that money is received, is it invested as soon as it's received or do you use dollar cost averaging and is that invested along the year...how's that happen?”

Director Slaughter: “We invest every...we invest by the end of...well, every month we invest whatever we have on hand to...we invest it immediately. So...”

Senator Tarr: “The end of every month?”

Director Slaughter: “Yes.”

Senator Tarr: “Okay. Okay, I see...thank you.”

Speaker Hanshaw: “Other questions of Craig? Senator Oliverio.”

Senator Oliverio: “This is a follow up. Senator Tarr and I, this is something we were discussing but what I want to understand, with respect to his...your answer to his question...is when that annual sum comes in, whether it be June or whatever month, you

don't dollar cost average with those dollars? You make that by...at that point based on what is likely an annual contribution toward a liability of TRS or PERS. Is that what you're saying?"

Director Slaughter: "Yes. Yeah. Yeah, we don't like to sit...leave any money sitting in cash."

Senator Oliverio: "Okay."

Director Slaughter: "Well...we have a cash—"

Senator Oliverio: "—Sure."

Director Slaughter: "—allocation that they handle, cash flows but...but yeah we invest it as soon we get money."

Senator Oliverio: "Okay. Does that present any additional risk of potentially that large sum of money coming into the market at one time when maybe share prices..."

Director Slaughter: "You know, I could look into that. I'm kind of thinking, you know, it's a relatively small amount given the vast amount that we actually have—"

Senator Oliverio: "—Okay."

Director Slaughter: "—in any particular plan. So, off the top off my head it doesn't strike me as a particularly bad problem. You know, because you're ultimately trying to predict, you know, what returns are going to be and if you held some out dollar cost average, then you're making a judgement call as to when...you in essence are making a decision about, you know, when to experience the market's returns and given they're so unpredictable in the short run...of course that's part of the reason people dollar cost

average obviously but there have been debates throughout time as to what is the best model to use and there has never been any complete resolution to that debate. So...

Senator Oliverio: "Does the money come to you all at the same time for all the different pension systems? Like, we typically say okay, we're going to have to spend \$400 million dollars this year toward these unfunded liabilities and are you getting all of that? Like, is all of that being invested in one month or is the PERS money coming in June and TRS coming in July or..."

Director Slaughter: "I'd have to get back to you on the timing of each of those because they don't all come in at the same...at exactly the same time, that is true...and of course we have employee contributions come in—"

Senator Oliverio: "—Monthly."

Director Slaughter: "—monthly. So, as far as when each of the plans...the money from each of the plans...comes in, I'd have to get back to you and let you know."

Senator Oliverio: "All right, thank you."

Speaker Hanshaw: "Senator Nelson."

Senator Nelson: "Yes. Thank you, Mr. Speaker. Welcome Craig. I've asked before I guess as it relates to your board and maybe your managers and how often you all...how often do you all review the allocations between equities, hedge funds, fixed income, and especially given our current rate environment and the potential for...that many think we may be falling into a recession?"

Director Slaughter: “Well, we just looked at our asset...we look at our asset allocation every three years on a formal basis...that’s a formal process. We have a structure that allows us to make tweaks to that on the margins within bands at pretty much anytime and...but we don’t like to make adjustments like that in anticipation because you know, we fully anticipate a recession but we don’t know when it’s going to happen. We don’t know how deep it’s going to be and then again, we don’t know when it’s going to end and when to get back. You know, if we decided to get out, we wouldn’t know when to get back in. So, we don’t make those kind of...we try to avoid all those kind of decisions. So, we make a long-term asset allocation for the long run, we stick with it. That’s worked really well for us over the last twenty-five years and so, that’s what we do. So...”

Senator Nelson: “So, roughly every three years—”

Director Slaughter: “—Every three years we look at it—”

Senator Nelson: “—you’re looking at the big picture and then—”

Director Slaughter: “—and we rarely change much. Now, this last time we added...we bumped up private markets by...in the defined benefit plans we bumped it up 5% to...2% to private equity, 2% to private real estate, and 1% to private credit. We took that from the equity portfolio and so, that means fixed income...fixed income still stays at 15%. That’s the lowest it’s ever...that’s the lowest we’ve had it, you know, we’ve had it down there for quite a while. I just don’t want to go any lower on fixed income. One, it provides a level of liquidity for us and two, like we’re seeing now, fixed income is...we’re anticipating that fixed income is going to become a realistic investment again. I mean something that actually gives us a return because you know, you’re finally getting rates

back up to something that can give you a return on your money. So, you know, that's about as low as we can go at fixed income...and then with equity, we don't want to play the market and try to get in and out of equity."

Senator Nelson: "Thank you. Thank you, Mr. Speaker."

Speaker Hanshaw: "Is a 15% fixed income floor a formal policy for the board or just the current investment makeup?"

Director Slaughter: "15%...well, its policy in the sense that every three years we'll look at that but I think from a staff standpoint we would...I don't think we'll ever recommend going below fifteen. Other than the fact that it's a counter...its often times a counterweight to other asset classes and it's always been a major counterweight to asset classes and I think going forward we're going to see it have a bigger impact. It's also logistically because we have to rebalance our portfolio every month, we need tools to rebalance. We need liquid tools to rebalance and fixed income is often times, not always, but fairly frequently a counterweight to equity. An asset that might be up when equity is down or vice versa...so, and those are the two liquid sources for rebalancing and to fund the cash flow needs that we might run into."

Speaker Hanshaw: "Delegate Criss."

Delegate Criss: "Thank you, Mr. Speaker. Let's talk about the expense side. What kind of expenditure dollar amounts go out of the fund on an average, on a monthly basis?"

Director Slaughter: "Boy, I don't think I can answer that off the top of my head."

Delegate Criss: "Okay, it's primarily for the pension fund funding, right?"

Director Slaughter: “Yes.”

Delegate Criss: “But you don’t have any idea what the number is?”

Director Slaughter: “No, I guess I don’t really think about that regularly—”

Delegate Criss: “—Well, obviously because...and you talked about fixed income...you need ready cash either twice a month or some kind of monthly cycle period to be able to fund the actual cash needed for...to pay the pension funds or pay the pensions out. So, I was just curious on how much...what kind of a cash flow you were looking at on a monthly basis.”

Director Slaughter: “Yeah, I don’t want to venture an answer really...”

Delegate Criss: “Okay. All right, thank you.”

Director Slaughter: “Yeah.”

Speaker Hanshaw: “All right, any others for Mr. Slaughter? All right, if not...Craig, thank you very much.”

Director Slaughter: “Thank you.”

Speaker Hanshaw: “By way of announcement, Chair will note that we do have the Board of Treasury Investments reports in the packets for everyone’s review this month. They’re at the end of the packet. We do have one item of miscellaneous business today. Chair will recognize President Blair for a motion.”

President Blair: “Thank you, Mr. Speaker. I move that The President and The Speaker be authorized to approve legislative tours outside of the scheduled meetings and

also approve the tours as official legislative duties for the 2023 and 2024 interim sessions.”

Speaker Hanshaw: “Question is on the motion just offered by The President, is there debate on that motion? If not, those in favor of adoption of that motion will please say aye, any opposed please say no, the ayes have it, that motion is adopted. Do we have any other business to come before today’s meeting? Delegate Summers.”

Delegate Summers: “Thank you, Mr. Speaker. Two things, I know that we haven’t been able to have a presentation on broadband in a while and I was just going to request that at our next meeting if that’s unable to happen, if we could at least get an update on the number of homes that have new broadband service since we started our funding program that we’ve done and secondly, a letter was sent to you but with our motion it’s allowing you and The President to do that for the LOCHHRA Committee to tour the Sharpe facility in June?”

Speaker Hanshaw: “Correct.”

Delegate Summers: “Okay—”

Speaker Hanshaw: “—Correct—”

Delegate Summers: “—thank you, very much.”

Speaker Hanshaw: “On the first item, relative to the Broadband Report, we’ll take the actual numerical request into account and forward that on to the Office of Broadband for their next report. Any others today...miscellaneous business? All right, if not, President Blair.”

President Blair: “Mr. Speaker, I move we adjourn.”

Speaker Hanshaw: “Question is on the motion that this meeting be adjourned, those in favor of the motion will please say aye, any opposed will please say no, the ayes have it, we are adjourned. Thank you, very much.”

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

May 02, 2023

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

- **West Virginia Lottery as of March 31, 2023**
Gross profit as of March 31, 2023 was \$456 million. Gross profit as of March 31, 2022 was \$431 million.
- **West Virginia Unemployment Compensation Fund as of March 31, 2023**
Total disbursements were \$416.4 million lower than in fiscal year 2022. Overall ending trust fund balance was \$50.1 million higher on March 31, 2023, than on March 31, 2022.
- **General Revenue Fund as of April 30, 2023**
The general revenue collections ended the tenth month of fiscal year 2023 at 141% of the estimate for the year. Total collections were \$1.6 billion above the estimate for the fiscal year.
- **State Road Fund as of April 30, 2023**
The road revenue collections ended the tenth month of fiscal year 2023 at 97% of the estimate for the year. Total collections were \$29 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: April 20, 2023

Re: Review of West Virginia Lottery Financial Information
As of March 31, 2023

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for March 31, 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 \$1 billion for July-Mar of fiscal year 2023. Table games accounted for \$26.4 million of this total. Historic Resort Hotel video lottery accounted for \$4.7 million of total gross receipts. Gross lottery revenue has increased by \$48.5 million, or 5.1%, when compared with July-Mar 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-Mar 23 was \$456 million; for July-Mar 2022, it was \$431 million.

Lottery continued

Expressed as a percentage, gross pro is 5.8% higher for fiscal year 2023 than for fiscal year 2022.

Operating Transfers to the State of West Virginia:

A total of \$430,427,000.00 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	4,492,000.00
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
General Revenue	\$21,550,000.00
Department of Natural Resources	\$3,591,000.00
Division of Culture and History	\$7,374,000.00
General Revenue Fund	\$00.00
Economic Development Authority	\$8,996,000.00
School Building Authority	\$16,200,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$172,234,000.00

Lottery continued

Excess Lottery Fund

Economic Development Fund	\$18,911,000.00
Higher Education Improvement Fund	\$13,500,000.00
General Purpose Fund	\$55,816,000.00
Higher Education Improvement Fund	\$24,902,000.00
State Park Improvement Fund	\$1,293,000.00
School Building Authority	\$42,070,000.00
Refundable Credit	\$4,720,000.00
WV Racing Commission	\$2,518,000.00
WV DHHR	\$0.00
Teacher's Retirement Savings	\$0.00
Department of Education	\$15,000,000.00
Division of Human Services	\$16,200,000.00
WV Lottery Statutory Transfers	\$52,400,000.00
Economic Development Authority	\$3,951,000.00
General Revenue Fund	\$30,500,000.00
Office of Technology	\$0.00
Excess Lottery Surplus	\$0.00
WV Infrastructure Council Fund	\$39,748,000.00
Total State Excess Lottery Revenue Fund	\$321,529,000.00
Total Budgetary Distributions:	\$493,763,000.00
Veterans Instant Ticket Fund	\$461,000.00

Lottery continued

Pension Plan	\$00.00
TOTAL TRANSFERS	*\$494,224,000.00

* CASH BASIS

Total Accrued last FY 2022:	\$240,181,000.00
Total Cash Distributions FY 2023:	\$494,224,000.00
Applied to FY 2022:	\$240,181,000.00
Applied to FY 2023:	\$254,043,000.00
Accrued for FY 2023 as of Mar 31:	\$176,384,000.00



P.O. BOX 2067
CHARLESTON, WV 25327

JOHN A. MYERS
DIRECTOR

PHONE: 304.558.0500
wvlottery.com

MEMORANDUM

TO: Joint Committee on Government and Finance
FROM: John A. Myers, Director *John A. Myers*
RE: Monthly Report on Lottery Operations
Month Ending March 31, 2023
DATE: April 18, 2023

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

Financial statements of the Lottery for the month ending March 31, 2023 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, sports wagering, and interactive gaming was \$121,370,281 for the month of March.

Transfers of lottery revenue totaling \$131,257,558 made for the month of March 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 March 31, 2023 was 1,528 and 1,206 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-**

March 31, 2023

WEST VIRGINIA LOTTERY

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

ASSETS	March 31, 2023	June 30, 2022
Current Assets:		
Cash and cash equivalents	\$ 202,131	\$ 281,709
Accounts receivable	41,240	32,032
Inventory	1,531	1,436
Other assets	5,929	5,989
Total Current Assets	<u>250,831</u>	<u>321,166</u>
Capital assets	63,221	62,487
Less accumulated depreciation and amortization	<u>(21,424)</u>	<u>(20,161)</u>
Net Capital Assets	<u>41,797</u>	<u>42,326</u>
Total Noncurrent Assets	<u>41,797</u>	<u>42,326</u>
Total Assets	<u>\$ 292,628</u>	<u>\$ 363,492</u>
Deferred outflows of resources	<u>\$ 2,436</u>	<u>\$ 2,436</u>
Total assets and deferred outflows	<u>\$ 295,064</u>	<u>\$ 365,928</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 176,384	\$ 240,181
Estimated prize claims	17,905	16,152
Accounts payable	4,132	4,212
Other accrued liabilities	28,256	36,996
Total Current Liabilities	<u>226,677</u>	<u>297,541</u>
Deferred inflows	<u>\$ 7,491</u>	<u>7,491</u>
Net Position:		
Net Investment in capital assets	41,797	42,326
Unrestricted	<u>19,099</u>	<u>18,570</u>
Total Net Position	<u>60,896</u>	<u>60,896</u>
Total net position, liabilities, and deferred inflows	<u>\$ 295,064</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 NINE MONTH PERIOD ENDED MARCH 31, 2023
(In Thousands)
-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	FY 2023	FY 2022	FY 2023	FY 2022
Lottery revenues				
On-line games	\$ 6,153	\$ 5,669	\$ 76,432	\$ 56,087
Instant games	16,924	16,735	131,249	129,316
Racetrack video lottery	45,473	42,516	372,378	352,566
Limited video lottery	46,550	46,770	369,280	367,187
Table games	3,217	3,167	26,413	27,224
Historic resort	460	446	4,733	6,353
Sports Wagering	470	281	4,369	3,552
Interactive Wagering	2,123	1,355	15,331	9,225
	<u>121,370</u>	<u>116,939</u>	<u>1,000,185</u>	<u>951,510</u>
Less commissions				
On-line games	434	397	5,351	3,932
Instant games	1,185	1,171	9,187	9,052
Racetrack video lottery	21,956	20,515	196,100	186,816
Limited video lottery	22,809	22,917	180,947	179,922
Table games	1,368	1,343	11,226	11,536
Historic resort	270	216	2,397	3,196
	<u>48,022</u>	<u>46,559</u>	<u>405,208</u>	<u>394,454</u>
Less on-line prizes	3,184	2,761	39,088	28,336
Less instant prizes	11,556	11,421	89,453	88,085
Less ticket costs	270	269	1,538	1,482
Less vendor fees and costs	645	1,067	8,869	8,120
	<u>15,655</u>	<u>15,518</u>	<u>138,948</u>	<u>126,023</u>
Gross profit	<u>57,693</u>	<u>54,862</u>	<u>456,029</u>	<u>431,033</u>
Administrative expenses				
Advertising and promotions	542	253	4,671	4,629
Wages and related benefits	936	845	8,745	8,002
Telecommunications	52	68	555	523
Contractual and professional	902	55	8,598	4,342
Rental	24	15	216	198
Depreciation and amortization	141	138	1,263	1,244
Other administrative expenses	363	85	2,001	1,426
	<u>2,960</u>	<u>1,459</u>	<u>26,049</u>	<u>20,364</u>
Other Operating Income	<u>482</u>	<u>659</u>	<u>4,074</u>	<u>3,702</u>
Operating Income	<u>55,215</u>	<u>54,062</u>	<u>434,054</u>	<u>414,371</u>
Nonoperating income (expense)				
Investment income	1,010	38	6,343	(318)
Distributions to municipalities and counties	(912)	(917)	(7,238)	(7,197)
Distributions -capital reinvestment	(931)	(865)	(2,732)	(2,255)
Distributions to the State of West Virginia	(54,382)	(52,318)	(430,427)	(404,601)
	<u>(55,215)</u>	<u>(54,062)</u>	<u>(434,054)</u>	<u>(414,371)</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 NINE MONTH PERIOD ENDED MARCH 31, 2023
(In Thousands)
-Unaudited-

	2023	2022
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 995,051	\$ 951,806
Cash payments for:		
Personnel costs	(8,745)	(8,002)
Suppliers	(16,458)	(12,403)
Other operating costs	(545,033)	(519,110)
Cash provided by operating activities	<u>424,815</u>	<u>412,291</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(494,224)	(403,228)
Distributions to municipalities and counties	(7,088)	(7,074)
Distributions to racetrack from racetrack cap. reinv. fund	(8,690)	(5,309)
Cash used in noncapital financing activities	<u>(510,002)</u>	<u>(415,611)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(734)</u>	<u>-</u>
Cash flows from investing activities:		
Investment earnings received	<u>6,343</u>	<u>46</u>
Cash provided by investing activities	<u>6,343</u>	<u>46</u>
Increase (decrease) in cash and cash equivalents	(79,578)	(3,274)
Cash and cash equivalents - beginning of period	<u>281,709</u>	<u>198,583</u>
Cash and cash equivalents - end of period	<u>\$ 202,131</u>	<u>\$ 195,309</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 434,054	\$ 414,371
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	1,263	1,244
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(9,208)	(3,406)
(Increase) decrease in inventory	(95)	(433)
(Increase) decrease in other assets	60	(35)
Increase (decrease) in estimated prize claims	1,753	826
Increase (decrease) in accounts payable	(80)	(929)
Increase (decrease) in other accrued liabilities	(2,932)	653
Net cash provided by operating activities	<u>\$ 424,815</u>	<u>\$ 412,291</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 1 - LEGISLATIVE ENACTMENT

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

WEST VIRGINIA LOTTERY
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

WEST VIRGINIA LOTTERY
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

COMPENSATED ABSENCES – The Lottery has accrued \$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
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS

At March 31, 2023 the carrying amounts of deposits (overdraft) with financial institutions were \$493 thousand with a bank balance (overdraft) of \$524 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):

	March 31, 2023	June 30, 2022
Deposits with financial institutions	\$ 493	\$ 459
Cash on hand at the Treasurer's Office	7,930	24,722
Investments with BTI reported as cash equivalents	193,708	256,528
	\$ 202,131	\$ 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 March 31, 2023 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2022	Additions	Deletions	Historical Cost At March 31, 2023
Construction in Progress	1,564	553	-	2,117
Buildings	48,243	-	-	48,243
Land	1,681	-	-	1,681
Equipment	10,999	181	-	11,180
	<u>\$ 62,487</u>	<u>\$ 734</u>	<u>\$ -</u>	<u>\$ 63,221</u>
Accumulated Depreciation:				
	Historical Cost At June 30, 2022	Additions	Deletions	Historical Cost At March 31, 2023
Buildings	\$ 11,398	\$ 925	\$ -	\$ 12,323
Equipment	8,763	338	-	9,101
	<u>\$ 20,161</u>	<u>\$ 1,263</u>	<u>\$ -</u>	<u>\$ 21,424</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 March 31, 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	\$ 1,815,785	\$ 31,068,687
Lotto America	729,468	5,964,701
Mega Millions	1,436,603	21,428,273
Total	\$ 3,981,856	\$ 58,461,661

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 911,569	\$ 15,563,314
Lotto America	364,744	2,975,001
Mega Millions	718,355	10,679,469
Total	\$ 1,994,668	\$ 29,217,784

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 March 31, 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	8,445,253	647,334
Mega Millions	95,560,205	796,995
Total	\$ 230,446,883	\$ 2,750,777

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

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

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

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$18,568,643 at March 31, 2023, of which the Lottery's share was \$1,416,443.

