



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
October 11, 2023

<https://broadband.wv.gov>

<https://internetforallwv.wv.gov>

American Rescue Plan Act (ARPA) Funding

The West Virginia Legislature's allocation of State Local Fiscal Recovery Funds (SLFRF) and General Revenue funding provided a historic \$100 million investment for broadband development in West Virginia. This funding will complement West Virginia's allocation of funds through the Capital Projects Funds (CPF), also part of the American Rescue Plan Act (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.

With the use of CPF, in 2021, Governor Justice launched West Virginia's Billion Dollar Broadband Strategy. The Governor announced the State's broadband initiative on Friday, October 15, 2021. Learn more about the Governor's announcement here: [Gov.-Justice-announces-Billion-Dollar-Broadband-Strategy](#).

To carry out the Governor's Billion Dollar Broadband Strategy, the West Virginia Department of Economic Development, Office of Broadband, in coordination with the West Virginia Broadband Enhancement Council, developed and launched the West Virginia Broadband Investment Plan (WVBIP). The WVBIP is designed to:

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

The WVBIP includes three separate programs for projects that can be awarded funding from Capital Projects Fund or State and Local Fiscal Recovery Fund (SLFRF), each designed to meet West Virginia's broadband development needs through efficient utilization of state and federal funding streams. The programs were developed to align with ARPA rules and guidance and contains three well defined infrastructure grant initiatives.

ARPA programs focus on last mile connections to locations without access to reliable wireline service of 25/3 Mbps. Deployed networks will deliver a minimum of 100/20 Mbps and are scalable to symmetrical 100 Mbps. The programs of the WVBIP encourages networks owned or affiliated with local governments, ensure participation in federal affordability programs, and promotes the availability of a low-cost service.

2023 ARPA Progress

As of July 26, 2023, Governor Justice has awarded over \$156 million in ARPA funds to 37 last-mile broadband infrastructure projects. With the deployment of approximately 4,306 miles of fiber and cable plant, these projects will bring connectivity to 49,171 unserved locations.

Table 1 shows key metrics for projects awarded with State and Local Fiscal Recovery Fund program funds.

Program	Number of Awarded Projects	Counties	New Miles of Plant Planned	New Miles of Plant Completed	Total Targeted Addresses Funded
LEAD	13	19	818.9	86.53	7,845
MBPS	6	9	604.2	0	6,498
GigReady	1	2	106.4	0	1,677
Total	20	25	1,529.4	86.5	14,343

Table 1: Key metrics for projects awarded under SLFRF.

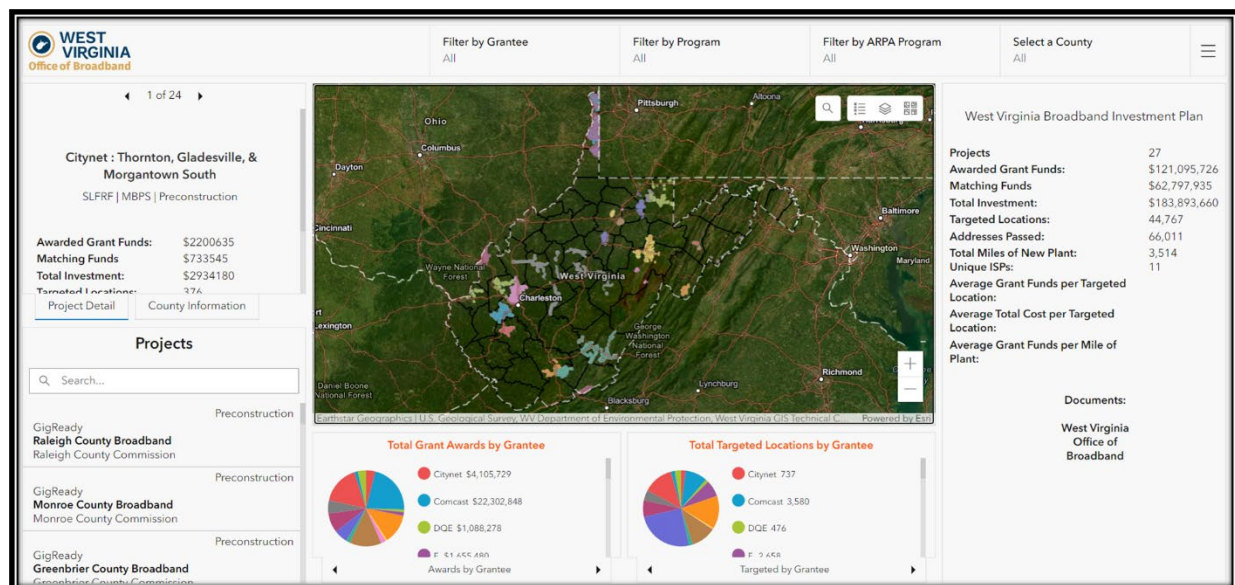
Table 2 shows key metrics for projects awarded with Capital Project Funds program funds.