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
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NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

The remaining net terminal revenue (51%) is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 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 March 31, 2023 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2023	2022	2023	2022
Total credits played	\$ 542,413	\$ 480,320	\$ 4,328,327	\$ 4,032,485
Credits (prizes) won	(488,414)	(431,549)	(3,891,507)	(3,622,508)
Promotional credits played	(8,526)	(6,255)	(64,442)	(57,411)
Gross terminal income	45,473	42,516	372,378	352,566
Administrative costs	(833)	(774)	(12,026)	(11,756)
Net Terminal Income	44,640	41,742	360,352	340,810
Less distribution to agents	(21,956)	(20,515)	(196,100)	(186,816)
Racetrack video lottery revenues	<u>\$ 22,684</u>	<u>\$ 21,227</u>	<u>\$ 164,252</u>	<u>\$ 153,994</u>

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

	March 31, 2023	Year-to-Date
State Lottery Fund	\$ 5,999	\$ 87,788
State Excess Lottery Revenue Fund	15,791	74,014
Capital Reinvestment Fund	894	2,452
Total nonoperating distributions	<u>\$ 22,684</u>	<u>\$ 164,254</u>

NOTE 7 - LIMITED VIDEO LOTTERY

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

WEST VIRGINIA LOTTERY
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NOTE 7 - LIMITED VIDEO LOTTERY (continued)

stipulates that 2% of gross terminal income be deposited into the state lottery fund for administrative costs. Then, the state share percentage of gross profit is to be transferred to the State Excess Lottery Revenue Fund. 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 March 31, 2023 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2023	2022	2023	2022
Total credits played	\$ 624,873	\$ 611,372	\$ 4,882,880	\$ 4,776,095
Credits (prizes) won	(578,323)	(564,602)	(4,513,600)	(4,408,908)
Gross terminal income	\$ 46,550	\$ 46,770	\$ 369,280	\$ 367,187
Administrative costs	(931)	(935)	(7,386)	(7,344)
Gross Profit	45,619	45,835	361,894	359,843
Commissions	(22,809)	(22,917)	(180,947)	(179,922)
Municipalities and Counties	(912)	(917)	(7,238)	(7,197)
Limited video lottery revenues	<u>\$ 21,898</u>	<u>\$ 22,001</u>	<u>\$ 173,709</u>	<u>\$ 172,724</u>

NOTE 8 – TABLE GAMES

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 – TABLE GAMES (continued)

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

The cash transferred to the State Excess Lottery Revenue Fund in the current month is included in Note 12- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended March 31, 2023 were \$9,190,958 and \$75,465,393, 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	\$ 3,217	\$ 3,167	\$ 26,413	\$ 27,224
Interest on Table Games Fund	22	1	143	2
Administrative costs	(276)	(271)	(2,264)	(2,333)
Total Available for Distribution	<u>2,963</u>	<u>2,897</u>	<u>24,292</u>	<u>24,893</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	207	204	1,698	1,750
Thoroughbred & Greyhound Development Funds	165	163	1,358	1,400
Racing Association Pension Plan	82	80	670	685
Municipalities/ Counties	914	896	7,500	7,701
Total Distributions	<u>1,368</u>	<u>1,343</u>	<u>11,226</u>	<u>11,536</u>
Excess Lottery Fund	<u>\$ 1,595</u>	<u>\$ 1,554</u>	<u>\$ 13,066</u>	<u>\$ 13,357</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 – HISTORIC RESORT HOTEL

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

Historic Resort Video Lottery

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

A summary of historic resort hotel video lottery revenues for the month ended March 31, 2023 and fiscal year-to-date follows (in thousands):

	2023	2022	2023	2022
Total credits played	\$ 4,818	\$ 4,282	\$ 48,818	\$ 59,679
Credits (prizes) won	(4,349)	(3,933)	(44,883)	(54,831)
Promotional credits played	(66)	(74)	(771)	(638)
Gross terminal income	403	275	3,164	4,210
Capital reinvestment	(19)	(13)	(149)	(198)
Excess Lottery Fund	(4)	(2)	(28)	(38)
Administrative costs	(22)	(15)	(171)	(227)
Hotel commissions	(170)	(116)	(1,338)	(1,780)
Net terminal income	188	129	1,478	1,967
Historic Resort Hotel Fund	120	82	940	1,251
Human Resource Benefit Fund	68	47	538	716

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 – HISTORIC RESORT HOTEL (continued)

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the month and year ended March 31, 2023 were \$163,491 and \$4,483,876 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	\$ 57	\$ 171	\$ 1,569	\$ 2,143
Administrative Costs	<u>(7)</u>	<u>(22)</u>	<u>(202)</u>	<u>(276)</u>
Total Available for Distribution	50	149	1,367	1,867
Historic Resort Hotel Fund	42	125	1,143	1,561
Human Resource Benefit Fund	8	24	224	306

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	\$ 120	\$ 940
Historic Resort Table Games	42	1,143
Interest on Historic Resort Hotel Fund	<u>5</u>	<u>35</u>
Historic Resort Hotel Fund Net Income	167	2,118
Municipalities/ Counties	24	297
Excess Lottery Fund	<u>143</u>	<u>1,821</u>
Total Distributions	<u>\$ 167</u>	<u>\$ 2,118</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 10– SPORTS WAGERING

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

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

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

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

The Sports Wagering adjusted gross wagering receipts for the month and year-to-date periods ended March 31, 2023 were \$4,703,212 and \$43,691,478, 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
Sports Wagering Privilege Tax	\$ 470	\$ 281	\$ 4,369	\$ 3,552
Interest on Sports Waging Fund	-	-	-	-
Administrative Costs	(70)	(42)	(655)	(533)
Total Available for Distribution	<u>400</u>	<u>239</u>	<u>3,714</u>	<u>3,019</u>

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 March 31, 2023 were \$14,154,222 and \$102,207,981 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	\$ 2,123	\$ 1,355	\$ 15,331	\$ 9,225
Interest on Interactive Wagering Fund	23	-	137	2
Administrative Costs	<u>(318)</u>	<u>(203)</u>	<u>(2,300)</u>	<u>(1,384)</u>
Total Available for Distribution	1,828	1,152	13,168	7,843

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

	Current Month	Year-to-Date
Pensions	18	131
Lottery Fund	1,810	13,037
Total Distributions	<u>\$ 1,828</u>	<u>\$ 13,168</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 March 31, 2023 the Lottery has accrued additional distributions of \$176,383,974. 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>March 31, 2023</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 499	\$ 4,492
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	21,550	21,550
Natural Resources		3,591
Division of Culture & History		7,374
Economic Development Authority	1,000	8,996
School Building Authority	1,800	16,200
Total State Lottery Fund	<u>\$ 24,849</u>	<u>\$ 172,234</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 2,101	\$ 18,911
Higher Education Improvement Fund	1,500	13,500
General Purpose Account	8,968	55,816
Higher Education Improvement Fund	4,001	24,902
State Park Improvement Fund	208	1,293
School Building Authority	26,897	42,070
Refundable Credit	1,915	4,720
WV Racing Commission	276	2,518
WV Department of Health and Human Resources		
Teacher's Retirement Savings		
Department of Education	15,000	15,000
Division of Human Services		16,200
WV Lottery Statutory Transfers	8,419	52,400
Economic Development Authority	439	3,951
General Revenue Fund	30,500	30,500
Office of Technology		
Excess Lottery Surplus		
West Va. Infrastructure Council	6,119	39,748
Total State Excess Lottery Revenue Fund	<u>\$ 106,343</u>	<u>\$ 321,529</u>
Total Budgetary distributions:	<u>\$ 131,192</u>	<u>\$ 493,763</u>
Veterans Instant Ticket Fund	\$ 66	\$ 461
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 131,258	\$ 494,224
Accrued nonoperating distributions, beginning	(253,260)	(240,181)
Accrued nonoperating distributions, end	<u>176,384</u>	<u>176,384</u>
	<u>\$ 54,382</u>	<u>\$ 430,427</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 March 31, 2023 and March 31, 2022 approximated \$216,292 and \$198,399 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 March 31, 2023 and March 31, 2022 approximated \$805,430 and \$809,542 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 March 31, 2023 and fiscal year-to-date are as follows (in thousands):

	March 31, 2023	Year-to-Date
Employee contributions	\$ 34	\$ 336
Lottery contributions	62	622
Total contributions	\$ 96	\$ 958

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 NINE MONTH PERIOD ENDED MARCH 31, 2023
 (In Thousands)**

	Current Month		FISCAL YEAR	
	Actual	Projected	Actual	Projected
Gross Revenues				
Instant games	16,924	9,584	131,249	86,251
On-line games	6,153	5,833	76,432	52,500
Racetrack video lottery	45,473	40,015	372,378	331,454
Limited video lottery	46,550	36,477	369,280	280,679
Racetrack table games	3,217	2,225	26,413	18,722
Historic resort	460	381	4,733	4,543
Sports wagering	470	209	4,369	1,876
Interactive wagering	2,123	291	15,331	2,624
Total gross revenues	<u>121,370</u>	<u>95,015</u>	<u>1,000,185</u>	<u>778,649</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,850	1,122	14,267	10,094
On-line games	1,770	1,674	21,777	15,068
Racetrack Video Lottery	6,117	5,151	89,060	81,397
Sports wagering	404	177	3,737	1,593
Interactive wagering	1,810	245	13,037	2,208
Total Lottery Fund net revenues	<u>11,951</u>	<u>8,369</u>	<u>141,878</u>	<u>110,360</u>
Excess Lottery Fund				
Racetrack Video Lottery	16,076	14,078	75,166	61,225
Limited Video Lottery	22,263	17,159	176,395	132,032
Limited Video Lottery Fees	2	-	1,099	-
Racetrack table games	1,595	1,091	13,066	9,184
Historic resort	147	143	1,850	1,702
Total Excess Lottery Fund Net Revenues	<u>40,083</u>	<u>32,471</u>	<u>267,576</u>	<u>204,143</u>
Total Net Revenues	<u>52,034</u>	<u>40,840</u>	<u>409,454</u>	<u>314,503</u>

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

304-347-4870

Memorandum

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

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

Date: May 02, 2023

Re: Status of General Revenue Fund and State Road Fund as of
April 30, 2023 (FY 23)

We have read the cash flow of the West Virginia general revenue fund as of April 30, 2023 which is the ninth month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 141% of the estimate for the fiscal year. Total collections were \$1.6 billion above the estimate for the fiscal year.

Personal Income Tax collections were \$439.5 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$189.6 million above the estimate for the year.

Severance Tax was \$622.6 million above the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$205.8 million above the estimate for the fiscal year.

State Road Fund

The state road fund collections were 97% of the estimate for the fiscal year. Total collections were \$29 million below the estimate for the fiscal year.

Rainy Day and Personal Income Tax Reserve

Revenue Shortfall Reserve **Fund A** (Rainy Day Fund) had a cash balance of \$435,601,531.63 as of April 30, 2023.

*Balance July 1, 2022	\$369,264,049.99
**Fiscal year 22 Surplus	00.00
Earnings/(Loss)	\$ 66,337,481.64
Balance April 30, 2023	\$435,601,531.63

*\$69.5 million loan to state General Revenue Fund 6/30/2022 for beginning of the year cash flow, to be repaid within 90 days. Loan paid 9/16/2022.

**There was no transfer made to the Rainy Day Fund per the change in the statute, and the year-end balance was above the 20% threshold.

Revenue Shortfall Reserve **Fund B** (Tobacco Settlement Monies) had a cash balance of \$509,708,061.72 as of April 30, 2023.

Balance July 1, 2022	\$553,481,351.13
Earnings	(43,773,289.41)
Balance April 30, 2023	\$509,708,061.72

The **Personal Income Tax Reserve** Fund had a \$11,000,000.00 cash balance as of April 30, 2023.

Balance July 1, 2022	\$11,000,000.00
Balance April 30, 2023	\$11,000,000.00

REVENUE COLLECTIONS
FISCAL YEAR 2023
as of April 30, 2023

GENERAL REVENUE FUND

	MONTH ESTIMATES	ACTUAL MONTH COLLECTIONS	FINAL MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	ACTUAL YTD COLLECTIONS	YTD COLLECTIONS OVER ESTIMATES	YTD PERCENT COLLECTED
Personal Income Tax	\$ 279,800,000	\$ 472,577,871	\$ 192,777,871	\$ 1,838,200,000	\$ 2,277,667,188	\$ 439,467,188	124%
Consumer Sales Tax & Use Tax	110,400,000	129,181,466	18,781,466	1,208,739,000	1,398,301,784	189,562,784	116%
Severance Tax	18,000,000	35,557,734	17,557,734	200,000,000	822,522,317	622,522,317	411%
Corporate Net Income Tax	33,000,000	97,951,335	64,951,335	125,000,000	330,838,837	205,838,837	265%
Insurance Tax	23,500,000	27,705,625	4,205,625	92,100,000	110,528,551	18,428,551	120%
Tobacco Products Tax	12,500,000	12,864,937	364,937	135,100,000	130,455,914	(4,644,086)	97%
Business and Occupation	9,000,000	10,312,474	1,312,474	84,400,000	95,159,429	10,759,429	113%
Liquor Profit Transfers	2,000,000	2,006,367	6,367	22,000,000	26,081,816	4,081,816	119%
Departmental Collections	1,500,000	1,551,832	51,832	21,900,000	23,944,074	2,044,074	109%
Property Transfer Tax	850,000	1,009,934	159,934	10,100,000	11,474,339	1,374,339	114%
Property Tax	1,000,000	1,005,956	5,956	7,940,000	7,417,784	(522,216)	93%
Beer Tax and Licenses	640,000	625,571	(14,429)	5,700,000	5,405,952	(294,048)	95%
Miscellaneous Transfers	50,000	102,975	52,975	1,730,000	786,143	(943,858)	45%
Interest Income	500,000	18,766,647	18,266,647	4,930,000	97,239,815	92,309,815	1972%
Refundable Credit Reimb Liability	3,300,000	3,640,699	340,699	7,400,000	8,361,001	961,001	113%
HB 102 - Lottery Transfers	9,400,000	9,183,935	(216,065)	61,800,000	65,000,000	3,200,000	105%
Miscellaneous	100,000	295,108	195,108	2,100,000	2,243,253	143,253	107%
Business Franchise Fees	60,000	202,848	142,848	660,000	843,470	183,470	128%
Estate & Inheritance Tax	-	-	-	-	-	-	0%
Liquor License Renewal	101,000	98,757	(2,243)	675,000	847,302	172,302	126%
<i>Special Revenue Transfers</i>	-	-	-	-	-	-	0%
Charter Tax	-	1,041	1,041	-	4,721	4,721	0%
Telecommunications Tax	-	-	-	-	-	-	0%
Video Lottery Transfers	-	62,937	62,937	-	415,568	415,568	0%
July-Dec Retro Rev Adj	-	-	-	-	-	-	0%
<i>Cash Flow Transfer</i>	-	-	-	-	-	-	0%
<i>Soft Drink Excise Tax</i>	1,200,000	1,224,627	24,627	11,500,000	11,560,965	60,965	101%
SUBTOTALS	\$ 506,901,000	\$ 825,930,673	\$ 319,029,673	\$ 3,841,974,000	\$ 5,427,100,222	\$ 1,585,126,222	
<i>Less: Cash Flow Transfer</i>	-	-	-	-	-	-	
<i>Less: Special Revenue Transfer</i>	-	-	-	-	-	-	
TOTALS	\$ 506,901,000	\$ 825,930,673	\$ 319,029,673	\$ 3,841,974,000	\$ 5,427,100,222	\$ 1,585,126,222	

Percent of Estimates

163%

141%

Collections this day

\$ 55,425,272

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

May 01, 2023

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

GENERAL REVENUE FUND

	Actual Collections Apr 2022	Actual Collections Apr 2023	Actual Collections 10 Months Jul-Apr 2022	Actual Collections 10 Months Jul-Apr 2023	YTD \$ Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Personal Income Tax	\$ 448,509,252	\$ 472,577,871	\$ 2,088,966,590	\$ 2,277,667,188	\$ 188,700,597	9%
Consumer Sales Tax & Use Tax	122,718,500	129,181,466	1,311,903,359	1,398,301,784	86,398,425	7%
Severance Tax	54,757,706	35,557,734	555,232,983	822,522,317	267,289,334	48%
Corporate Net Income Tax	89,438,100	97,951,335	280,810,202	330,838,837	50,028,635	18%
Insurance Tax	32,463,346	27,705,625	133,317,120	110,528,551	(22,788,569)	-17%
Tobacco Products Tax	12,910,142	12,864,937	136,683,791	130,455,914	(6,227,877)	-5%
Business and Occupation	9,853,235	10,312,474	90,246,415	95,159,429	4,913,014	5%
Liquor Profit Transfers	2,004,700	2,006,367	21,744,695	26,081,816	4,337,122	20%
Departmental Collections	1,688,528	1,551,832	23,059,493	23,944,074	884,581	4%
Property Transfer Tax	1,520,599	1,009,934	14,776,068	11,474,339	(3,301,729)	-22%
Property Tax	987,297	1,005,956	7,285,283	7,417,784	132,501	2%
Beer Tax and Licenses	621,342	625,571	5,683,612	5,405,952	(277,659)	-5%
Miscellaneous Transfers	-	102,975	16,544,069	786,143	(15,757,927)	-95%
Interest Income	633,185	18,766,647	(1,756,951)	97,239,815	98,996,765	-5635%
Refundable Credit Reimb Liability	3,239,943	3,640,699	7,194,411	8,361,001	1,166,590.00	16%
HB 102 - Lottery Transfers	9,466,392	9,183,935	62,051,459	65,000,000	2,948,540.89	5%
Miscellaneous	324,834	295,108	2,202,493	2,243,253	40,760	2%
Business Franchise Fees	164,329	202,848	969,562	843,470	(126,093)	-13%
Estate & Inheritance Tax	-	-	-	-	-	0%
Liquor License Renewal	101,266	98,757	675,973	847,302	171,329	25%
Special Revenue Transfers	-	-	-	-	-	0%
Charter Tax	344	1,041	2,259	4,721	2,463	109%
Video Lottery Transfers	90,810	-	422,741	-	(422,741)	-100%
July-Dec Retro Rev Adj	-	62,937	-	415,568	415,568	0%
Cash Flow Transfer	-	-	-	-	-	0%
Soft Drink Excise Tax	-	1,224,627	-	11,560,965.00	11,560,965	100%
SUBTOTALS	\$ 791,493,849	\$ 825,930,674	\$ 4,758,015,626	\$ 5,427,100,222	\$ 669,084,596	
Less: Cash Flow Transfer	-	-	-	-	-	
Less: Special Revenue Transfer	-	-	-	-	-	
TOTALS	\$ 791,493,849	\$ 825,930,674	\$ 4,758,015,626	\$ 5,427,100,222	\$ 669,084,596	