Program	Number of Awarded Projects	Counties	New Miles of Plant Planned	New Miles of Plant Completed	Total Targeted Addresses Funded
LEAD	7	7	902.6	0	10,365
MBPS	6	8	1,314.5	0	12,600
GigReady	4	14	559.4	0	11,863
Total	17	27	2,776.6	0.0	34,828

Table 2: Key metrics for projects awarded under CPF.

Project Dashboard Launched August 2023

To demonstrate awards announced under ARPA, the WVDED has created an interactive application for end users to learn more about project details. This dashboard is available at broadband.wv.gov and [ARPA Dashboard \(arcgis.com\)](https://arcgis.com).



2023 ARPA Construction Forecast

The WVDED post-award grant process is structured by distinct phases designed to ensure that projects will provide broadband connectivity upon completion. Grantees may not move forward to each distinct phase of the program until receiving an official written notice from the WVDED. Those phases include the Notice to Proceed with Exempt Activities (NTPE), the Notice to Proceed with Construction (NTPC), and the Notice of Completion and Request for Close-Out (NOC).

Five ARPA projects are currently under construction, two of which have already been completed. Furthermore, seven projects are currently in design phase and expected to be authorized to begin construction near the end of December 2023. The list below includes projects that have been completed, are under construction, or expected to begin construction by the end of this quarter.

ARPA Projects - Construction Forecast				
Grantee Name	Funding Source	Targeted Addresses	Approximate Mileage	Construction Status
Citynet LLC Green Valley Line Extension	SLFRF	265	26	Complete
Citynet LLC Shavers Fork, Helvetia, and Crestview Extension	SLFRF	96	14	Under Construction
Comcast Cable Communications LLC Brooke, Hancock, Ohio Line Extension	SLFRF	1462	132	Q4 2023
Comcast Cable Communications LLC Cabell, Kanawha, Morgan, Putnam Line Extension	SLFRF	716	59	Q4 2023
Digital Connections Inc. DBA, Prodigy Northcentral Preston Network Extension	SLFRF	1203	93	Under Construction
Digital Connections Inc. DBA, Prodigy West Preston-Valley District Extension	SLFRF	1455	60	Under Construction
Digital Connections Inc. DBA, Prodigy East Monongalia and East Preston Rural Broadband	SLFRF	799	103	Q4 2023
Hardy Telecommunications Inc. East Hardy Line Extension Project	SLFRF	58	10	Complete
Hardy Telecommunications Inc. South Mill Creek Road Line Extension	SLFRF	117	5	Q4 2023
Frontier, West Virginia Inc. Boone County - Turtle Creek	SLFRF	1566	83	Q4 2023
Frontier, West Virginia Inc. West Mason	SLFRF	1092	108	Q4 2023
MGW Networks LLC, DBA Lingo Eastern Pendleton, Phase 1 Extension	SLFRF	86	31	Q4 2023
Roane EDA Multi-County Broadband Expansion	CPF	4878	287	Q4 2023
Micrologic Inc. Randolph County Fiber Deployment	CPF	3991	282	Q4 2023

Table 3: Construction status of ARPA projects to be authorized to begin by the end of December 2023.

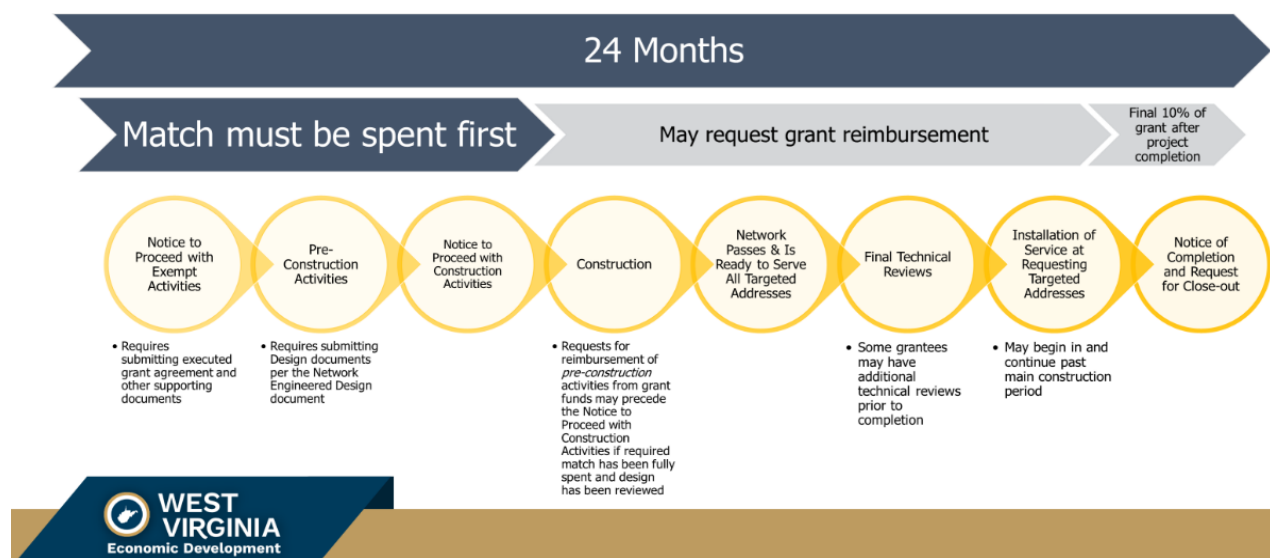
Internal Controls

The WVDED has established strong internal controls that include network validation, field inspections and field verifications to ensure that networks perform as designed. Grantees may not begin construction until all permitting, and network design planning is completed. Essential items for receiving a NTPC include:

- Submit Budget Amendment Form
- Submit Project Information to WVDOH District Office for Prior Review
- Preliminary Pole Attachment Data submitted to Pole Owner(s)
- Preliminary Engineering Design submitted to WVDOH and applicable jurisdictions, including counties and/or municipalities
- Final Engineering Design Submitted to WVDOH; Bridge Alternatives Analysis as applicable
- Final Engineering Design Submitted to WVDED
- Complete Environmental Review for WVDOH ROW Access
- Begin Acquisitions and Easements as applicable
- Complete Dig Once Notifications as applicable
- Contractor Debarment Review Certification - Sam.gov
- Complete all Easements, Land Acquisitions, ROWs, and Pole Attachment Agreements
- Submit WVDOH MM109 Permit Application and Applicable Bonds:
 - Bid Bond
 - Performance Bond
 - Payment Bond
- Submit copies of all applicable permits, agreements, and clearances to WVDED (WVDOH Permit and Local Permit(s) Required).
- Grantees are required to spend matching funds in entirety prior to receiving a grant disbursement.

TIMELINE TO PROJECT COMPLETION

EVENT SEQUENCE



Infrastructure Investment and Jobs Act (IIJA) Broadband Programs

In June 2023, NTIA announced that West Virginia would be awarded \$1.21 billion in federal Broadband Equity, Access and Deployment (BEAD) funding for broadband development in West Virginia. BEAD is administered by the National Telecommunication and Information Administration (NTIA). This historic investment in broadband infrastructure and related digital inclusion efforts will support West Virginia’s universal broadband access vision:

West Virginia Vision for Digital Equity and BEAD

Achieve universal broadband coverage and digital equity throughout the State through aggressive broadband deployment goals and a commitment to closing the digital divide through robust equity and inclusion initiatives.

The BEAD application requires several steps: a Five-Year Action Plan, Initial Proposal Volumes I and II, followed by a Final Proposal. Additionally, the BEAD Program requires states to coordinate efforts with Digital Equity planning, capacity building, and workforce development. West Virginia’s Initial Proposal Volumes I and II will build upon the goals, objectives, and strategies outlined in West Virginia’s BEAD Five-Year Action Plan. The sections of the Initial Proposal, contained in Volume I and Volume II, are provided below:

Initial Proposal Requirements

Volume I

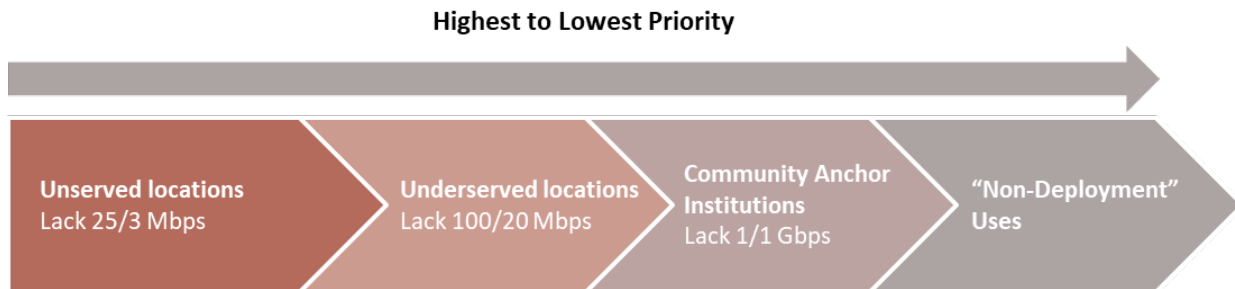
Volume II

Req. 1	Objectives	Req. 11	Labor Standards and Protection
Req. 2	Local, Tribal, and Regional Broadband Planning	Req. 12	Workforce Readiness
Req. 3	Existing Broadband Funding	Req. 13	MBE’s/WBE’s/LSA’s
Req. 4	Local Coordination	Req. 14	Cost and Barrier Reduction
Req. 5	Unserved and Underserved Locations	Req. 15	Climate Assessment
Req. 6	Community Anchor Institutions	Req. 16	Low-Cost Broadband Service Option
Req. 7	Challenge Process	Req. 17	Use of 20% of Funding
Req. 8	Deployment Subgrantee Selection	Req. 18	Eligible Entity Regulatory Approach
Req. 9	Non-Deployment Subgrantee Selection	Req. 19	Cert. of Compliance with BEAD Req.
Req. 10	Eligible Entity Implementation Activities	Req. 20	Middle Class Affordability Plans

A conceptual timeline, subject to change, for BEAD application and implementation is provided below:



As directed by NTIA, BEAD funding places the highest priority on expanding broadband to unserved locations, followed by underserved locations, community anchor institutions, and non-deployment uses.