Increase/Decrease over Prior Period

\$ 34,436,825

\$ 669,084,596

% Increase/Decrease over Prior Period

4%

14%

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

May 01, 2023

**REVENUE COLLECTIONS
FISCAL YEAR 2023
as of April 30, 2023**

STATE ROAD FUND

	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES	YTD PERCENT COLLECTED
Motor Fuel Tax	\$ 28,200,000	\$ 32,109,601	\$ 3,909,601	\$ 349,600,000	\$ 351,440,651	\$ 1,840,651	101%
Sales/Privilege Tax	24,500,000	25,943,212	1,443,212	249,000,000	262,401,756	13,401,756	105%
Licenses & Registration	12,500,000	12,933,205	433,205	133,500,000	110,123,684	(23,376,316)	82%
Miscellaneous	3,500,000	2,559,846	(940,154)	191,000,000	170,087,152	(20,912,848)	89%
Highway Litter Control	145,000	234,399	89,399	1,440,000	1,485,700	45,700	103%
Federal Reimbursement	52,000,000	42,477,439	(9,522,561)	417,000,000	525,904,894	108,904,894	126%
SUBTOTALS	\$ 120,845,000	\$ 116,257,701	\$ (4,587,299)	\$ 1,341,540,000	\$ 1,421,443,836	\$ 79,903,836	
Less: Federal Reimbursement	52,000,000	42,477,439	(9,522,561)	417,000,000	525,904,894	108,904,894	
TOTALS	\$ 68,845,000	\$ 73,780,262	\$ 4,935,262	\$ 924,540,000	\$ 895,538,942	\$ (29,001,058)	

Percent of Estimates

107%

97%

Collections this day

\$ 15,348,384

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of April 30, 2023 : \$ 435,601,531.63

\$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 April 30, 2023: \$ 509,708,061.72

SPECIAL INCOME TAX REFUND RESERVE FUND as of April 30, 2023: \$11,000,000.00

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

May 01, 2023

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

STATE ROAD FUND

	Actual Collections April 2022	Actual Collections April 2023	Actual Collections 10 Months Jul-Apr 2022	Actual Collections 10 months Jul-Apr 2023	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Gasoline & Motor Carrier Rd Tax	\$ 32,089,254	\$ 32,109,601	\$ 347,928,768	\$ 351,440,651	\$ 3,511,883	1%
Privilege Tax	26,644,513	25,943,212	251,223,164	262,401,756	11,178,592	4%
Licenses & Registration	12,650,115	12,933,205	105,486,522	110,123,684	4,637,162	4%
Miscellaneous	4,771,219	2,559,846	14,451,110	170,087,152	155,636,042	1077%
Highway Litter Control	149,398	234,399	1,322,086	1,485,700	163,614	12%
Federal Reimbursement	25,863,106	42,477,439	406,120,363	525,904,894	119,784,531	29%
SUBTOTALS	\$ 102,167,606	\$ 116,257,701	\$ 1,126,532,012	\$ 1,421,443,836	\$ 294,911,823	
Less: Federal Reimbursement	25,863,106	42,477,439	406,120,363	525,904,894	119,784,531	
TOTALS	\$ 76,304,499	\$ 73,780,262	\$ 720,411,649	\$ 895,538,942	\$ 175,127,293	
 Increase/Decrease over Prior Period		\$ (2,524,238)		\$ 175,127,293		
 % Increase/Decrease over Prior Period		-3%		24%		

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

May 01, 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: April 20, 2023

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the March 31, 2023, monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of March 31, 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	\$ 219,939,442.72
Disbursements July 1,2022 thru June 30, 2023	\$ 236,212,165.46
Balance March 31, 2023	\$ 361,700,928.24

ITEMS OF NOTE:

Regular benefits paid for July-March 2023 were \$ 651 thousand less than July-March 2022.

Federal emergency benefits totaled \$0 for July-March 2023. For July-March 2022, federal emergency benefits totaled -\$5098.00

Total disbursements were \$416.4 million less in July-March 2023 than the preceding July-March 2022.

Receipts as of March 2023, were \$664.9 million less than in March 2022. Overall ending trust fund balance was \$50.1 million higher on March 31, 2023, than on March 31, 2022.

Seasonally adjusted unemployment rates for March 2023 declined to 3.4 percent for West Virginia. The national rate also declined to 3.5 percent.

Since March 2022, employment has increased by 2,000. Employment gains included 2,900 in private education and health services, 1,700 in mining and logging, 900 in other services, 300 in government, and 200 in financial activities. Employment declines included 2,500 in construction, 500 in trade, transportation, and utilities, 400 in professional and business services, 300 in leisure and hospitality, 200 in manufacturing, and 100 in information.

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING JANUARY 2022 AND JANUARY 2023**

	JANUARY 2022	FEBRUARY 2022	MARCH 2022	JANUARY 2023	FEBRUARY 2023	MARCH 2023	THREE MONTH TOTAL VARIANCE *	
Balance Forward	\$ 320,465,991.21	\$ 321,552,258.38	\$ 318,754,981.10	\$ 382,161,959.12	\$ 376,904,507.02	\$ 369,307,771.02	\$ 167,601,006.47	
Add Receipts:								
1. Bond Assessment							\$ -	1. Bond Assessment
2. Regular Contributions:	13,913,224.57	8,037,738.68	1,255,370.49	10,878,668.75	5,806,182.39	2,153,553.10	(4,367,929.50)	2. Regular Contributions:
3. Federal Emergency Benefits (PEUC)	35,079.18	6,578.99	(96,471.72)	14,615.99	16,262.98	9,298.99	94,991.51	3. Federal Emergency Benefits (PEUC)
4. Federal Share Extended Benefits (EB)	4,680.00	382.00	(14,013.67)	540.00	-	-	9,491.67	4. Federal Share Extended Benefits (EB)
5. Federal Additional Compensation - FPUC	244,563.84	114,362.77	58,099.93	6,179.89	12,299.82	52,464.45	(346,082.38)	5. Federal Additional Compensation - FPUC
6. Pandemic Unemployment Assistance PUA	5,035.00	1,368.00	(547,873.12)	(514.00)	(1,397.00)	(1,474.00)	538,085.12	6. Pandemic Unemployment Assistance PUA
7. UCFE (Federal Agencies)	67,275.99	79,650.53	76,048.17	70,549.01	73,642.25	74,132.87	(4,650.56)	7. UCFE (Federal Agencies)
8. TSFR From Non-Invst FUA	-	-	-	-	-	-	-	8. TSFR From Non-Invst FUA
9. EUISAA - EMER US RELIEF/STC	-	146,002.00	-	8,532.73	5,802.57	-	(131,666.70)	9. EUISAA - EMER US RELIEF/STC
10. Treasury Interest Credits	-	-	1,259,362.40	-	-	1,652,108.91	392,746.51	10. Treasury Interest Credits
11. UCX (Military Agencies)	49,008.80	48,145.49	35,406.38	72,104.29	49,863.37	35,704.23	25,111.22	11. UCX (Military Agencies)
12. Temporary Compensation	-	-	-	-	-	-	-	12. Temporary Compensation
13. BT to State UI Account	-	-	-	-	-	-	-	13. BT to State UI Account
14. UI Modernization	-	-	-	-	-	-	-	14. UI Modernization
15. Loan Advance	-	-	-	-	-	-	-	15. Loan Advance
16. Return of Overpayments FPUC/PUA/EUO	-	-	-	-	-	-	-	16. Return of Overpayments FPUC/PUA/EUO
Total Monthly Receipts	\$ 37,538,718.03	\$ 28,916,869.26	\$ 12,011,605.34	\$ 35,795,306.84	\$ 25,495,204.73	\$ 17,679,370.18	\$ 502,689.12	Total Monthly Receipts
Less Disbursements:								
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	Debt Bond Repayment
Regular Benefits:	\$ 12,888,254.15	\$ 10,726,845.77	\$ 8,642,442.05	\$ 16,112,554.92	\$ 13,375,847.44	\$ 11,386,064.53	8,616,924.92	Regular Benefits:
Federal Emergency Compensation - PEUC	(127,136.72)	39,337.96	33,321.03	8,085.00	17,716.98	7,844.99	88,124.70	PEUC
Federal Additional Compensation - FPUC	376,668.45	330,016.46	349,312.79	26,838.70	39,663.37	72,386.93	(917,108.70)	FPUC
Pandemic Unemployment Assistance PUA	(22,231.99)	13,196.76	24,518.00	-	(1,397.00)	(1,589.00)	(18,468.77)	PUA
Federal Emergency Benefits (EUC08)	-	-	-	-	-	-	-	Federal Emergency Benefits (EUC08)
Federal Extended - 2112	(9,333.67)	382.00	-	540.00	-	-	9,491.67	Federal Extended - 2112
Emergency Benefits (TEUC)	-	-	-	-	-	-	-	Emergency Benefits (TEUC)
UCFE (Federal Workers) Benefits	86,973.89	76,645.55	66,054.19	77,257.60	67,525.85	73,611.51	(11,278.67)	UCFE (Federal Workers) Benefits
UCX (Military Workers) Benefits	39,406.10	45,747.15	36,708.92	72,777.29	48,430.60	35,704.23	35,049.95	UCX (Military Workers) Benefits
Reed Act Funds	-	-	-	-	-	-	-	Reed Act Funds
EUISAA Title IX/STC	-	-	-	8,532.73	5,802.57	8,608.14	22,943.44	EUISAA Title IX/STC
Total Monthly Disbursements	\$36,452,450.86	\$ 31,714,146.54	\$19,138,033.46	\$41,052,758.94	\$33,091,940.73	\$25,286,212.96	\$ 12,126,281.77	Total Monthly Disbursements
Trust Fund Balance	\$321,552,258.38	\$ 318,754,981.10	\$311,628,552.98	\$376,904,507.02	\$369,307,771.02	\$361,700,928.24	\$ 155,977,413.82	Trust Fund Balance

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

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
2022			
Balance 1/1/2022			\$ 320,721,323
January	\$ 37,538,718	\$ 36,452,450	\$ 321,552,258
February	\$ 28,916,869	\$ 31,697,188	\$ 318,771,939
March	\$ 12,011,605	\$ 19,158,780	\$ 311,624,765
April	\$ 58,377,090	\$ 38,864,190	\$ 331,141,453
May	\$ 119,518,142	\$ 68,430,700	\$ 382,227,590
June	\$ 10,606,226	\$ 14,860,237	\$ 377,973,650
July	\$ 23,347,631	\$ 21,136,193	\$ 380,185,088
August	\$ 44,849,046	\$ 34,688,784	\$ 390,353,159
September	\$ 9,274,519	\$ 15,483,662	\$ 384,144,017
October	\$ 29,373,905	\$ 23,295,702	\$ 390,222,220
November	\$ 21,420,345	\$ 22,714,535	\$ 388,928,030
December	\$ 12,704,112	\$ 19,470,183	\$ 382,161,959
Totals - 2022	\$ 407, 938,208	\$ 346,252,604	\$ 382, 161, 959
2023			
January	\$ 35,795,306	\$ 41,052,758	\$ 376,904,507
February	\$ 25,495,204	\$ 33,091,940	\$ 369,307,771
March	\$ 17,679,370	\$ 25,286,212	\$ 361,700,928
April	\$	\$	\$
May	\$	\$	\$
June	\$	\$	\$
July	\$	\$	\$
August	\$	\$	\$
September	\$	\$	\$
October	\$	\$	\$
November	\$	\$	\$
December	\$	\$	\$
Totals - 2023	\$	\$	\$

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING JANUARY 2022 AND JANUARY 2023**

	JANUARY 2022	FEBRUARY 2022	MARCH 2022	JANUARY 2023	FEBRUARY 2023	MARCH 2023	THREE MONTH TOTAL VARIANCE *	
Balance Forward	\$ 320,465,991.21	\$ 321,552,258.38	\$ 318,754,981.10	\$ 382,161,959.12	\$ 376,904,507.02	\$ 369,307,771.02	\$ 167,601,006.47	
Add Receipts:								
1. Bond Assessment							\$ -	1. Bond Assessment
2. Regular Contributions:	13,913,224.57	8,037,738.68	1,255,370.49	10,878,668.75	5,806,182.39	2,153,553.10	(4,367,929.50)	2. Regular Contributions:
3. Federal Emergency Benefits (PEUC)	35,079.18	6,578.99	(96,471.72)	14,615.99	16,262.98	9,298.99	94,991.51	3. Federal Emergency Benefits (PEUC)
4. Federal Share Extended Benefits (EB)	4,680.00	382.00	(14,013.67)	540.00	-	-	9,491.67	4. Federal Share Extended Benefits (EB)
5. Federal Additional Compensation - FPUC	244,563.84	114,362.77	58,099.93	6,179.89	12,299.82	52,464.45	(346,082.38)	5. Federal Additional Compensation - FPUC
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8. TSFR From Non-Invstd FUA	-	-	-	-	-	-	-	8. TSFR From Non-Invstd FUA
9. EUISAA - EMER US RELIEF/STC	-	146,002.00	-	8,532.73	5,802.57	-	(131,666.70)	9. EUISAA - EMER US RELIEF/STC
10. Treasury Interest Credits	-	-	1,259,362.40	-	-	1,652,108.91	392,746.51	10. Treasury Interest Credits
11. UCX (Military Agencies)	49,008.80	48,145.49	35,406.38	72,104.29	49,863.37	35,704.23	25,111.22	11. UCX (Military Agencies)
12. Temporary Compensation	-	-	-	-	-	-	-	12. Temporary Compensation
13. BT to State UI Account	-	-	-	-	-	-	-	13. BT to State UI Account
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Pandemic Unemployment Assistance PUA	(22,231.99)	13,196.76	24,518.00	-	(1,397.00)	(1,589.00)	(18,468.77)	PUA
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Total Monthly Disbursements	\$36,452,450.86	\$ 31,714,146.54	\$19,138,033.46	\$41,052,758.94	\$33,091,940.73	\$25,286,212.96	\$ 12,126,281.77	Total Monthly Disbursements
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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: April 19, 2023
Contact: Andy Malinoski
Andy.E.Malinoski@wv.gov
304-957-9318

State Unemployment Rate Declines in March

West Virginia's seasonally adjusted unemployment rate declined three-tenths of a percentage point to 3.4 percent in March 2023. The number of unemployed state residents fell 1,900 to 26,900. Total employment climbed 1,600 over the month. The national seasonally adjusted unemployment rate inched downward one-tenth of a percentage point to 3.5 percent in March 2023.

Total nonfarm payroll employment rose 800 in March, the gain entirely within the service-providing sector.

Within the goods-producing sector, a decline of 200 in construction offset a gain of 200 in mining and logging. Manufacturing employment was unchanged over the month.

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

Since March 2022, total nonfarm payroll employment has risen 2,000. Employment gains included 2,900 in private education and health services, 1,700 in mining and logging, 900 in other services, 300 in government, and 200 in financial activities. Employment declines included 2,500 in construction, 500 in trade, transportation, and utilities, 400 in professional and business services, 300 in leisure and hospitality, 200 in manufacturing, and 100 in information.

West Virginia's not seasonally adjusted unemployment rate declined one-tenth of a percentage point to 3.6 percent in March.

The state's seasonally adjusted labor force participation rate was unchanged at 54.6 percent in March 2023.

WEST VIRGINIA
(In Thousands - Seasonally Adjusted)
March 2023

	Prelim. Mar 2023	Revised Feb 2023	Revised Mar 2022	Change from:	
				Feb 2023	Mar 2022
Civilian Labor Force	782.4	782.7	785.9	-0.3	-3.5
Total Employment	755.5	753.9	757.4	1.6	-1.9
Total Unemployment	26.9	28.8	28.6	-1.9	-1.7
Unemployment Rate	3.4	3.7	3.6	xx	xx
Labor Force Participation Rate	54.6	54.6	54.7	xx	xx
NONFARM PAYROLL EMPLOYMENT BY INDUSTRY					
Total Nonfarm	699.9	699.1	697.9	0.8	2.0
Total Private	550.6	549.9	548.9	0.7	1.7
Goods Producing	97.5	97.5	98.5	0.0	-1.0
Mining and Logging	21.0	20.8	19.3	0.2	1.7
Construction	30.8	31.0	33.3	-0.2	-2.5
Manufacturing	45.7	45.7	45.9	0.0	-0.2
Durable Goods	27.9	27.9	26.8	0.0	1.1
Non-Durable Goods	17.8	17.8	19.1	0.0	-1.3
Service-Providing	602.4	601.6	599.4	0.8	3.0
Private Service-Providing	453.1	452.4	450.4	0.7	2.7
Trade, Transportation, and Utilities	123.3	122.9	123.8	0.4	-0.5
Wholesale Trade	18.5	18.1	18.6	0.4	-0.1
Retail Trade	78.9	78.8	78.8	0.1	0.1
Transportation, Warehousing, and Utilities	25.9	26.0	26.4	-0.1	-0.5
Information	7.7	7.8	7.8	-0.1	-0.1
Financial Activities	25.5	25.1	25.3	0.4	0.2
Finance and Insurance	18.7	18.4	18.8	0.3	-0.1
Real Estate and Rental and Leasing	6.8	6.7	6.5	0.1	0.3
Professional and Business Services	71.4	71.1	71.8	0.3	-0.4
Professional, Scientific & Technical Services	27.8	28.0	28.1	-0.2	-0.3
Administrative and Support and Waste Mgmt	36.1	35.6	36.1	0.5	0.0
Private Education and Health Services	130.2	130.5	127.3	-0.3	2.9
Educational Services	7.1	7.1	6.6	0.0	0.5
Health Care and Social Assistance	123.1	123.4	120.7	-0.3	2.4
Leisure and Hospitality	70.1	70.1	70.4	0.0	-0.3
Arts, Entertainment, and Recreation	8.7	8.8	8.8	-0.1	-0.1
Accommodation and Food Service	61.4	61.3	61.6	0.1	-0.2
Other Services	24.9	24.9	24.0	0.0	0.9
Government	149.3	149.2	149.0	0.1	0.3
Federal Government	25.5	25.4	25.1	0.1	0.4
State Government	46.1	46.0	44.5	0.1	1.6
Local Government	77.7	77.8	79.4	-0.1	-1.7

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

2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	774,300	775,200	775,700										
Employment	741,700	746,600	748,000										
Unemployment	32,600	28,600	27,700										
Rate	4.2	3.7	3.6										
Participation Rate	54.0	54.1	54.1										
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2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
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
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2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
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
<hr/>													
2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
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
<hr/>													
2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
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
<hr/>													
2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
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
<hr/>													
2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
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
<hr/>													
2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	782,600	787,400	782,200	786,200	788,300	796,900	789,000	785,800	784,800	786,700	778,300	773,100	785,100
Employment	726,500	728,800	727,800	737,800	742,300	746,200	741,700	737,600	741,600	744,500	739,100	732,500	737,200
Unemployment	56,100	58,500	54,400	48,400	45,900	50,700	47,300	48,300	43,200	42,200	39,300	40,600	47,900
Rate	7.2	7.4	7.0	6.2	5.8	6.4	6.0	6.1	5.5	5.4	5.0	5.2	6.1
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
<hr/>													
2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	787,000	789,700	784,900	793,800	797,700	806,900	799,800	793,900	788,100	790,200	783,900	782,400	791,500
Employment	730,400	730,400	727,800	741,200	744,400	750,700	744,400	741,500	743,100	745,900	738,400	735,300	739,500
Unemployment	56,600	59,300	57,100	52,600	53,300	56,200	55,400	52,400	45,000	44,400	45,500	47,100	52,100
Rate	7.2	7.5	7.3	6.6	6.7	7.0	6.9	6.6	5.7	5.6	5.8	6.0	6.6
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
<hr/>													
2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	789,400	795,700	792,000	795,300	800,800	805,300	800,900	796,900	795,800	799,900	791,000	785,700	795,700
Employment	730,800	732,700	733,300	745,400	750,400	753,500	748,000	744,200	749,900	754,700	745,000	739,600	744,000
Unemployment	58,700	63,100	58,700	49,900	50,400	51,800	52,900	52,700	45,900	45,200	46,000	46,100	51,800
Rate	7.4	7.9	7.4	6.3	6.3	6.4	6.6	6.6	5.8	5.7	5.8	5.9	6.5
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
<hr/>													
2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	798,800	798,000	790,900	799,200	802,400	814,200	807,700	802,100	800,700	798,100	792,900	788,800	799,500
Employment	734,500	734,900	733,800	747,400	752,100	758,400	754,200	749,400	752,500	749,100	744,500	739,200	745,800
Unemployment	64,300	63,100	57,100	51,800	50,300	55,800	53,500	52,700	48,100	49,000	48,400	49,600	53,600
Rate	8.0	7.9	7.2	6.5	6.3	6.9	6.6	6.6	6.0	6.1	6.1	6.3	6.7
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
<hr/>													
2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	797,500	802,500	799,100	806,600	815,200	822,700	815,800	809,500	811,600	813,000	802,600	800,200	808,000
Employment	736,100	738,000	738,900	750,500	757,200	760,400	754,300	749,300	757,500	759,400	749,400	744,000	749,600
Unemployment	61,400	64,500	60,200	56,100	58,000	62,300	61,500	60,200	54,100	53,600	53,200	56,100	58,400
Rate	7.7	8.0	7.5	7.0	7.1	7.6	7.5	7.4	6.7	6.6	6.6	7.0	7.2
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
Not Seasonally Adjusted**

<u>2023</u>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Labor Force	784041	782723	782374									
Employment	753125	753910	755510									
Unemployment	30916	28813	26864									
Rate	3.9	3.7	3.4									
LFPR	54.7	54.6	54.6									
<u>2022</u>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Labor Force	782880	784581	785927	786667	786778	786407	785694	784920	784352	784125	784180	784323
Employment	753003	755664	757359	757846	757211	755815	754091	752630	751923	751868	752180	752464
Unemployment	29877	28917	28568	28821	29567	30592	31603	32290	32429	32257	32000	31859
Rate	3.8	3.7	3.6	3.7	3.8	3.9	4	4.1	4.1	4.1	4.1	4.1
LFPR	54.4	54.6	54.7	54.8	54.8	54.8	54.7	54.7	54.7	54.6	54.6	54.7
<u>2021</u>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Labor Force	775888	776303	777498	778884	779972	780593	780178	779587	779073	779247	779943	781138
Employment	728990	730675	732775	735084	737307	739001	740243	741465	742949	744914	747271	750031
Unemployment	46898	45628	44723	43800	42665	41592	39935	38122	36124	34333	32672	31107
Rate	6	5.9	5.8	5.6	5.5	5.3	5.1	4.9	4.6	4.4	4.2	4
LFPR	53.7	53.8	53.9	54	54.1	54.1	54.1	54.1	54	54.1	54.2	54.3
<u>2020</u>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Labor Force	798553	796737	794006	762225	775679	772832	775973	774966	776931	775973	776002	776433
Employment	756806	754670	751985	642446	679637	691613	702689	711247	717974	722278	725272	727336
Unemployment	41747	42067	42021	119779	96042	81219	73284	63719	58957	53695	50730	49097
Rate	5.2	5.3	5.3	15.7	12.4	10.5	9.4	8.2	7.6	6.9	6.5	6.3
LFPR	55.1	55	54.8	52.7	53.6	53.5	53.7	53.6	53.8	53.7	53.7	53.7
<u>2019</u>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Labor Force	793880	792962	792213	792104	792740	793963	795445	796810	797936	798819	799341	799331
Employment	754035	753819	753843	754326	755192	756149	756881	757310	757791	758284	758515	758068
Unemployment	39845	39143	38370	37778	37548	37814	38564	39500	40145	40535	40826	41263
Rate	5	4.9	4.8	4.8	4.7	4.8	4.8	5	5	5.1	5.1	5.2
LFPR	54.5	54.5	54.5	54.5	54.6	54.7	54.8	54.9	55	55	55.1	55.1
<u>2018</u>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Labor Force	788504	789870	791737	793427	794520	794973	794879	794631	794523	794584	794677	794501
Employment	746031	747400	749438	751531	753131	754150	754671	754857	754813	754650	754484	754301
Unemployment	42473	42470	42299	41896	41389	40823	40208	39774	39710	39934	40193	40200
Rate	5.4	5.4	5.3	5.3	5.2	5.1	5.1	5	5	5	5.1	5.1
LFPR	53.9	54	54.2	54.3	54.4	54.5	54.5	54.5	54.5	54.5	54.5	54.6
<u>2017</u>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Labor Force	782265	781856	781658	781942	782759	783929	785269	786433	787155	787430	787406	787528
Employment	739919	740956	741764	742508	743381	744274	745020	745515	745669	745509	745139	745022
Unemployment	42346	40900	39894	39434	39378	39655	40249	40918	41486	41921	42267	42506
Rate	5.41326	5.23114	5.10377	5.04309	5.03067	5.05849	5.1255	5.20299	5.27037	5.32377	5.36788	5.3974
LFPR	53.2	53.2	53.2	53.2	53.3	53.4	53.5	53.6	53.7	53.7	53.8	53.8
<u>2016</u>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Labor Force	789352	789436	788767	787459	785938	784596	783598	782962	782586	782275	782016	781718
Employment	739186	739332	739023	738270	737255	736276	735591	735299	735395	735838	736667	737762
Unemployment	50166	50104	49744	49189	48683	48320	48007	47663	47191	46437	45349	43956
Rate	6.35534	6.34681	6.30655	6.24655	6.19425	6.15858	6.12648	6.08752	6.03014	5.93615	5.79899	5.623
LFPR	53.4	53.5	53.4	53.4	53.3	53.2	53.2	53.1	53.1	53.1	53.2	53.2
<u>2015</u>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Labor Force	793820	793628	793761	794032	793992	793269	791959	790409	789048	788329	788344	788821
Employment	742884	741810	740877	740233	739757	739251	738717	738212	737859	737853	738192	738713
Unemployment	50936	51818	52884	53799	54235	54018	53242	52197	51189	50476	50152	50108
Rate	6.41657	6.52926	6.66246	6.77542	6.83067	6.80954	6.72282	6.6038	6.48744	6.40291	6.36169	6.35226
LFPR	53.5	53.5	53.6	53.6	53.6	53.6	53.5	53.4	53.3	53.3	53.3	53.4
<u>2014</u>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Labor Force	797557	797946	797830	797081	795967	794976	794363	794272	794534	794725	794615	794247
Employment	743740	744294	744590	744377	743871	743439	743221	743335	743734	744126	744200	743765
Unemployment	53817	53652	53240	52704	52096	51537	51142	50937	50800	50599	50415	50482
Rate	6.74773	6.72376	6.6731	6.61213	6.54499	6.48284	6.43811	6.41304	6.39368	6.36686	6.34458	6.35596
LFPR	53.7	53.7	53.7	53.7	53.6	53.5	53.5	53.5	53.5	53.5	53.5	53.5
<u>2013</u>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Labor Force	804803	802827	801204	800277	799870	799704	799498	798902	797953	797136	796772	796988
Employment	747905	747084	746643	746757	747059	747163	746886	746160	745123	744107	743443	743337
Unemployment	56898	55743	54561	53520	52811	52541	52612	52742	52830	53029	53329	53651
Rate	7.0698	6.94334	6.80988	6.68768	6.60245	6.57006	6.58063	6.60181	6.62069	6.65244	6.69313	6.73172
LFPR	54.1	54	53.9	53.8	53.8	53.8	53.8	5.7	53.7	53.6	53.6	53.6
<u>2012</u>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Labor Force	808113	807794	807907	808217	808594	808884	808914	808788	808686	808416	807801	806607
Employment	750875	751038	750858	750339	749734	749257	748988	748953	749108	749232	749142	748703
Unemployment	57238	56756	57049	57878	58860	59627	59926	59835	59578	59184	58659	57904
Rate	7.08292	7.02605	7.06133	7.1612	7.2793	7.37151	7.4082	7.39811	7.36726	7.32098	7.26157	7.17871
LFPR	54.3	54.3	54.3	54.3	54.3	54.4	54.4	54.3	54.3	54.3	54.3	54.2

BRIM

May 2023

Interim Packet

West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET AND INCOME STATEMENT
For the Nine Months Ending March 31, 2023

Talking Points for Joint Committee on Government and Finance Meeting
May 2023

1. **Premium Revenue** for March reflects the premiums earned for the first nine 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 March, plus estimated accruals for the first nine 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 March were higher than through March of last year. Please note that claims expense does not include an adjustment of our claims reserves to the third quarter actuarial report, as we have not yet received that report. This adjustment could have a significant positive or negative impact on our net income through March.
3. **Investments** reflect a gain of \$7.6 million for the nine months ended March 31st. Investment returns during the first nine months of FY23 have varied widely. While we had significant losses in August, September and February, our returns in July, November, January and March 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 Net Position

For the Nine Months Ended March 31st

	2023	2022
	(In Thousands)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 24,699	\$ 16,074
Advance deposits with insurance company and trustee	255,057	246,521
Receivables	564	1,312
Prepaid insurance	1,990	1,175
Restricted cash and cash equivalents	4,919	13,503
Premiums due from other entities	1,222	711
Total current assets	288,450	279,296
Noncurrent assets:		
Equity position in internal investments pools	151,327	120,971
Restricted investments	29,185	69,860
Total noncurrent assets	180,511	190,831
Total assets	468,961	470,127
Deferred Outflows of Resources		
Deferred Outflows of Resources - OPEB	434	438
	61	115
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	103,306	61,326
Unearned premiums	11,927	10,697
Agent commissions payable	1,070	992
Claims Payable	0	(25)
Accrued expenses and other liabilities	2,725	2,915
Total current liabilities	119,029	75,905
Estimated unpaid claims and claims adjustment expense net of current portion		
	250,468	188,914
Compensated absences	167	172
Net pension liability	(894)	533
Total noncurrent liabilities	249,741	189,618
Total liabilities	368,770	265,523
Deferred Inflows of Resources		
Deferred Inflows of Resources - OPEB	1,156	35
	280	351
Net position:		
Restricted by State code for mine subsidence coverage	75,988	80,155
Unrestricted	75,415	196,713
Net Assets (Deficiency)	(52,154)	(72,098)
Net position	\$ 99,249	\$ 204,770

Unaudited

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

For the Nine Months Ended March 31st

	2023	2022
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 71,995	\$ 63,979
Less coverage/reinsurance programs	<u>(6,980)</u>	<u>(3,583)</u>
Net operating revenues	65,015	60,397
 Operating expenses		
Claims and claims adjustment expense	120,562	112,587
General and administrative	4,184	3,746
Total operating expenses	<u>124,746</u>	<u>116,333</u>
 Operating income (loss)	(59,731)	(55,936)
 Nonoperating revenues		
Investment income	7,577	(16,162)
Legislative Appropriation	0	0
OPEB Non Operating Income	0	0
Net nonoperating revenues	<u>7,577</u>	<u>(16,162)</u>
Changes in net position	(52,154)	(72,098)
 Total net position, beginning of year	151,403	276,868
 Total net position, end of period	<u>\$ 99,249</u>	<u>\$ 204,770</u>

Unaudited

PEIA
May 2023
Interim Packet

PEIA May 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 \$84, \$19 and \$282 million respectively.**
- **These reserve levels represent 12%, 12% and 188% of the respective funds' expenses. The required reserve for the State Fund is 12% of expenses.**

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
	\$	\$	%	%
OPERATING REVENUE				
Premium Revenue				
Health Insurance - State Gov. - Employers	\$277,547	\$14,407	(1%)	5%
Health Insurance - State Gov. - Employees	80,507	(996)	(1%)	(1%)
Health Insurance - Local Gov. - All	85,204	7,519	(3%)	9%
Administrative Fees, Net of Refunds	3,224	(7)	4%	(0%)
Other Premium Revenue	1,263	125	9%	10%
Total Operating Revenue	447,745	21,048	(1%)	5%
NON-OPERATING REVENUE				
Life Insurance	1,517	(174)	(17%)	(11%)
Direct Transfer	14,000	20,667	0%	148%
Interest and Investment Income	(2,061)	5,844	(50%)	(284%)
WV RHBT Pay Go Premiums	61,220	(21,638)	(1%)	(35%)
Total Non-Operating Revenue	74,676	4,699	(5%)	6%
548,168	558,797	522,421	(2%)	5%
EXPENSES				
Claims Expense - Medical	322,201	(12,924)	(1%)	(4%)
Claims Expense - Drugs	128,908	13,181	16%	10%
Payments to Managed Care Org.	36,463	175	6%	0%
Administrative Service Fees	13,796	(2,097)	(8%)	(15%)
Wellness and Disease Management	143	32	92%	22%
Other Operating Expenses	3,009	(629)	(3%)	(21%)
Life Insurance Expense	1,409	184	17%	13%
ACA Comparative Effectiveness Fee	646	326	33%	50%
WV RHBT Pay Go Premiums	61,220	21,638	1%	35%
547,909	569,196	567,795	4%	4%
259	(10,399)	(45,374)	(102%)	(101%)
93,425	93,425	162,360	0%	42%
\$93,684	\$83,026	\$116,986	13%	(20%)
Total Net Position, Beginning of Period				
Total Net Position, End of Period				
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Real Estate Division

May 2023

Interim Packet

Department of Administration Real Estate Division Leasing Report

For the period of April 1 - 25, 2023

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

- 3 - New Contract of Lease
- 1 - Straight Renewal
- 2 - Renewal with Increase in Rent
- 1 - Increase in Rent and in Square Feet - DOA Owned

Department of Administration Real Estate Division Leasing Report

For the period of April 1, 2023 through April 25, 2023

NEW CONTRACT OF LEASE

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-268 New Contract of Lease for 3 years consisting of 100 square feet of office space at the monthly rate of \$300.00, annual cost \$3,600.00, full service, 65 Main Street, in the City of Webster Springs, Webster County, West Virginia.

DIVISION OF NATURAL RESOURCES

NAT-142 New Contract of Lease for 1 year consisting of 80 square feet of office space at the monthly rate of \$100.00, annual cost \$1,200.00, full service, 200 Confederate Road, in the City of Franklin, Pendleton County, West Virginia.

WEST VIRGINIA CONSERVATION AGENCY

SCC-016 New Contract of Lease for 1 year consisting of 121 square feet of office space at the monthly rate of \$150.00, annual cost \$1,800.00, Tenant pays for janitorial service and supplies, garbage removal, and snow and ice removal, 500 Main Street, in the City of Union, Monroe County, West Virginia.

STRAIGHT RENEWAL

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-223 Renewal for 2 years consisting of 28,509 square feet of office space at the current annual per square foot rate of \$18.00, annual cost \$513,162.00, 69 16th Street, in the City of Wheeling, Ohio County, West Virginia.

RENEWAL WITH INCREASE IN RENT

WEST VIRGINIA OFFICE OF MINERS' HEALTH, SAFETY, AND TRAINING

MHS-031 Renewal for 10 years consisting of 5,510 square feet of office space with an increase in the annual per square foot rate from \$14.00 to \$15.00, annual cost \$82,650.00, full service, 14 Commerce Drive, in the City of Westover, Monongalia County, West Virginia.

BOARD OF COAL MINE HEALTH AND SAFETY

CMS-001 Renewal for 5 years consisting of 2,000 square feet of office space with an increase in the annual per square foot rate from \$9.60 to \$10.00, annual cost \$20,000.00, full service, 106 Dee Drive, in the City of Charleston, Kanawha County, West Virginia.

INCREASE IN RENT AND IN SQUARE FEET - DOA OWNED

WEST VIRGINIA BOARD OF PROFESSIONAL SURVEYORS

LSB-005 Increase of square feet from 861 square feet to 1,695 square feet of office space and an increase in the annual per square foot rate from \$13.20 to \$14.52, annual cost \$24,611.40 for year 1, with an increase in the annual per square foot rate to \$15.97, annual cost \$27,069.15 for year 2, with an increase in the annual per square foot rate to \$17.57, annual cost \$29,781.15 for year 3, full service, Building #86, 1124 Smith Street, in the City of Charleston, Kanawha County, West Virginia.

Real Estate Division
 Monthly Summary of Lease Activity
 April 1 - 25, 2023

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Department of Health and Human Resources	HHR-268	Webster	100	36.00	3,600	3.00	10,800
2	Division of Natural Resources	NAT-142	Pendleton	80	15.00	1,200	1.00	1,200
3	West Virginia Conservation Agency	SCC-016	Monroe	121	14.88	1,800	1.00	1,800
4	Department of Health and Human Resources	HHR-223	Ohio	28,509	18.00	513,162	2.00	1,026,324 *
5	WV Office of Miners' Health, Safety, and Training	MHS-031	Monongalia	5,510	15.00	82,650	10.00	826,500
6	Board of Coal Mine Health and Safety	CMS-001	Kanawha	2,000	10.00	20,000	5.00	100,000
7	WV Board of Professional Surveyors	LSB-005	Kanawha	1,695	14.52	24,611	1.00	24,611
	WV Board of Professional Surveyors	LSB-005	Kanawha	1,695	15.97	27,069	1.00	27,069
	WV Board of Professional Surveyors	LSB-005	Kanawha	1,695	17.57	29,781	1.00	29,781

	156.94
Total Rentable :	<u>41,405</u>
Average Annual Rental Rate	<u>17.44</u>
Total Annual Rent	<u>703,874</u>

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

Department of Health and Human Resources

Bureau for Medical Services

Medicaid Report MARCH 2023

Submitted to

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

MAY 2023

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

MONTH OF MARCH 2023

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2022	SFY2023	Current Month Ended 03/31/23	Current Month Ended 03/31/23	Year To-Date Thru 03/31/23	04/01/23 Thru 06/30/23
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	73,343,477	92,540,273	5,871,928	7,403,222	54,527,640	38,012,633
Inpatient Hospital - DSH	68,763,919	53,500,000	-	4,280,000	40,980,663	12,519,337
Inpatient Hospital - Supplemental Payments	808,013	-	-	-	-	-
Inpatient Hospital - GME Payments	13,553,905	14,786,078	-	1,182,886	10,831,602	3,954,476
Mental Health Facilities	9,025,749	8,892,278	682,084	711,382	5,395,695	3,496,583
Mental Health Facilities - DSH Adjustment Payments	20,710,419	18,887,045	-	1,510,964	14,165,283	4,721,762
Nursing Facility Services - Regular Payments	829,272,856	844,281,073	73,612,038	67,542,486	675,138,140	169,142,933
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	63,783,478	61,466,617	6,355,971	4,917,329	52,268,776	9,197,841
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	27,358,244	27,442,773	2,178,525	2,195,422	20,415,581	7,027,193
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	2,591,724	2,905,843	27,144,517	9,178,525
Outpatient Hospital Services - Supplemental Payments	-	-	-	-	-	-
Prescribed Drugs	863,893,847	887,195,598	88,703,239	70,975,648	689,792,962	197,402,636
Drug Rebate Offset - National Agreement	(492,992,320)	(466,000,000)	(84,555,558)	(37,280,000)	(424,347,781)	(41,652,219)
Drug Rebate Offset - State Sidebar Agreement	(69,893,026)	(48,000,000)	(18,156,215)	(3,840,000)	(88,395,366)	40,395,366
Drug Rebate Offset - MCO National	(14,142,519)	(12,600,000)	(709,123)	(1,008,000)	(6,710,463)	(5,889,537)
Drug Rebate Offset - MCO State Sidebar Agreement	-	-	-	-	17,601	(17,601)
ODU Medication Assisted Treatment-Drugs	33,307,091	-	8,634,151	-	66,952,712	(66,952,712)
Dental Services	4,519,576	4,388,445	274,464	351,076	3,306,386	1,082,059
Other Practitioners Services - Regular Payments	25,859,285	17,866,132	21,315,442	1,429,291	83,454,977	(65,588,845)
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	1,896,883	1,912,397	71,575	152,992	1,438,109	474,288
Lab & Radiological Services	5,537,165	6,026,059	452,976	482,085	4,216,128	1,809,930
Home Health Services	21,680,938	31,592,194	1,235,651	2,527,375	16,729,485	14,862,709
Hysterectomies/Sterilizations	25,446	9,816	517	785	7,211	2,605
Pregnancy Terminations ⁽²⁾	7,039	14,326	-	1,146	-	14,326
EPSDT Services	972,247	966,443	109,641	77,315	914,203	52,240
Rural Health Clinic Services	2,194,582	2,226,407	248,791	178,113	1,831,119	395,288
Medicare Health Insurance Payments - Part A Premiums	26,474,671	29,277,144	2,365,103	2,342,172	21,124,599	8,152,545
Medicare Health Insurance Payments - Part B Premiums	143,032,832	161,917,620	12,393,197	12,953,410	113,797,915	48,119,705
120% - 134% Of Poverty	13,677,719	13,803,220	1,307,822	1,104,258	11,970,936	1,832,284
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	12,754,173	12,333,082	1,343,613	986,647	10,375,325	1,957,757