West Virginia’s broadband access gap is significant, and the State currently ranks near the bottom of broadband availability in the U.S.¹ As of December 31, 2022, Federal Communications Commission (FCC) data shows that only 65.3% of West Virginia’s Broadband Serviceable Locations (BSLs) are classified as fully served.²

To be considered fully served, a BSL must have a terrestrial or licensed fixed wireless internet service provider that provides, or could easily provide, a minimum connection speed of 100/20 Mbps, with latency less than or equal to 100 milliseconds. Underserved locations are subsequently defined as BSLs

¹ West Virginia is 50th of 50 states, Washington, D.C., and Puerto Rico.

² West Virginia’s broadband availability falls short; of all 50 states, the District of Columbia, and Puerto Rico, West Virginia ranks 50th. This number reflects residential broadband availability rankings; the FCC does not provide data for statewide combined residential, mixed-use, and non-residential rankings.

with maximum speeds between 25/3 Mbps, and 100/20 Mbps. Finally, unserved locations are defined by the BEAD program as BSLs with speeds less than 25/3 Mbps.³

Unserved and underserved locations exclude those with existing enforceable federal, state, or local commitments to provide service.⁴ Ongoing state and federal investments are projected to increase the number of connected BSLs, but there is still a long way to go to reach 100%.⁵ This gap in broadband access impedes full participation in an increasingly digital society, preventing access to telemedicine, remote work, personal connections, and online news media, among other things. West Virginia's Five-Year Action Plan serves as a guide to achieve universal connectivity and close the digital divide.

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 (Digital Equity Capacity Grant and Digital Equity Competitive Grant (\$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.
 - b. On June 26, 2023, NTIA announced that West Virginia will receive \$1,210,800,969.15 in BEAD funding.
 - c. West Virginia's Five-Year Action Plan is approved by NTIA. The plan posted at broadband.wv.gov.
 - d. West Virginia's Initial Proposal Volume 1 was available for public comment through September 30, 2023. Volume 1 will be submitted to NTIA before the end of October 2023, and is posted at broadband.wv.gov.
 - e. West Virginia's Initial Proposal Volume 2 will be posted for a 30-day public comment period in mid-October 2023.

Key Takeaways from Five-Year Action Plan and Initial Proposal Volume 1:

- WVDED is coordinating the deployment of BEAD funding with other existing broadband infrastructure programs in the State.
- Only 65% of broadband serviceable locations in West Virginia are served, according to NTIA's definitions.
- BEAD funding will support deployment to the 167,965 unserved and underserved locations that do not have existing enforceable commitments.
- In addition to NTIA's community anchor institution categories, WVDED will consider adding correctional and rehabilitation facilities, courthouses, job training centers, and senior centers because they facilitate greater use of broadband service by vulnerable populations.

³ <https://broadbandusa.ntia.doc.gov/sites/default/files/2022-05/BEAD%20NOFO.pdf>, p16 and p17

⁴ NTIA, Notice of Funding Opportunity (NOFO) Broadband Equity, Access, and Deployment Program, <https://broadbandusa.ntia.doc.gov/sites/default/files/2022-05/BEAD%20NOFO.pdf>, p36

⁵ Derived from calculations by WVDED. For more details, please see Section 3.1.

- To ensure “future-proof” broadband service, any location served through DSL will be considered “underserved” for the purposes of the BEAD program.
- Using NTIA’s model, WVDED will launch its own challenge process in December 2023 to give nonprofit organizations, units of local governments, and broadband service providers the opportunity to confirm which locations will be eligible for BEAD funding.
- WVDED is planning modifications to NTIA’s model to support efficient speed testing.

WVDED’s forthcoming Initial Proposal Volume 2 will address the remaining BEAD requirements and allow West Virginia the opportunity to request initial BEAD funds. Taken together, Volume I and Volume II will serve as the backbone for deploying affordable and reliable high-speed broadband internet to all West Virginians, drawing on all funding available to accomplish this goal.

2. State Digital Equity Planning Grant Program

- 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.
- West Virginia’s draft version of the [Digital Equity Plan](#) for a 30-day public comment period ending on August 21, 2023.
- The final Digital Equity Plan will be submitted to NTIA before November 13, 2023.
- Upon approval, the State will be eligible to apply for Digital Equity Capacity Grant from NTIA. The amount of this grant is not yet known.

West Virginia’s Digital Equity Initiative

The Digital Equity Act is a component of the Infrastructure Investment and Jobs Act (IIJA). The goal of the Digital Equity Act is to close the “digital divide” across the nation, ensuring that everyone has access to affordable, high-speed internet service, affordable digital devices, and the tools and training necessary to make full use of the internet’s benefits—all of which should be accessible to everyone, regardless of their background.