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

	MONTH OF MARCH 2023		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2022	SFY2023	Current Month Ended 03/31/23	Current Month Ended 03/31/23	Year To-Date Thru 03/31/23	04/01/23 Thru 06/30/23		
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	2,557,486,965	2,516,888,533	193,387,104	201,351,083	1,937,282,651	579,605,882		
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	233,822	168,199	1,654,506	447,983		
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-		
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-		
Home & Community-Based Services (IDD)	399,132,220	423,654,313	30,558,214	33,892,345	295,884,925	127,769,388		
Home & Community-Based Services (Aged/Disabled)	168,890,148	157,496,579	5,285,672	12,599,726	95,893,374	61,603,205		
Home & Community-Based Services (Traumatic Brain Injury)	2,439,619	2,374,251	97,351	189,940	3,513,433	(1,139,182)		
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	1,509,284	6,905,045	51,710,924	34,602,133		
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	130,382	169,146	1,695,718	418,612		
Primary Care Case Management Services	-	-	-	-	-	-		
Hospice Benefits	26,947,181	27,674,479	2,553,594	2,213,958	22,615,782	5,058,698		
Emergency Services Undocumented Aliens	1,007,796	600,000	32,520	48,000	1,433,132	(833,132)		
Federally Qualified Health Center	6,788,867	6,480,457	679,539	518,437	9,435,471	(2,955,014)		
Non-Emergency Medical Transportation	37,138,633	44,435,613	3,678,575	3,554,849	30,724,147	13,711,467		
Physical Therapy	936,459	979,776	72,692	78,382	742,362	237,414		
Occupational Therapy	433,066	431,700	44,267	34,536	306,733	124,967		
Services for Speech, Hearing & Language	267,992	267,448	21,827	21,396	216,736	50,712		
Prosthetic Devices, Dentures, Eyeglasses	656,807	632,759	33,550	50,621	618,732	14,028		
Diagnostic Screening & Preventive Services	59,427	62,899	6,100	5,032	53,777	9,122		
Nurse Mid-Wife	108,545	100,733	10,284	8,059	73,820	26,913		
Emergency Hospital Services	-	-	-	-	-	-		
Critical Access Hospitals	24,146,104	24,081,090	1,683,560	1,926,487	18,388,750	5,692,341		
Nurse Practitioner Services	4,052,010	3,834,296	424,229	306,744	3,465,421	368,875		
School Based Services	34,336,767	29,998,075	312,961	2,399,846	2,574,683	27,423,392		
Rehabilitative Services (Non-School Based)	32,559,913	26,684,942	3,587,190	2,223,745	28,275,324	(1,590,382)		
2a) Opioid Treatment Program (OTP) - Methadone services	9,314,229	-	77,391	-	111,984	(111,984)		
2a) Opioid Treatment Program (OTP) - Peer Recovery Support Services	2,359,158	-	85,891	-	2,311,166	(2,311,166)		
2a) Opioid Treatment Program (OTP) - Residential Adult Services	3,437,675	-	567,725	-	5,024,300	(5,024,300)		
2a) OUD Medicaid Assisted Treatment Services	6,551,909	-	1,240,680	-	12,535,616	(12,535,616)		
2a) Opioid Treatment Program (OTP) - Other	433,875	-	50,854	-	452,247	(452,247)		
Private Duty Nursing	7,276,356	4,783,407	382,902	382,673	3,685,722	1,097,685		
Freestanding Birth Centers	-	-	-	-	-	-		
Health Home for Enrollees w Chronic Conditions	2,496,573	2,494,799	248,396	199,584	2,086,983	407,816		
Other Care Services	23,477,740	24,892,898	2,066,166	1,991,432	19,405,416	5,487,482		
Less: Recoupments	-	-	(407,423)	-	(8,476,854)	8,476,854		
NET MEDICAID EXPENDITURES:	5,173,325,653	5,190,426,986	374,982,855	415,323,109	3,951,040,934	1,239,386,052		

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

MONTH OF MARCH 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 ⁽¹⁾
 Plus: NATCEP/PASARR/Eligibility Exams
 Plus: HIT Incentive Payments

TOTAL EXPENDITURES

ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
SFY2022	SFY2023	Current Month Ended 03/31/23	Current Month Ended 03/31/23	Year To-Date Thru 03/31/23	04/01/23 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
5,146,465,505	5,190,426,986	374,982,855	415,323,109	3,922,984,244	1,267,442,742
36,875,489	52,225,540	3,760,387	4,178,043	31,961,359	20,264,181
215,799	296,842	13,433	23,747	146,932	149,909
1,046,209	1,056,776	87,081	84,542	785,473	271,303
\$5,184,603,001	\$5,244,006,144	\$378,843,755	\$419,609,441	\$3,955,878,009	\$1,288,128,135
4,348,531	-	511,083	-	3,428,858	(3,428,858)
288,102	58,550	79,400	4,684	184,809	(126,260)
-	-	-	-	-	-
\$5,189,239,635	\$5,244,064,693	\$379,434,238	\$419,614,125	\$3,959,491,677	\$1,284,573,017

(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 \$23,517,670 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 MARCH 2023	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2022	Current Month Ended 03/31/23	Year-To-Date Thru 03/31/23	04/01/23 Thru 06/30/23	SFY2023
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	139,436,683	38,044,911	81,507,579		81,507,579
MATCHING FUNDS					
General Revenue (0403/189)	307,763,411	24,126,404	196,792,500	97,524,713	294,317,213
IDD Waiver (0403/466)	108,541,736	9,045,144	72,722,963	35,818,773	108,541,736
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,334	1,947,000	649,000	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,666	4,767,000	1,589,000	6,356,000
Traumatic Brain Injury (0403/835)	800,000	66,666	536,000	264,000	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	1,132,801	9,107,725	4,485,895	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	-	10,202,626	3,400,875	13,603,501
Lottery Waiver (0420/539)	29,950,955	-	14,709,717	4,903,240	19,612,957
Lottery Transfer (5405/871)	16,400,070	-	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	34,282,567	190,205,240	376,217,678	566,422,918
NSGO UPL (5084/6717)	-	-	-	-	-
Expirations (5084)	-	-	-	-	-
Certified Match	12,931,908	623,757	6,240,285	5,400,465	11,640,750
Reimbursables - Amount Reimbursed	2,240,609	2,374,328	5,708,890	(5,708,890)	-
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	1,017	-	-	-	-
CHIP State Share	-	-	-	-	-
CMS - 64 Adjustments	(2,219,739)	-	31,735	(31,735)	-
TOTAL MATCHING FUNDS	\$ 973,683,311	\$ 110,442,578	\$ 655,743,785	\$ 600,861,477	\$ 1,256,605,261
FEDERAL FUNDS	4,294,542,939	357,414,378	3,392,334,997	876,937,587	4,269,272,584
TOTAL REVENUE SOURCES	\$ 5,268,226,250	\$ 467,856,956	\$ 4,048,078,782	\$ 1,477,799,064	\$ 5,525,877,846
TOTAL EXPENDITURES:					
Provider Payments	\$ 5,189,239,635	\$ 379,434,238	\$ 3,959,491,677	\$ 1,284,573,017	\$ 5,244,064,693
TOTAL	\$ 78,986,616	\$ 88,422,717	\$ 88,587,105	\$ 193,226,047	\$ 281,813,152

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

Department of Health and Human Resources

Bureau for Medical Services

Medicaid Waiver Report MARCH 2023

Submitted to

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

MAY 2023

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

Aged & Disabled Waiver Reported March 31, 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
Slots Approved By CMS (1)		8,506	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	8,500				8,500
-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	8,424				8,424
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees		76	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) (2) <i>YTD Column reflects most recent month's count</i>		8,418	7,386	7,555	7,786	7,909	7,910	8,104	8,226	8,333	8,472				8,472
Applicants determined eligible this month and added to MEL (3) * 103 of 170 are awaiting Financial Eligibility not yet on MEL		216	246	268	197	229	171	215	255	223	170*				2,027
Applicants determined ineligible		113	8	15	10	6	13	6	6	19	19				102
ACTIVE MEMBERS															
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	7,655				7,655
Active Take Me Home Members at the end of the month		52	50	54	55	55	52	51	48	45	52				52
Active Money Follows the Person Members at the end of the month															
Total Active members at the end of the month (unduplicated slots active) <i>YTD Column reflects most recent month's count</i>		7,288	7,309	7,438	7,567	7,613	7,612	7,636	7,690	7,714	7,731				7,731
Active members enrolled during the calendar month		1,793	127	252	230	150	128	130	148	158	162				1,485
-Total Active Traditional members enrolled during the calendar month		1,737	123	247	224	148	125	126	147	153	157				1,450
-Total Active TMH-WV members enrolled during the calendar month		56	4	5	6	2	3	4	1	5	5				35
-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	145				1,042
ADW Members whose case was closed by reason	Member is deceased	1,036	76	68	65	74	83	72	63	94	84				679
	Other (4)	444	30	54	36	30	47	34	31	40	61				363
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		3,668	371	234	150	186	176	153	218	242	214				1,944
ADW Applicants removed from the MEL	Applicant offered a slot (Traditional + MFP)	1,227	255	140	71	105	78	100	111	129	108				1,097
	Applicant became deceased	242	19	10	22	17	13	29	31	18	18				177
	Other (5)	2,199	97	84	57	64	85	24	76	95	88				670
Applicants on the MEL who are in a nursing facility <i>YTD Column reflects # members in setting during reporting month</i>		4	0	1	2	8	0	0	57	2	2				2
Applicants on the MEL receiving Personal Care <i>YTD Column reflects # members receiving service during reporting month</i>		3	4	4	2	5	0	0	2	1	1				1
Applicants on the MEL at the end of month		525	20	37	12	0	11	29	8	11	23				23
Days - Average time spent on the MEL to date Minus MFP Applicants		44	75	88	105	120	141	151	158	145	148				126

(1) Beginning March 1, 2023, 8,500 slots approved by CMS, 76 are reserved for Money Follows the Person and Rebalancing Demonstration Grant.

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

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

(4) Other 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.

(5) "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 March 31, 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				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	6,074				6,074
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	6,074				6,074
Total number of members served YTD in Adult Ben H. slots (Active)		1	0	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				0
Applicants determined eligible (2)		43	28	42	45	53	44	32	46	40	46				376
Applicants determined ineligible (3)		55	23	54	51	48	46	58	43	34	37				394
ACTIVE MEMBERS															
# 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	5,937				5,937
Discharged members at the end of the calendar month		216	12	19	20	13	15	19	26	10	13				147
Discharged members who were discharged by reason	Deceased	106	3	6	10	6	4	10	9	2	6				56
	Left program to enter a facility	65	5	7	2	3	5	5	11	4	3				45
	a. Hospital	0	0	0	0	0	0	0	0	0	0				0
	b. ICF/IID	29	3	2	2	2	3	4	8	1	2				27
	c. Nursing Facility	35	2	5	0	1	2	1	2	3	1				17
	d. Psychiatric Facility	0	0	0	0	0	0	0	0	0	0				0
	e. Rehabilitation Facility	0	0	0	0	0	0	0	0	0	0				0
	f. Other Facility	0	0	0	0	0	0	0	1	0	0				1
Other (6)	48	4	6	8	4	6	4	6	4	4				46	
MANAGED ENROLLMENT LIST (MEL)															
Total number of applicants on the MEL at the end of the month		271	187	213	232	261	291	319	355	390	427				427
Number of applicants added to the MEL (4)		421	28	42	45	53	44	32	46	40	46				376
Applicants enrolled (removed from the MEL)		337	110	13	25	22	13	3	9	4	5				204
Applicants removed from the MEL due to Death (5)		3	1	0	0	0	0	0	1	0	0				2
Applicants removed from the MEL due to Other (6)		21	2	3	1	2	1	1	0	1	4				15
Applicants on the MEL who are in a Nursing Facility		0	0	0	0	1	0	1	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	19				0
Applicants on the MEL receiving Personal Care Services each month		8	4	4	4	9	4	10	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				1,082

(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**

Traumatic Brain Injury Waiver Reported March 31, 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
Slots Approved By CMS (1)		96	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				92
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees		0	4	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				93
Applicants determined eligible this month and added to MEL (3)*		8	0	1	1	0	4	1	2	0	0				9
Applicants determined ineligible		0	0	0	0	0	0	0	0	0	0				0
ACTIVE MEMBERS															
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count		84	84	84	85	85	87	89	90	91	90				90
Active members enrolled during the calendar month		10	1	0	1	0	2	2	1	1	0				8
-Total Active Traditional members enrolled during the calendar month		10	1	0	1	0	2	2	1	0	0				7
-Total Active TMH-WV members enrolled during the calendar month		0	0	0	0	0	0	0	0	1	0				1
Members discharged during the calendar month		11	1	0	0	0	0	0	0	0	1				2
TBIW Members whose case was closed by reason	Member is deceased	5	0	0	0	0	0	0	0	0	1				1
	Other (4)	6	1	0	0	0	0	0	0	0	0				1
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		8	0	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				0
	Applicant became deceased	0	0	0	0	0	0	0	0	0	0				0
	Other (5)	2	0	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				0
Applicants on the MEL receiving Personal Care		1	0	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				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				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.

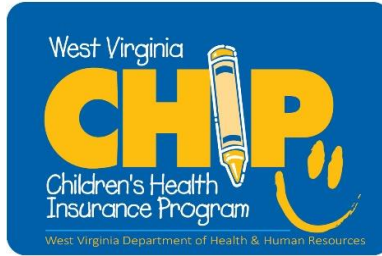
(3) Monthly number added to MEL is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on their initial application date. * NO MEL

(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

MAY 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 Seven Months Ending January 31, 2023 and January 31, 2022

	Annual	Budget	Actual	Actual	Actual		Budget	
	Budget 2023	Year-to-Date	January 31, 2023	January 31, 2024	Variance	%	Variance	%
					\$	%	\$	%
Beginning Operating Fund Balance			\$6,699,256	\$7,418,708	(\$719,452)	-10%		
Revenues								
Federal Grants	\$53,211,908	\$31,040,280	\$24,959,573	\$26,311,085	(\$1,351,512)	-5%	(\$6,080,707)	-20%
State Appropriations	\$7,090,665	\$4,136,221	\$3,477,943	\$3,568,970	\$0	0%	(\$658,278)	-16%
Premium Revenues	\$82,500	\$48,125	\$25,174	\$30,543	(\$5,370)	-18%	(\$22,952)	-48%
Investment Earnings (Interest)	\$100,000	\$58,333	(\$27,062)	(\$16,458)	(\$10,604)	64%	(\$85,395)	-146%
Total Operating Fund Revenues	\$60,485,073	\$35,282,959	\$28,435,627	\$29,894,140	(\$1,458,513)	-5%	(\$6,847,332)	-19%
Expenditures:								
Claims Expenses:								
Managed Care Organizations			\$22,222,526	\$22,098,306	\$124,220	1%		
Prescribed Drugs			\$3,935,858	\$6,313,931	(\$2,378,073)	-38%		
Physicians & Surgical			\$1,249,416	\$1,362,467	(\$113,051)	-8%		
Inpatient Hospital Services			\$280,358	\$386,413	(\$106,055)	-27%		
Dental			\$1,236	\$73,898	(\$72,662)	-98%		
Outpatient Services			\$162,834	\$175,916	(\$13,082)	-7%		
Therapy			\$41,302	\$47,866	(\$6,564)	-14%		
Other Services			\$27,854	\$38,869	(\$11,015)	-28%		
Inpatient Mental Health			\$2,978	\$15,135	(\$12,158)	-80%		
Vision			\$3,602	\$10,653	(\$7,051)	-66%		
Durable & Disposable Med. Equip.			\$2,459	\$4,854	(\$2,395)	-49%		
Outpatient Mental Health			\$2,624	\$2,992	(\$368)	-12%		
Medical Transportation			\$21,591	\$56,035	(\$34,444)	-61%		
Less: Other Collections**			(\$134,709)	(\$4,116)	(\$130,593)	3173%		
Drug Rebates	(\$2,517,954)	(\$1,468,807)	(\$1,490,794)	(\$1,681)	(\$1,489,113)	88585%	\$156,697	-11%
Total Claims Expenses	\$60,430,294	\$35,251,005	\$26,329,135	\$30,581,538	(\$4,252,403)	-14%	(\$8,921,870)	-25%
Administrative Expenses:								
Salaries and Benefits	\$669,704	\$390,661	\$192,988	\$22,502	\$170,486	758%	(\$197,673)	-51%
Program Administration	\$4,393,877	\$2,563,095	\$2,505,385	\$2,084,706	\$420,679	20%	(\$57,710)	-2%
Outreach & Health Promotion			\$0	\$0	\$0	0%	\$0	0%
Health Service Initiative	\$225,000	\$112,500	\$168,750	\$112,500	\$56,250	50%	\$56,250	50%
Current	\$175,000	\$102,083	\$21,387	\$30,828	(\$9,441)	-31%	(\$80,696)	-79%
Total Administrative Expenses in Operating Fund	\$5,463,581	\$3,168,339	\$2,888,510	\$2,250,536	\$637,974	28%	(\$279,829)	-9%
Total Operating Fund Expenditures	\$65,893,875	\$38,419,344	\$29,217,645	\$32,832,074	(\$3,614,429)	-11%	(\$9,201,699)	-24%
Adjustments			(\$1,112,175)	(\$190,480)				
Ending Operating Fund Balance			\$4,805,063	\$4,290,294	\$514,769	12%		
Money Market			\$13,359	\$13,074				
Bond Pool			\$3,708,955	\$3,772,108				
Cash on Deposit			\$1,082,750	\$505,112				
Revenues Outside of Operating Funds:								
Federal Grants			\$1,017,586	\$524,745	\$492,841	94%		
Total WVCHIP Revenues			\$29,453,213	\$30,418,885	(\$965,672)	-3%		
Program Expenses outside of Operating Funds:								
Eligibility	\$500,000	\$291,667	\$1,017,586	\$524,745	\$492,841	94%	\$725,919	249%
Total Administrative Expenses	\$5,963,581	\$3,460,006	\$3,906,096	\$2,775,281	\$1,130,815	41%	\$446,090	13%
Total WVCHIP Expenditures	\$66,393,875	\$38,711,010	\$30,235,231	\$33,356,819	(\$3,121,588)	-9%	(\$8,475,780)	-22%

Footnotes:

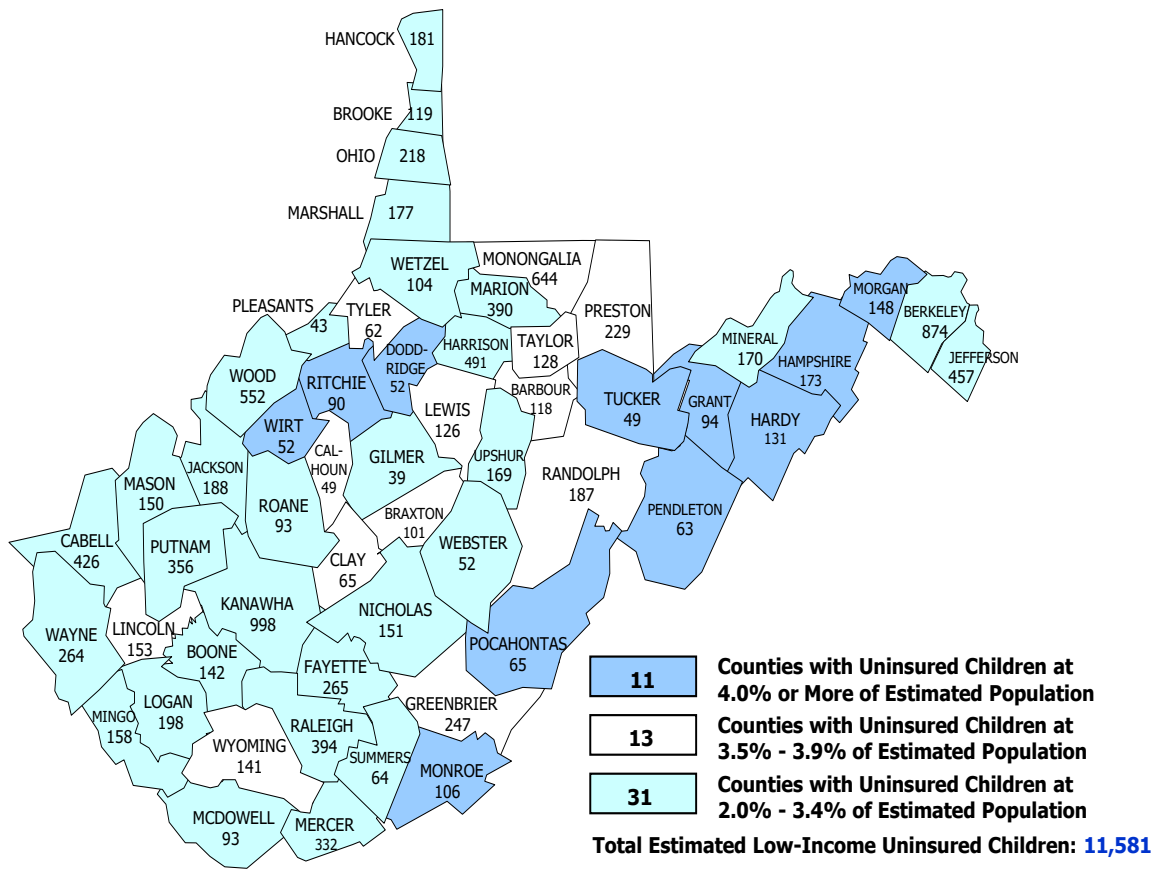
- 1) Statement is on cash basis.
- 2) Estimate of Incurred but Not Reported (IBNR) claims on January 31, 2023 is \$360,000. The January 31, 2022 estimate was \$454,358.
- 3) Administrative Accounts Payable balance on January 31, 2023 was \$239,844. The January 31, 2022 balance was \$256,205.
- 4) 2023 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%
Totals	363,350	7,434	4,692	5,874	188	157	18,345	232,779	251,124	69.1%	11,581	3.2%

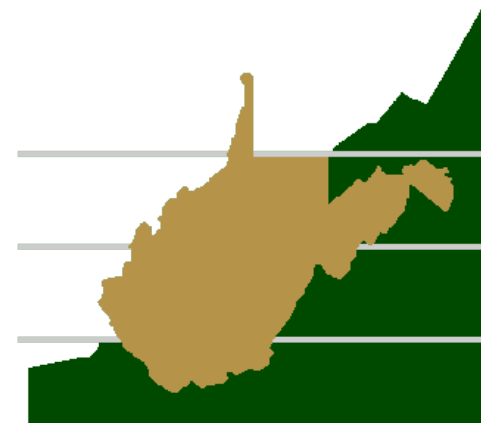


The above map shows the most recent 2020 county level data provided by the U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE) for children under 19 years. While the statewide average for children under 19 is now about 3.2%, the SAHIE data reflects more accurately the variation from county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

Participant Plan Performance Report

March 31, 2023



Participant Plans Allocation & Performance Net of Fees

Period Ending: March 31, 2023

	6/30/2022		3/31/2023		Performance %							
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
WVIMB Fund Assets	22,991,842	100.0	23,689,816	100.0								
Pension Assets	18,829,116	81.9	19,292,544	81.5								
Public Employees' Retirement System	8,004,835	34.8	8,207,879	34.7	1.0	3.7	5.3	(2.9)	13.3	7.6	8.3	8.6
Teachers' Retirement System	8,980,424	39.1	9,063,977	38.3	1.0	3.7	5.3	(2.9)	13.2	7.6	8.2	8.4
EMS Retirement System	112,407	0.5	119,032	0.5	1.0	3.7	5.3	(2.9)	13.2	7.6	8.3	
Public Safety Retirement System	767,508	3.3	768,023	3.3	1.0	3.7	5.3	(2.8)	13.3	7.6	8.3	8.6
Judges' Retirement System	259,323	1.1	271,264	1.1	1.0	3.7	5.3	(2.9)	13.3	7.6	8.3	8.5
State Police Retirement System	289,417	1.3	309,127	1.3	1.0	3.7	5.3	(2.9)	13.3	7.6	8.3	8.5
Deputy Sheriffs' Retirement System	293,315	1.3	307,323	1.3	1.0	3.7	5.3	(2.9)	13.3	7.6	8.3	8.6
Municipal Police & Firefighter Retirement System	26,796	0.1	32,328	0.1	1.0	3.6	5.2	(2.9)	13.2	7.6	8.1	
Natural Resources Police Office Retirement System	24,467	0.1	26,493	0.1	1.0	3.7	5.3	(2.9)				
Municipal Model A (I)	68,337	0.3	184,548	0.8	1.0	3.7	6.2	(2.1)	13.9	8.1		
Municipal Model B (I)	2,287	0.0	2,550	0.0	2.1	5.2	6.1	(4.8)	9.1			
Insurance Assets	3,007,901	13.1	3,201,085	13.5								
Workers' Compensation Old Fund	881,990	3.8	853,901	3.6	1.3	3.1	3.2	(4.4)	6.4	3.6	4.1	
Workers' Comp. Self-Insured Guaranty Risk Pool	35,691	0.1	36,467	0.2	1.3	3.1	3.5	(3.7)	7.0	3.8	4.4	
Workers' Comp. Self-Insured Security Risk Pool	48,590	0.2	48,174	0.2	1.3	3.1	3.5	(3.8)	6.9	3.8		
Workers' Comp. Uninsured Employers' Fund	15,559	0.1	16,409	0.1	1.3	3.1	3.5	(3.7)	6.8	3.7	4.2	
Pneumoconiosis	207,487	0.9	200,081	0.8	1.3	3.1	3.5	(3.8)	7.0	3.8	4.3	5.3
Board of Risk & Insurance Management	175,463	0.8	180,511	0.8	1.3	3.0	3.5	(3.8)	6.9	3.8	4.3	
Public Employees' Insurance Agency	134,812	0.6	173,749	0.7	1.3	3.0	3.3	(3.8)	6.0	3.6	4.2	
WV Retiree Health Benefit Trust Fund	1,508,309	6.6	1,691,793	7.1	1.0	3.7	5.4	(2.8)	13.3	7.6	8.3	
Endowment Assets	1,154,825	5.0	1,196,187	5.0								
Berkeley County Development Authority	7,886	0.0	8,305	0.0	1.0	3.7	5.3	(2.9)	13.3	7.6		
Wildlife Fund	73,641	0.3	71,943	0.3	1.0	3.6	5.3	(2.9)	13.2	7.6	8.3	8.6
WV State Parks and Recreation Endowment Fund	14,770	0.1	31,752	0.1	1.0	3.7	5.7	(2.2)				
Revenue Shortfall Reserve Fund	329,802	1.4	333,323	1.4	2.2	3.4	0.9	(4.4)	(0.4)	1.3	1.3	
Revenue Shortfall Reserve Fund - Part B	498,719	2.2	509,708	2.2	2.0	3.4	2.2	(5.2)	4.0	2.9	3.6	
WV DEP Trust	10,357	0.0	11,182	0.0	1.3	5.5	8.0	(3.7)	13.0	5.6	6.9	
WV DEP Agency	219,650	1.0	229,974	1.0	1.2	3.6	4.7	(3.8)	8.5	4.2		

Composite Asset Allocation & Performance Net of Fees

Period Ending: March 31, 2023

	Asset (\$000)	%	Performance %								
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year	
Investment Pools Composite	23,701,091	100.00									
Portable Alpha Composite +/- S&P 500 Index	4,983,707	21.04	2.67 (1.00)	6.40 (1.10)	8.12 (1.86)	(9.61) (1.88)					
Large Cap Domestic Equity Composite +/- S&P 500 Index	304,559	1.29	3.67 0.00	7.54 0.04	9.88 (0.10)	(7.80) (0.07)	18.62 0.02	10.74 (0.45)	12.15 (0.09)	10.41 0.04	
Non-Large Cap Domestic Equity Composite +/- Russell 2500 Index	1,044,406	4.40	(2.97) 0.78	9.66 6.27	21.12 13.18	(4.09) 6.30	23.56 4.14	8.09 1.44	9.73 0.66	11.33 0.66	
International Equity Composite +/- MSCI AC World ex US IMI Index (b)	4,437,342	18.72	1.45 (0.78)	6.74 0.04	8.91 (1.29)	(4.98) 0.36	13.92 1.20	2.37 (0.47)	5.45 0.70	8.77 0.74	
Fixed Income Composite +/- Bloomberg Universal (c)	3,789,227	15.99	2.16 (0.19)	2.80 (0.13)	1.37 0.82	(3.13) 1.48	0.34 2.36	1.50 0.45	2.27 0.65	3.88 0.48	
Core Fixed Income Composite +/- Bloomberg US Aggregate	1,467,207	6.19	2.61 0.07	3.46 0.50	0.53 0.62	(3.78) 1.00	(1.30) 1.47	1.71 0.81	1.97 0.61		
Total Return Fixed Income Composite (j) +/- Bloomberg Universal	2,322,020	9.80	1.88 (0.47)	2.42 (0.51)	1.64 1.09	(2.94) 1.67	1.03 3.05	1.37 0.32	2.39 0.77	4.23 0.73	
TIPS Composite +/- Bloomberg US TIPS	407,999	1.72	2.90 0.01	3.53 0.19	0.08 0.06	(6.01) 0.05	1.85 0.10	3.02 0.08	1.52 0.04		
Cash Composite +/- FTSE 3 Month US T-Bill (d)	118,714	0.50	0.41 0.01	1.08 (0.04)	2.44 (0.02)	2.55 (0.06)	0.88 (0.07)	1.31 (0.09)	0.85 (0.02)	1.36 (0.03)	
Private Equity Composite +/- Russell 3000 + 3% (e, f)	2,759,904	11.64	2.04 (0.88)	2.41 (5.51)	1.75 (10.24)	0.00 5.58	24.14 2.66	23.28 9.83	18.22 3.39		
Real Estate Composite +/- NCREIF + 1% (e)	2,460,602	10.38	(0.84) 0.26	(2.14) 1.11	(2.37) (3.31)	3.08 (3.44)	7.72 (1.35)	7.32 (1.14)	8.46 (1.36)		
Hedge Fund Composite +/- HFRI FOF + 1% (g)	2,477,350	10.45	(1.73) (1.13)	(0.26) (1.22)	3.22 0.38	2.29 3.23	9.72 1.55	5.35 1.25	4.81 0.88		
Private Credit & Income Composite +/- CS Leveraged Loan + 2% (e, k)	917,281	3.87	(0.77) (0.84)	(0.09) (3.70)	0.69 (7.58)	4.34 0.22	5.99 (4.39)	6.45 0.90			

Participant Plans Allocation vs. Strategy

Period Ending: March 31, 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	48.1	45.0	13.2	15.0	12.4	12.0	11.6	12.0	4.3	6.0	10.2	10.0	0.2	0.0
Teachers' Retirement System	48.3	45.0	13.1	15.0	12.4	12.0	11.6	12.0	4.3	6.0	10.3	10.0	0.0	0.0
EMS Retirement System	47.9	45.0	13.4	15.0	12.4	12.0	11.6	12.0	4.2	6.0	10.2	10.0	0.3	0.0
Public Safety Retirement System	48.3	45.0	12.9	15.0	12.5	12.0	11.6	12.0	4.3	6.0	10.3	10.0	0.1	0.0
Judges' Retirement System	48.1	45.0	13.3	15.0	12.4	12.0	11.6	12.0	4.2	6.0	10.2	10.0	0.2	0.0
State Police Retirement System	47.8	45.0	13.6	15.0	12.4	12.0	11.5	12.0	4.2	6.0	10.2	10.0	0.3	0.0
Deputy Sheriffs' Retirement System	48.0	45.0	13.4	15.0	12.4	12.0	11.6	12.0	4.2	6.0	10.2	10.0	0.2	0.0
Municipal Police & Firefighter Retirement System	46.8	45.0	14.1	15.0	12.2	12.0	11.4	12.0	4.2	6.0	10.1	10.0	1.2	0.0
Natural Resources Police Office Retirement System	47.6	45.0	13.5	15.0	12.3	12.0	11.5	12.0	4.2	6.0	10.2	10.0	0.7	0.0
Municipal Model A	47.9	45.0	13.2	15.0	12.4	12.0	11.6	12.0	4.2	6.0	10.2	10.0	0.5	0.0
Municipal Model B	56.2	55.0	42.7	45.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.0

Insurance Assets

Workers' Compensation Old Fund	26.2	25.0	44.3	45.0	4.2	4.0	3.9	4.0	1.4	2.0	15.4	15.0	4.6	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	26.1	25.0	44.2	45.0	4.1	4.0	3.9	4.0	1.4	2.0	15.4	15.0	4.9	5.0
Workers' Comp. Self-Insured Security Risk Pool	26.2	25.0	44.3	45.0	4.2	4.0	3.9	4.0	1.4	2.0	15.4	15.0	4.6	5.0
Workers' Comp. Uninsured Employers Fund	25.9	25.0	44.1	45.0	4.1	4.0	3.8	4.0	1.4	2.0	15.3	15.0	5.4	5.0
Pneumoconiosis	26.5	25.0	44.6	45.0	4.2	4.0	3.9	4.0	1.4	2.0	15.5	15.0	3.9	5.0
Board of Risk & Insurance Mgmt.	25.8	25.0	44.4	45.0	4.1	4.0	3.9	4.0	1.4	2.0	15.3	15.0	5.1	5.0
Public Employees' Insurance Agency	20.6	20.0	54.2	55.0	2.1	2.0	1.9	2.0	0.7	1.0	20.5	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	47.9	45.0	13.9	15.0	12.3	12.0	11.5	12.0	4.2	6.0	10.2	10.0	0.0	0.0

Endowment Assets

Berkeley County Development Authority	47.8	45.0	13.7	15.0	12.4	12.0	11.6	12.0	4.2	6.0	10.2	10.0	0.1	0.0
Wildlife Fund	47.4	45.0	14.0	15.0	12.4	12.0	11.6	12.0	4.2	6.0	10.2	10.0	0.2	0.0
WV State Parks and Recreation Endowment Fund	43.3	45.0	13.4	15.0	11.2	12.0	10.5	12.0	3.8	6.0	9.3	10.0	8.5	0.0
Revenue Shortfall Reserve Fund	10.4	10.0	79.6	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	18.3	17.5	71.9	72.5	2.1	2.0	1.9	2.0	0.7	1.0	5.1	5.0	0.0	0.0
WV DEP Trust	52.6	50.0	13.7	15.0	10.3	10.0	9.6	10.0	3.5	5.0	10.2	10.0	0.1	0.0
WV DEP Agency	36.4	35.0	38.4	40.0	2.1	2.0	1.9	2.0	0.7	1.0	20.5	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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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"¹, was formed to thereafter issue workers' compensation insurance. BrickStreet began writing new workers' compensation insurance policies in January 2006 (Brickstreet also retained the workers' compensation insurance premium and incurred liability starting in July 2005). The West Virginia workers' compensation insurance market was further privatized and opened to full competition beginning in July 2008.

When Brickstreet was formed to begin to privatize the workers' compensation insurance market in West Virginia, a large legacy liability existed stemming from the historical operation of the State-administered monopolistic fund. This legacy liability was retained by the State of West Virginia in what is known as the "Old Fund." The Old Fund consists of all historical claims with dates of injuries or last exposure through June 30, 2005. In addition to the following sections that specifically reference other "funds," the "private market," or the "self-insured" community (which began in July 2004), this report to the Joint Committee on Government & Finance concerns the workers' compensation legacy liability of the State of West Virginia, i.e., the Old Fund.

As of January 2008, there were 47,961 active Old Fund workers' compensation insurance claims. In December 2020, the number of active claims fell to less than 10,000 for the first time and, as of 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.