West Virginia Vision for Digital Equity

Ensure that all West Virginians have the resources they need to participate in the digital world and achieve the economic benefits of digital equity

High quality, accessible, and affordable broadband for all is critical for a more just and equitable West Virginia, a healthier society, and an economy that offers opportunity for everyone. West Virginia’s

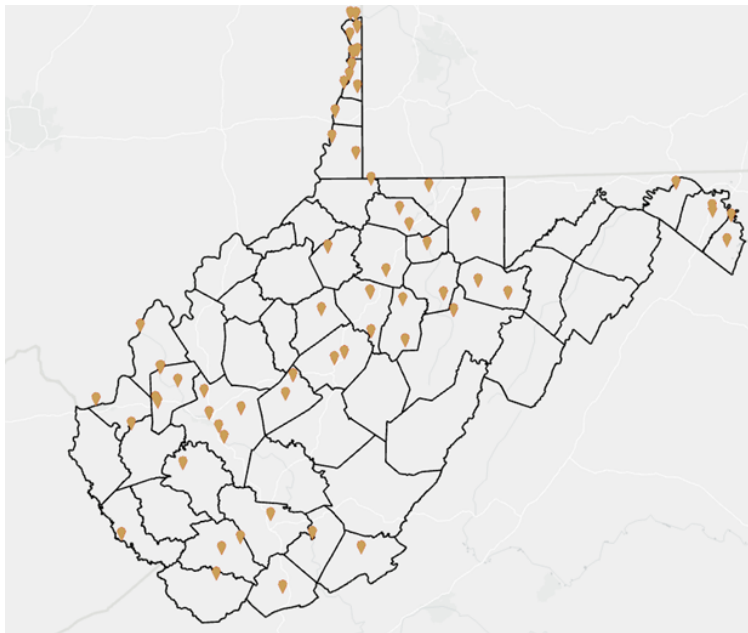
low rate of access to broadband, coupled with its demographic profile, creates many challenges for digital equity⁶:

1. 97% of West Virginians are covered by the Digital Equity Act.
2. More than 35% of its citizens live in unserved or underserved areas as defined by the NTIA.⁷
3. West Virginia has the highest rate in the U.S. of individuals living in a rural area (90%).⁸

West Virginia Digital Equity Outreach Meetings

Since each community approaches broadband from a different perspective, WVDED emphasized gathering qualitative information from citizens through a series of local gatherings. Importantly, WVDED stressed the need to conduct meetings in each of West Virginia’s 55 counties with the overall goal of “meeting people where they are.”

Through partnership with West Virginia’s 11 Regional Planning and Development Councils, nearly 150 small-to-mid-sized listening sessions were held with broad representation from members of covered populations and organizations that serve them.



A total of 1,463 West Virginians attended a listening session. Attendance ranged from 1 to 111 community members, with an average of 11.9 attendees per listening session. Preliminary listening session locations are shown on the following map.

Figure 1: Preliminary listening session locations for the Digital Equity.

West Virginia Statewide Broadband Survey

In addition to listening sessions, WVDED procured a professional survey firm to execute the West Virginia Broadband Survey, a randomized survey of at least 1,000 citizens across the State. The survey

⁶ NTIA defines digital equity as a condition in which all individuals and communities have the information technology capacity needed for full participation in our society, democracy, and economy. Digital equity is necessary for access to essential services, civic and cultural participation, employment, and lifelong learning.

⁷ Calculated using National Broadband Availability Data provided by the Federal Communications Commission, available at <https://broadband477map.fcc.gov/#/data-download>.

⁸ Ibid.

sample was weighted to reflect the digital equity target populations. The selected firm and WVDED worked collaboratively to create the survey, which launched on June 30, 2023, and closed on July 30. Final survey analysis will extend beyond the August 11, 2023, due date of the Five-Year Action Plan. This survey will complement the findings of the RPDC listening sessions. The survey responses are currently under review; however, the following preliminary results were collected from the online survey:

- 1,167 responses from unserved/underserved zip code addresses
- 2,076 total responses statewide
- 527 responses did not yield speed tests which could imply that service was too poor for a test to complete. This is a common response for survey takers with poor internet connectivity.

A full report detailing the results of this survey campaign will be posted to broadband.wv.gov.

BEAD Allocation and the FCC National Broadband Map

On June 26, 2023, the National Telecommunications Information Administration announced that West Virginia will receive \$1,210,800,969.15 in Broadband Equity Access and Deployment (BEAD) funding. Funds are provided through the Infrastructure Investment and Jobs Act (IIJA). The BEAD program will provide \$42.5 billion nationwide to expand internet access.

The BEAD allocation is based upon the number of unserved Broadband Serviceable Locations (BSLs) in West Virginia. According to the latest update of broadband availability data made on June 15, 2023, from the Federal Communications Commission (FCC), the National Broadband Map now shows 900,408 BSLs in West Virginia, of which 271,624 are unserved locations, for an unserved percentage of 30.17. West Virginia ranks second in the nation for the percentage of unserved locations, following Alaska's percentage of 31.97.

Through a series of FCC challenges, input from the public, direct consultation with Internet Service Providers, and field verification, West Virginia gained 86,833 unserved locations in the May 2023 release of Version 2 of the National Broadband Map. West Virginia's gain of 86,833 unserved locations was the second highest in the Nation, following North Carolina's gain of 114,718.

Mapping and Data Quick Facts

- West Virginia gained 86,860 unserved locations in the latest version of the National Broadband Map accounting for a total of 271,623 unserved locations.
- West Virginia gained the second highest number of unserved locations in the Nation in the Version 2 release of the National Broadband Map, following North Carolina at 114,718.
- West Virginia is second in the Nation for percentage of unserved locations at 30.17%, following Alaska's 31.97%.
- West Virginia is 12th in the Nation for most unserved locations totaling 271,623.
- West Virginia's per capita allocation is among the highest in the nation at \$4,458 per unserved location.
- In the latest update of the National Broadband Map, the FCC identified 900,408 Broadband Serviceable Locations (BSLs) in West Virginia. (900,408 BSLs / 271,623 unserved locations = 30.17% unserved)

Nationwide, the FCC has designated approximately 8.5 million homes and businesses as unserved by high-speed internet. This number represents about 7 percent of all locations included in the current map. FCC filings are updated twice per year; however, the National Broadband Map is updated bi-weekly due to availability and location challenges. Served and Unserved locations are being identified during every update.

West Virginians can still submit challenges to the National Broadband Map at <https://broadbandmap.fcc.gov/home>. More information about the BEAD program is available [here](#).

FCC Affordable Connectivity Program (ACP)

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

The West Virginia Office of Broadband has received a \$400,000 grant from the FCC to promote the ACP in West Virginia. **As of October 9, 2023, nearly 119,597 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)

September 12, 2023

11:00 a.m. – 12:00 p.m.

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

Speaker Hanshaw: “Call the committee meeting to order. We have a fairly abbreviated agenda today so we’ll get on with it. First order of business is the approval of the minutes of our May 7th meeting of the committee. Those minutes are in all the committee member’s packets. Any members have questions about the draft minutes contained in the packets? If not, the Chair recognize President Blair.”

President Blair: “Mr. Speaker, I move that we approve the minutes from May 7th, 2023.”

Speaker Hanshaw: “Question is on the President’s motion that the draft minutes of the May 7th, 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.

Our first order of substantive business today is consideration of a request from the committee on Parks, Recreation, and Natural Resources Subcommittee. We're in receipt of a letter which reads as follows:

Dear President Blair and Speaker Hanshaw, the Parks, Recreation, and Natural Resources Subcommittee is requesting approval from the Joint Committee on Government and Finance for a state park tour. The committee would tour Summersville Lake State Park. The tour would take place the week of October 9, 2023.

This is the new state park created by the legislation in the recent Special Session. That request is now before the committee. What is the pleasure of the group? Questions from any members about the request? Comments from any members? If not, Chair recognize President Blair.”

President Blair: “Mr. Speaker, I move that we approve...approve the request from the Parks and Rec. Committee.”

Speaker Hanshaw: “The question is on the motion that the request by the Parks, Recreation, and Natural Resources Subcommittee for a tour of Summersville Lake State Park, the week of October 9th, be granted. Is there discussion on the motion? If not, those in favor of the motion will please say aye, any opposed please say no. The ayes have it, that motion is adopted.

We do have just a couple of reports for today's meeting. Let's hear our General Revenue & Federal Funds update. Mr. Secretary, good morning.”

Secretary Hardy: “Good morning. Usually, Mark Muchow addresses the committee but I wanted to highlight a couple of things and then I’d be glad to turn it over to Mark Muchow for more details.

We’re in a state of transition with our finances now and I thought it’d be good...some of these things were said yesterday to the Joint Committee but I wanted to reiterate a couple of things. Fiscal year ’23 of course was unbelievable...you know...it was unbelievably good. We set all time revenue records for general revenue, all time severance revenue, it was almost a billion dollars. After we did all of our local government distributions, our severance tax revenue was \$950 million dollars. We set an all-time record for personal income tax revenue. We set an all-time record for consumer sales tax. So, that was a wonderful fiscal year and fiscal year and fiscal year ’23 will always go down in history as a year that we had a \$1.843 billion dollar surplus and of course a lot of that was addressed during the Special Session. To put the last three years in perspective for you, in fiscal year ’21 our revenue rate increased our general revenue by 11.0%, fiscal year ’22 18.1%, and fiscal year ’23 10.1%. So, that’s the frame of reference that we start fiscal year ’24 with. Three years where we had very high double digit revenue growth and now let’s talk about fiscal year ’24.