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

Definitions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

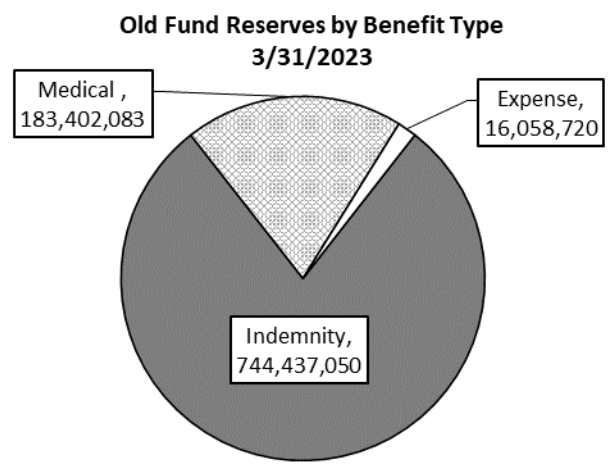
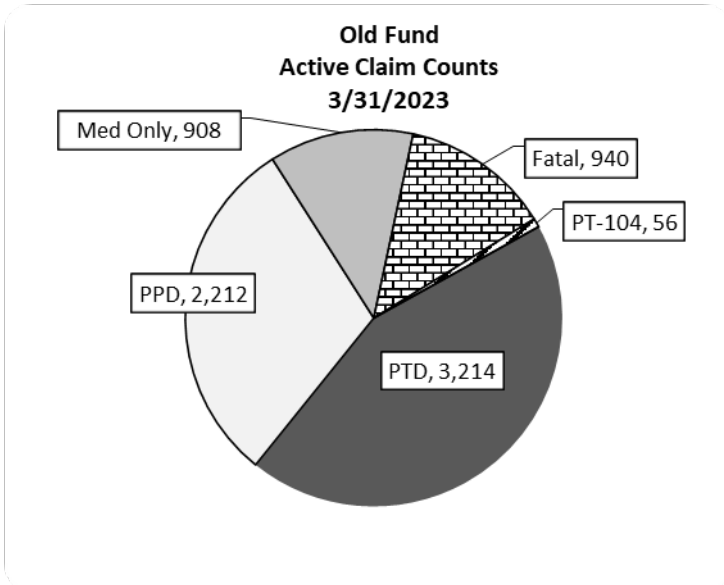
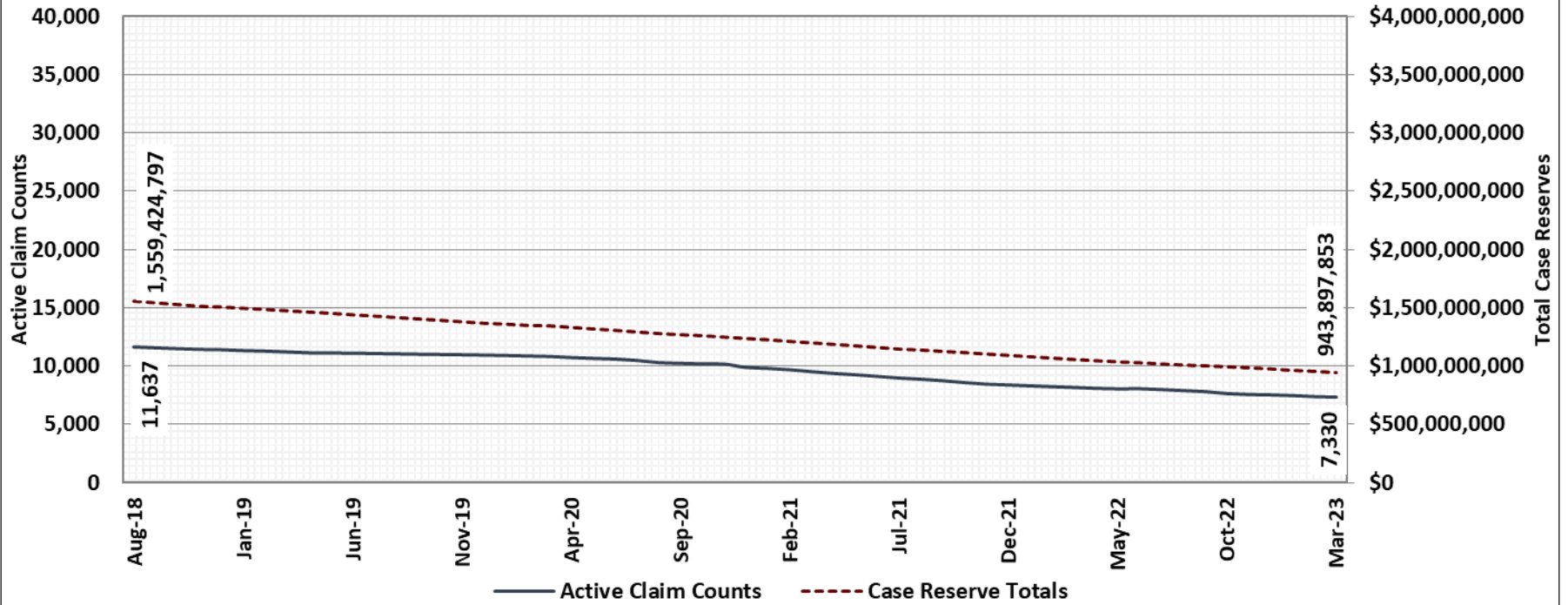
Self-Insured Security Fund: State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last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

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

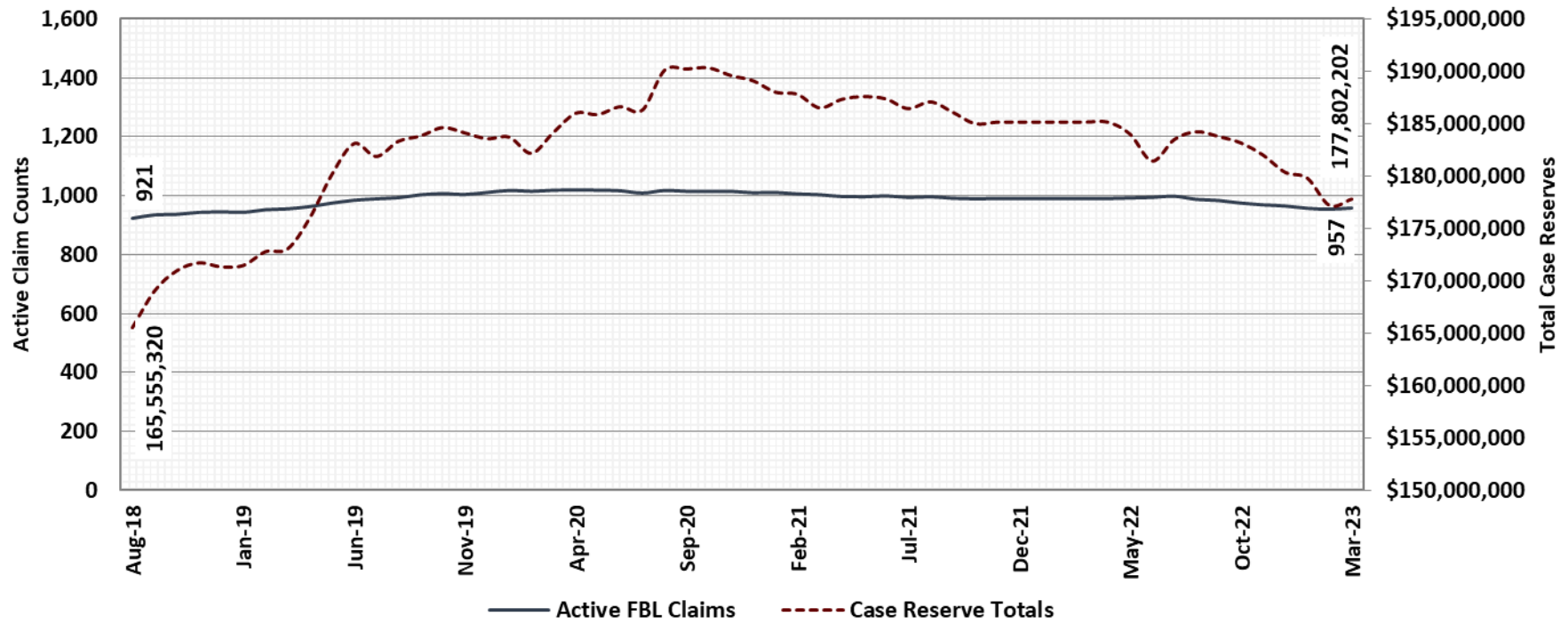
TTD: (Temporary Total Disability) an inability to return to substantial gainful employment requiring skills or activities comparable to those of one's previous gainful employment during the healing or recovery period after the injury. In order to receive TTD benefits, the injured worker must be certified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

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

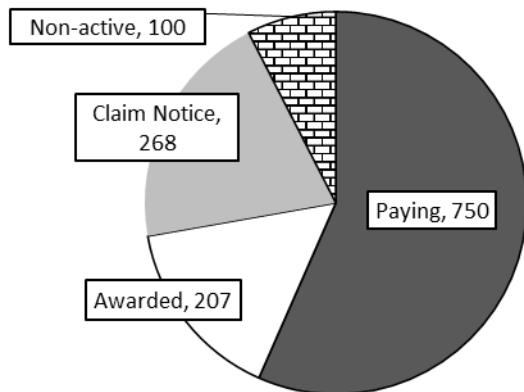
**Old Fund
Active Claim Counts and Case Reserves
3/31/2023**



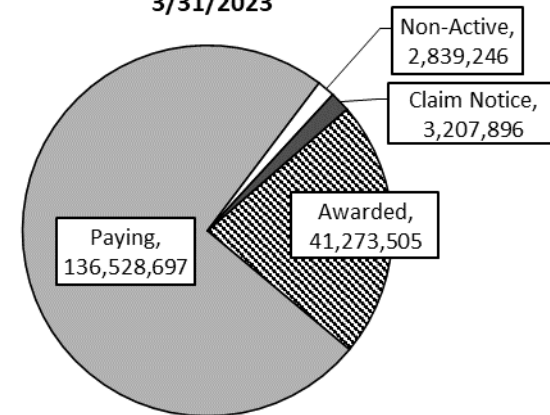
**CWP Fund (FBL)
Active Claim Counts and Case Reserves
3/31/2023**



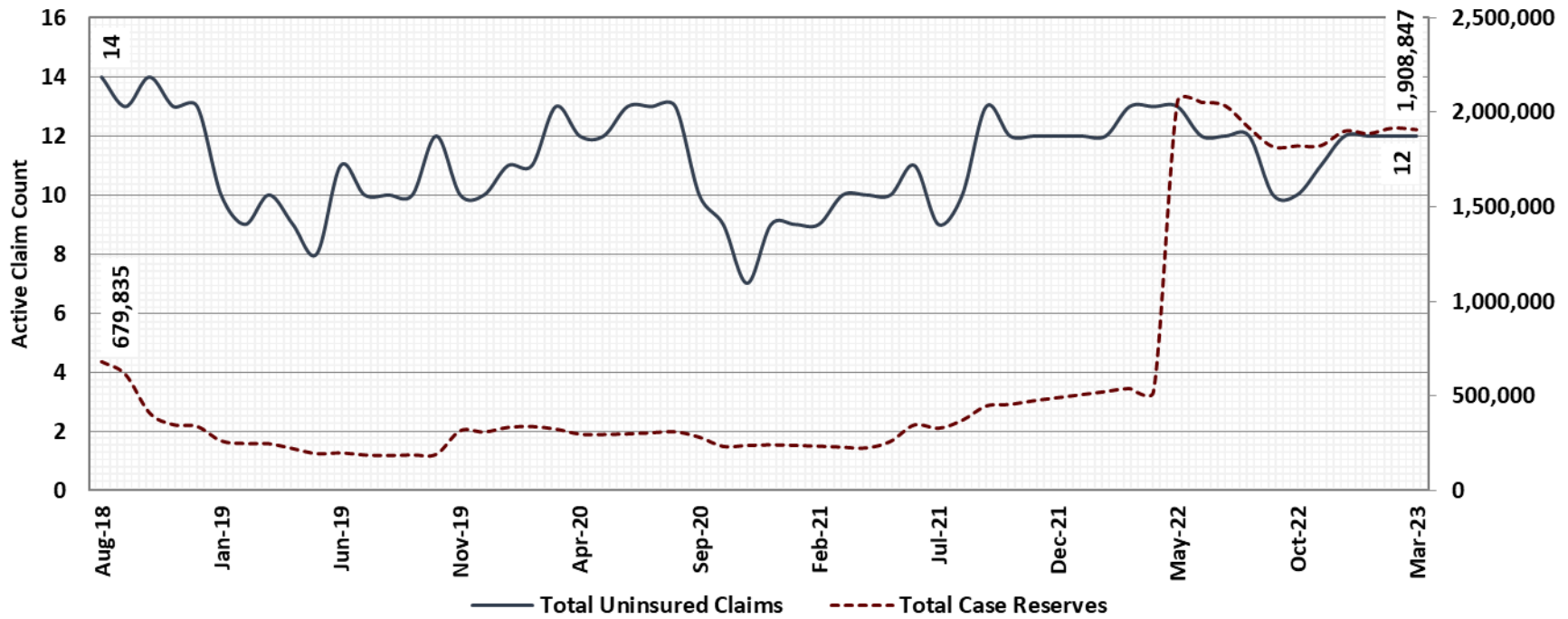
**CWP Fund (FBL)
Active and Inactive Claims
3/31/2023**



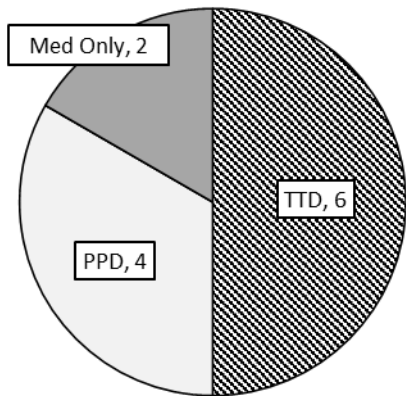
**CWP Fund Reserves by Benefit Type
3/31/2023**



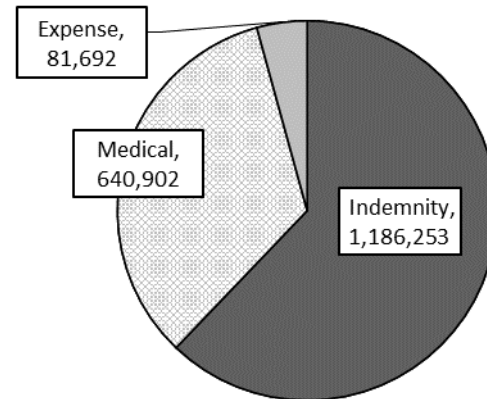
**Uninsured Fund
Active Claim Counts and Case Reserves
3/31/2023**

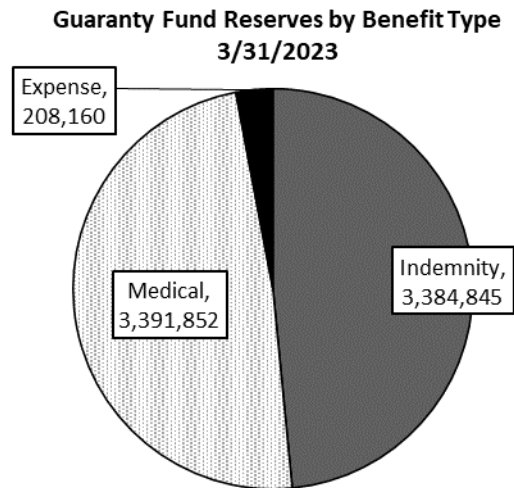
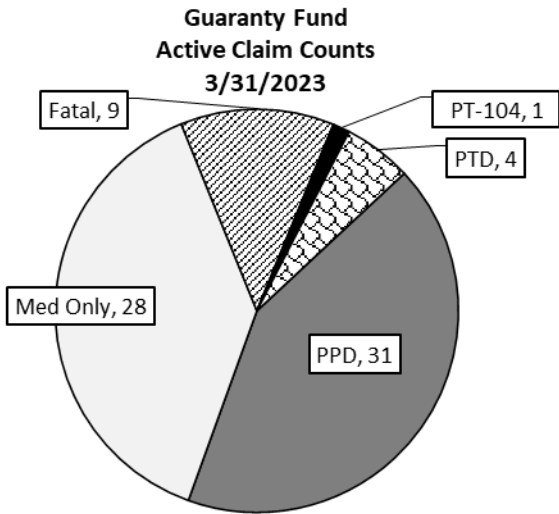
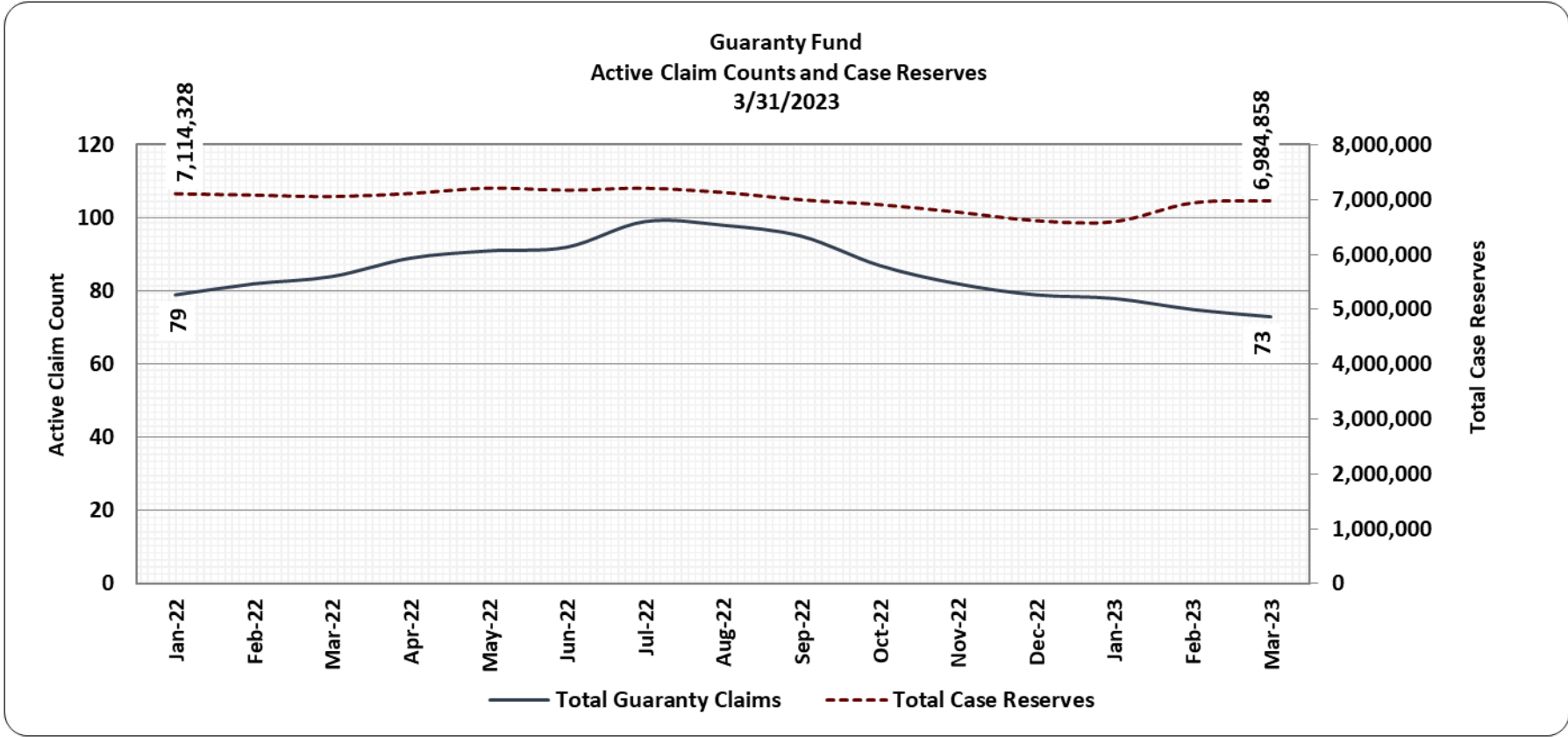