The first thing that should be said is we’ll be returning in fiscal year ’24 an estimated \$696 million dollars in personal income tax relief to the citizens of West Virginia. So, that’s the first big point, we’ve got \$696 million dollar projected personal income tax cut this fiscal year. We had our first set of inquiries about the tax cuts from S&P back in August and they sent us a series of questions about not only our tax cut but our Rainy Day Fund, our pensions, and we responded in writing to S&P on August 22nd and they were satisfied

of course with our responses. Our annual ratings calls are scheduled for the first week in November this year. So, we will do our S&P, Moody's, and Fitch Ratings calls...we do those by Zoom now. PRAG will be here during the first week of November and we will be doing those...they're about 90 minutes per agency...we will be doing those during the first week of November and it's no secret what the rating agencies are interested in, it's basically the same information every year. They want to know are we managing are OPEB liability. Our OPEB liability has improved dramatically and that was a big feather in our cap. We are on schedule to retire all of our OPEB liability by 2025 and that is just phenomenal and that was really well received by the rating agencies. They're going to ask about our pensions...how are we doing with our pensions and I got a question yesterday from Delegate Linville about how are things going down at the Investment Management Board? So, I brought my August report with me today.

The last twelve months, the rate of return there has been 8.2% and calendar year to date, the rate of return at the Investment Management Board has been 9.2%. So, our pension funds are performing well again and obviously that's really good news for us. Our Rainy Day Fund of course has a large balance, it doesn't normally get that rate of return because it's invested in a much lower...higher...I guess lower risk...type equities. Rainy Day Fund B has averaged 3.8% since 2007. Rainy Day Fund B of course is leftover tobacco settlement money and from 2007 to 2023...and Chairman Tarr, this was that question that Daniel Linville had asked me yesterday, I went back and researched it...it was 3.8% at Rainy Day Fund B."

Senator Tarr: "For the past seven years?"

Secretary Hardy: "From '07 to '23."

Senator Tarr: “’07 to ’23, okay.”

Secretary Hardy: “Yeah and that’s invested very conservatively and that’s...those are leftover tobacco settlement funds. Rainy Day A of course has a lower balance and a hundred million of it is over at BTI, Bureau of Treasury Investments. BTI right now, that’s our cash manager over at Kanawha City, is earning 5.34% in the thirty-day yield right now. So, they’re doing well with their rate of return. The interest rates are good but Rainy Day A of course, the remainder, not the hundred million that’s over at BTI but the remainder is invested very very conservatively. It’s invested in fixed-income equities and TIFFs. So, that’s a very conservative portfolio for Rainy Day Fund A. These are things that came up yesterday that I wanted to bring to the attention of the committee.

Our base budget of course, the ratings agencies are always interested in our base budget and our base budget is well under control and that’s been said many times here and that’s a feather in our cap with the ratings agencies as well. So, as we look at ’24, we’ve got numbers for July, we’ve got numbers for August, and we’ve got about half a month for September. Our consumer sales tax...at the end of August...was up 2.5%, at the end of August. Our personal income tax was reduced 16.2%. Well, considering that we cut our income taxes by 21.25%, that’s really a pretty good number. That means we still had growth in our personal income tax because the number went down by 16.2 despite the fact that we cut our rates by 21.25. Corporate net continues to do extremely well, it has grown by 93% as of the end of August and this is just two months in the fiscal year, July and August. The number that’s got our attention though is severance, severance number is down 72.8% and of course Mark always does a deep dive on our severance numbers. It’s not production, it’s not production at all. Coal production is up

5.9%, which is above our forecast and natural gas production is up 9.9%. So, it's about price, it's totally and completely about the price. As we know, we get 5%, the severance tax is 5% of the sales price. So, as that price number comes down, our revenue comes down. Mark projected very conservative severance tax numbers this year. We didn't expect the prices to be high based on the warm winter that we had last year but compared to a year ago there's been a real reduction in our severance tax revenue and that's totally controlled by price, not by production...production is good.

Looking to our overall revenue at the end of August, we were down from a record a year ago...August 31st '22 versus August 31st '23...we're down 16%...16% is right on target with where we thought we would be. Matter of fact it's a little better than we thought we would be because of course of the income tax reduction. To give you an idea, to fund our base budget we could have a revenue reduction of 25%...25% revenue reduction...we would still have adequate revenue to fund our base budget. So, when we're down 16%, we're in a surplus situation and...as of this morning, our surplus, as of today...was \$48 million dollars above estimate and that is as of this morning and that includes July and August and the first couple weeks of September...first twelve days of September. So, we're \$48 million above estimate and July and August have reverted back to the way they were back before the pandemic. They are our slowest revenue months. So, we've been through our two slow revenue months...July and August...and we are picking up steam in September and things are looking pretty good in September right now.