**Uninsured Fund
Active Claim Counts
3/31/2023**

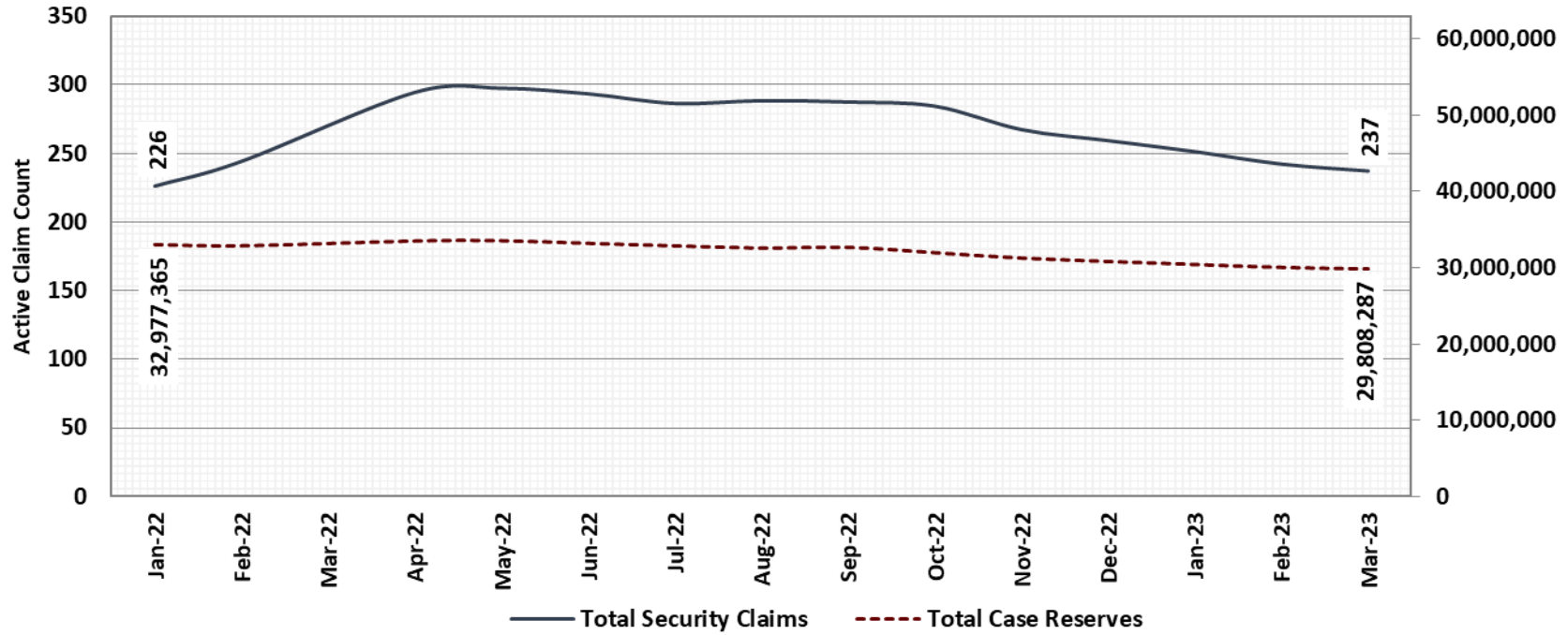


**Uninsured Fund Reserves by Benefit Type
3/31/2023**

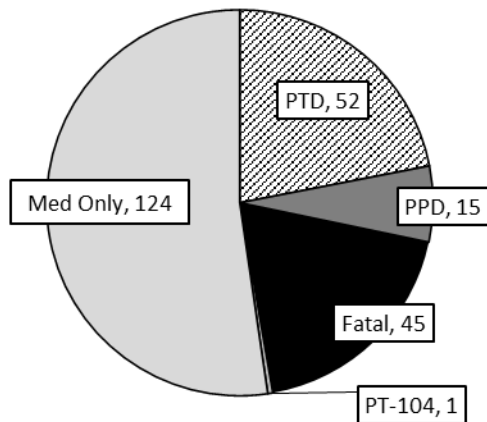




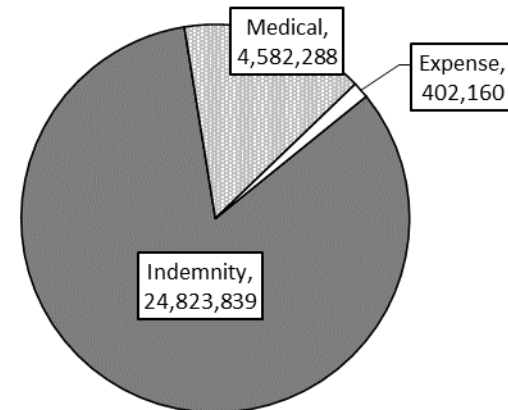
**Security Fund
Active Claim Counts and Case Reserves
3/31/2023**



**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
Cash Beginning Balances	919,242,416	1,080,592,100	(161,349,685)	1,080,592,100	993,229,138	1,077,104,966
Revenues						
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	-	-	-	-	-	-
Operating Revenues	31,504	226,476	(194,972)	238,786	189,298	138,119
Investment / Interest Earnings (Losses)	(21,082,199)	(9,966,030)	(11,116,169)	(52,668,067)	187,370,470	48,614,936
Total Revenues	(21,050,695)	(9,739,554)	(11,311,141)	(52,429,280)	187,559,768	48,753,055
Expenditures						
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
Total	72,388,390	78,583,521	(6,195,131)	104,585,967	114,727,520	127,350,987
Less: Claims credits and overpayments	297,018	330,832	(33,814)	454,800	334,334	982,782
Total Benefits Paid	72,091,372	78,252,689	(6,161,317)	104,131,167	114,393,187	126,368,205
Administrative Expenses	2,802,795	3,153,630	(350,835)	4,789,237	5,803,619	6,260,679
Total Expenditures	74,894,167	81,406,319	(6,512,151)	108,920,405	120,196,805	132,628,883
Excess (Deficiency) of Revenues over Expenditures	(95,944,862)	(91,145,873)	(4,798,990)	(161,349,685)	67,362,963	(83,875,828)
Transfer from Operating Fund	20,000,000	-	20,000,000	-	20,000,000	-
Cash Ending Balances	843,297,553	989,446,228	(146,148,674)	919,242,416	1,080,592,100	993,229,138

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
Cash Beginning Balances	215,931,727	246,613,162	(30,681,436)	246,613,162	220,914,521	232,485,887
Revenues						
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	-	-	-	-	-	-
Total Revenues	(3,893,589)	(1,867,888)	(2,025,701)	(11,131,323)	43,567,242	9,366,126
Expenditures						
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
Total Expenditures	14,325,300	14,261,882	63,417	19,550,112	17,868,601	20,937,491
Excess (Deficiency) of Revenues over Expenditures	(18,218,889)	(16,129,770)	(2,089,119)	(30,681,436)	25,698,641	(11,571,365)
Cash Ending Balances	197,712,838	230,483,392	(32,770,553)	215,931,727	246,613,162	220,914,521

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
Cash Beginning Balances	37,187,942	39,659,496	(2,471,554)	39,659,496	33,724,356	33,373,873
Revenues						
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
Total Revenues	(621,704)	(316,069)	(305,635)	(1,874,585)	6,763,880	1,367,274
Expenditures						
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
Total	475,572	479,730	(4,159)	626,144	760,498	984,319
Less: Claims Credits and Overpayments	429	25,544	(25,115)	53,649	150	45,480
Total Benefits Paid	475,142	454,186	20,956	572,495	760,348	938,840
Administrative Expenses	(3,979)	24,473	(28,452)	24,473	68,392	77,951
Total Expenditures	471,163	478,659	(7,496)	596,968	828,740	1,016,791
Excess (Deficiency) of Revenues over Expenditures	(1,092,867)	(794,728)	(298,139)	(2,471,554)	5,935,140	350,483
Cash Ending Balances	36,095,075	38,864,768	(2,769,693)	37,187,942	39,659,496	33,724,356

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
Cash Beginning Balances	50,605,643	55,995,948	(5,390,305)	55,995,948	49,568,499	50,905,481
Revenues						
Security Risk Pool Assessments	-	-	-	-	-	-
Collateral Proceeds	-	-	-	-	-	-
Investment Earnings (Losses)	(885,924)	(440,858)	(445,065)	(2,592,281)	9,805,453	2,087,341
Total Revenues	(885,924)	(440,858)	(445,065)	(2,592,281)	9,805,453	2,087,341
Expenditures						
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
Total Expenditures	2,071,891	2,009,946	61,945	2,798,024	3,378,004	3,424,323
Excess (Deficiency) of Revenues over Expenditures	(2,957,815)	(2,450,804)	(507,010)	(5,390,305)	6,427,449	(1,336,982)
Cash Ending Balances	47,647,828	53,545,144	(5,897,316)	50,605,643	55,995,948	49,568,499

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
Cash Beginning Balances	16,195,294	16,844,759	(649,465)	16,844,759	13,817,714	13,211,915
Revenues						
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
Total Revenues	101,052	111,847	(10,795)	(487,635)	3,090,675	903,016
Expenditures						
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
Total	119,195	128,855	(9,661)	270,534	101,513	211,528
Less: Employer Reimbursement	39,931	-	39,931	-	-	-
Less: Claims Credits and Overpayments	332	39,623	(39,290)	116,115	42,742	7,535
Total Benefits Paid	78,931	89,233	(10,302)	154,419	58,770	203,993
Administrative Expenses	3,093	5,265	(2,172)	7,410	4,860	93,224
Total Expenditures	82,024	94,498	(12,474)	161,829	63,630	297,217
Excess (Deficiency) of Revenues over Expenditures	19,028	17,349	1,679	(649,465)	3,027,045	605,799
Cash Ending Balances	16,214,322	16,862,108	(647,786)	16,195,294	16,844,759	13,817,714

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

MARCH 2023

Board of Treasury Investments

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

Board of Directors

Riley M. Moore,
State Treasurer,
Chairman

James C. Justice II,
Governor

John B. McCuskey,
State Auditor

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

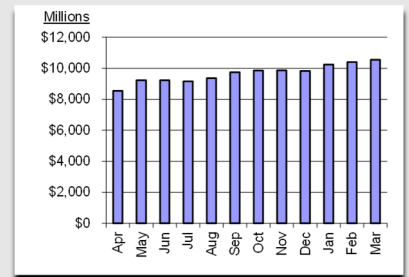
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$10,547,041,000

Last Month
\$10,402,616,000

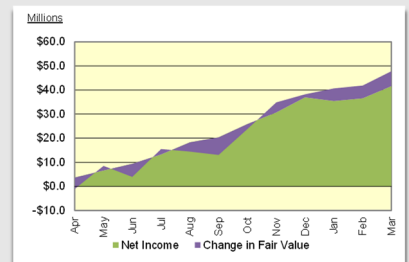
Beginning of Fiscal Year
\$9,234,695,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$259,563,000



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

Money Market Pools

As of March 31, 2023

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	4.8301%	21 Days	\$9.5 Billion
WV Gov't Money Market	4.6312%	10 Days	\$281.7 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

MARCH 2023

March Madness

March Madness

It was by all definition a month of upsets, similar to the upsets in college basketball this month. During the month we experienced two US bank takeovers, Silicon Valley Bank and Signature Bank, and one European bank takeover, Credit Suisse. While each was a unique set of circumstances that led to the takeovers [in sum i) undiversified client assets and maturity mismatch, ii) crypto and iii) years of scandals and regulatory fines, respectively], we believe the fear of a wider banking issue is just sentiment and not a broad systemic banking issue. By the end of the quarter, it looked like the market believed that to be the case, as the market rallied. Adding to the positive sentiment, after strong jobs and retail reports early in the year, the market seems to think the long-awaited Fed pause or pivot is closer given the banking problems. While this could be true, it is not certain, and the Fed raised rates another 25 bp on March 22nd. Despite the madness which ensued in the quarter, it was a good start to the year for both stocks and bonds.

Equity Markets

Despite the turmoil of bank related stocks, equity markets were positive in the month and quarter. However, the S&P 500 equal weight index was down -0.9% for the month, highlighting the positive performance of larger companies and in particular technology stocks. As a result, stock performance was led by growth stocks, in a turn of events from the last year. Buoyed by thoughts of slower or a declining pace of interest rates, growth rebounded strongly, and outperformed value by 13.4 points year to date (Russell 1000 Growth 14.4%, versus 1.0% for Russell 1000 Value). This was also true in mid and small capitalization stocks for the month and quarter. The Russell 2000 Value Index was the worst performer in the month and the quarter, due to the heavy weight of regional banks in the index declining over 7% in the month of March, despite a late month rally (see chart below). The Non-US markets were also strong in the quarter and month, with the EAFE outperforming US stocks (8.5% for the EAFE Index versus 7.5% for S&P 500). The Emerging Markets index was also positive up 3.8% for quarter. Here too, was a positive environment despite the takeover of Credit Suisse by UBS amid Non-US banking fears.

Fixed Income Markets

Interest rates dropped during the quarter as the market priced in the Federal Reserve supporting the markets given the banking backdrop, with the two year Treasury dropping by 79 basis points to 4.03%. The Bloomberg Aggregate was up 3.0% in the quarter, with long term bonds up 6.2%. As mentioned above the Fed raised rates late in March to just under 5%. Chairman Powell reiterated the need to raise rates to tamp down inflation, which is still higher than desired, despite coming down again in the last PCE release. In the March 31 announcement, PCE came in at 5.0% and core at 4.6% year over year, a decline from 5.3% and 4.7% the previous month.

Looking Ahead

While the market expectations have certainly changed back toward less restrictive monetary policy, it is not clear that this trend is solidly in place. Therefore, we would expect continued volatility around the data and sentiment to drive the markets in the near term. But for the moment, let's take the win and enjoy cutting down the nets until we follow up next month.

West Virginia Board of Treasury Investments

Financial Highlights as of March 31, 2023

WV Short Term Bond Pool

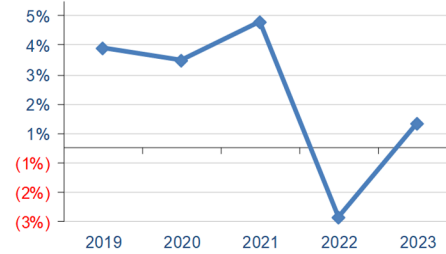
Rates of Return for the Past 12 Months *Net of All Fees*

April 1 - March 31	Return	Net Assets At Mar 31 <i>(In Millions)</i>
2023	0.9%	\$ 701.6
2022	(2.3%)	\$ 713.7
2021	4.3%	\$ 797.6
2020	3.0%	\$ 804.2
2019	3.4%	\$ 726.5

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

WV Short Term Bond Pool Rates of Return

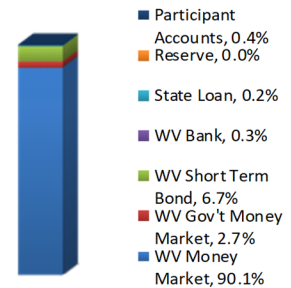
*Past 12 Months
April 1 - March 31*



Summary of Value and Earnings *(In Thousands)*

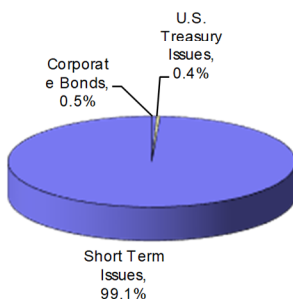
Pool	Net Asset Value	Mar Net Income <i>(Loss)</i>	Fiscal YTD Net Income <i>(Loss)</i>
WV Money Market	\$ 9,498,250	\$ 38,639	\$ 240,359
WV Gov't Money Market	281,663	1,148	6,870
WV Short Term Bond	701,607	7,971	11,781
WV Bank	65	0	9
Loans	23,999	26	370
Reserve	0	0	73
Participant Accounts	41,457	19	101
	<u>\$ 10,547,041</u>	<u>\$ 47,803</u>	<u>\$ 259,563</u>

Percent of Total Net Asset Value

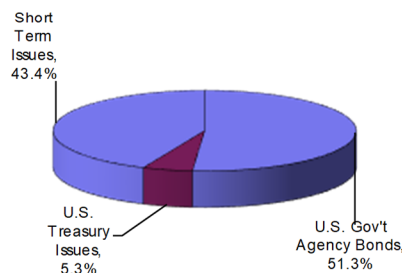


Securities by Type for Operating Pools *(Percentage of Asset Value)*

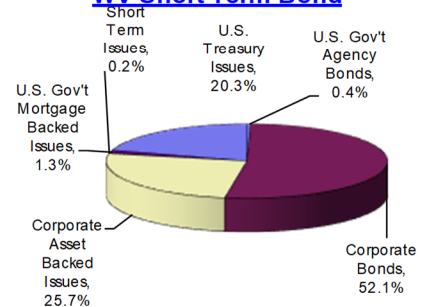
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
MARCH 31, 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>
Assets							
Investments:							
At amortized cost	\$ 9,505,654	\$ 282,195	\$ -	\$ 65	\$ 23,925	\$ -	\$ 9,811,839
At fair value	-	-	698,358	-	-	41,418	739,776
Other assets	18,641	510	4,119	-	75	40	23,385
Total assets	<u>9,524,295</u>	<u>282,705</u>	<u>702,477</u>	<u>65</u>	<u>24,000</u>	<u>41,458</u>	<u>10,575,000</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	26,045	1,042	870	-	1	1	27,959
Total liabilities	<u>26,045</u>	<u>1,042</u>	<u>870</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>27,959</u>
Net Position							
Held in trust for investment pool participants	9,498,250	281,663	701,607	-	-	-	10,481,520
Held in trust for individual investment account holders	-	-	-	65	23,999	41,457	65,521
Total net position	<u>\$ 9,498,250</u>	<u>\$ 281,663</u>	<u>\$ 701,607</u>	<u>\$ 65</u>	<u>\$ 23,999</u>	<u>\$ 41,457</u>	<u>\$ 10,547,041</u>
Additions							
Investment income:							
Interest and dividends	\$ 20,782	\$ 846	\$ 1,772	\$ -	\$ 26	\$ 19	\$ 23,445
Net (amortization) accretion	18,226	315	60	-	-	(1)	18,600
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>39,008</u>	<u>1,161</u>	<u>1,832</u>	<u>-</u>	<u>26</u>	<u>18</u>	<u>42,045</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	369	13	47	-	-	-	429
Total investment expenses	<u>369</u>	<u>13</u>	<u>47</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>429</u>
Net investment income	38,639	1,148	1,785	-	26	18	41,616
Net realized gain (loss) from investments	-	-	(1,050)	-	-	-	(1,050)
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>7,236</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>7,237</u>
Net increase (decrease) in net position from operations	38,639	1,148	7,971	-	26	19	47,803
Participant transaction additions:							
Purchase of pool units by participants	1,270,631	30,805	-	-	-	-	1,301,436
Reinvestment of pool distributions	38,639	1,148	230	-	-	-	40,017
Contributions to individual investment accounts	-	-	-	-	-	-	-
Total participant transaction additions	<u>1,309,270</u>	<u>31,953</u>	<u>230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,341,453</u>
Total additions	1,347,909	33,101	8,201	-	26	19	1,389,256
Deductions							
Distributions to pool participants:							
Net investment income	38,639	1,148	1,785	-	-	-	41,572
Net realized gain (loss) from investments	-	-	(1,050)	-	-	-	(1,050)
Total distributions to pool participants	<u>38,639</u>	<u>1,148</u>	<u>735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,522</u>
Participant transaction deductions:							
Redemption of pool units by participants	1,180,143	24,097	-	-	-	-	1,204,240
Withdrawals from individual investment accounts	-	-	-	-	23	46	69
Total participant transaction deductions	<u>1,180,143</u>	<u>24,097</u>	<u>-</u>	<u>-</u>	<u>23</u>	<u>46</u>	<u>1,204,309</u>
Total deductions	<u>1,218,782</u>	<u>25,245</u>	<u>735</u>	<u>-</u>	<u>23</u>	<u>46</u>	<u>1,244,831</u>
Net increase (decrease) in net position from operations	129,127	7,856	7,466	-	3	(27)	144,425
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	129,127	7,856	7,466	-	3	(27)	144,425
Net position at beginning of period	9,369,123	273,807	694,141	65	23,996	41,484	10,402,616
Net position at end of period	<u>\$ 9,498,250</u>	<u>\$ 281,663</u>	<u>\$ 701,607</u>	<u>\$ 65</u>	<u>\$ 23,999</u>	<u>\$ 41,457</u>	<u>\$ 10,547,041</u>