Looking ahead, fiscal year '25, the property tax rebates will probably cost us about \$200 million dollars in fiscal year '25, not '24....'24 of course is the personal income tax cuts of \$696 million and of course don't forget on our calendars August 15th of next year,

August 15th of 2024...where we will do a trigger measurement and under current state code based on our calculation of August 15, 2024, we will have the ability...if the mathematical formula and the goals are met...to cut the state income tax in a percentage not to exceed 10%. So, it's a scale, it could go from 1% all the way up to 10% and that number will not be determined until August 15th of 2024. One percentage point in the state income tax now equals about 21 million because we're collecting now about 2.1 billion a year. So, for each percentage point just multiply it by 21 million. I'm way ahead on that, that's a long time, that's eleven months from now but I did want to mention it. That and the property tax rebate are things that will affect...the property tax rebate of course, affects fiscal year '25, the income tax trigger affects calendar year '25. So, it's kind of confusing, it's half of fiscal year '25 and then fiscal year '26. So, those are things we're tracking in the Department of Revenue.

Generally, things are going well, this is exactly what we expected. Our target numbers on the income tax cut were correct and I would expect nothing else out of Mark Muchow. They are spot on, in fact they're a little better than we thought they would be and better on the good side. So, that being said, I'll answer any questions and then I'll be glad to turn it over to Mark for presentation of more detailed data."

Speaker Hanshaw: "All right, Mr. Secretary thank you very much. Let's take—"

Secretary Hardy: "Thank you."

Speaker Hanshaw: "—questions now from our members. Delegate Summers."

Delegate Summers: "Thank you, Mr. Speaker. Mr. Secretary, we talked about this yesterday and I just wanted to bring it before the committee to put the information out

there but we discussed that August 15th, 2024, we'll do the formula to decide if we can decrease the personal income tax."

Secretary Hardy: "That's right."

Delegate Summers: "However, the property tax rebate will not apply until the next year. Is there any way when we calculate that reduction to anticipate that \$200 million, so that we don't find ourselves in an unbalanced issue?"

Secretary Hardy: "You asked me that question yesterday and I'll do the same thing...I'm going to yield that one to Mark. Mark, did you hear the question because you answered it for me yesterday so I'm going to...are you prepared to answer that one? Do you want to come up and answer it? That's a very complicated question. It's a good question but it's very complicated so I'll let Mark answer that one."

Secretary Muchow: "Delegate Summers, the...what you have is the...because the first income tax cut takes effect January 1st of '23, the fiscal year '24 revenues will be adjusted not only for the affected fiscal year '24 but also a little bit of affected '23 because we were collecting more money than we should have in the first three four months of the year at least...for some people even longer than that. So, that means the revenue loss that first fiscal year from the tax cut is going to be larger than a normalized pattern. So, that's going to be in play when you measure this trigger mechanism in August of '24. You'll have fiscal year '24 in but the fiscal year '24 you reflect a little bit bigger loss than it would normally be if it applied even. So, that's going to partially balance out the concern you have that there might be...there's a 200 million or so tax, additional tax cut, second tax cut...that affects...beginning in fiscal year '25 which will be actually more in the

second half of '25 not so much the first half of '25 but that's the way the law reads right now but what I'm saying is there is a little bit of a balancing mechanism there in that the cut in fiscal year '24 is a little deeper than it—

Delegate Summers: “Right.”

Secretary Muchow: “—would be if it only reflected twelve months as opposed to...not quite eighteen months but—”

Delegate Summers: “Yeah, because—”

Secretary Muchow: “—almost a year and a half.”

Delegate Summers: “—you were anticipating it to be around 600 million but we're actually...it was actually 696 million. So, —”

Secretary Muchow: “Yes.”

Delegate Summers: “—that 96 million won't be there for the next calculation. I mean it...approximate.”

Secretary Muchow: “So, yeah...these aren't perfect and perfect world but it kind of balances out a little bit that way. You're talking about revenue collections that are in excess of \$5 billion dollars. So, you're dealing with a hundred million or some fraction thereof difference there. I'm not sure that that's going to make too big of a difference one way or another.”

Delegate Summers: “Okay, thank you.”

Secretary Muchow: “That's my...best I can assure you on that.”

Delegate Summers: “Okay.”

Secretary Muchow: “At this point.”

Speaker Hanshaw: “Senator Tarr.”

Senator Tarr: “Thank you, Mr. Speaker. Secretary Hardy, yesterday I asked a question in Joint Finance about how much cash the...we have right now in West Virginia as far as sitting in our accounts and the frame of reference to that question was looking at days of operating capital that we have. So, at...when we were at 4.6 billion on budget, it was about \$12,820,000 dollars a day of operating expenses that the state has. So, now at a 4.88, it's north of 13 million a day. How many days of operating capital do we have on hand in this state?”

Secretary Hardy: “Well, do you mean unencumbered cash or cash?”

Senator Tarr: “Yeah, between our Rainy Day, —”

Secretary Hardy: “Our cash—”

Senator Tarr: “—between the Income Tax Reserve Fund, —”

Secretary Hardy: “—yeah.”

Senator Tarr: “—the Consolidated Fund, those type of things.”

Secretary Hardy: “Off the top of my head, I think we have over...well over \$400 million dollars in the Personal Income Tax Reserve Fund. I think it's about 460. If you take what we have plus the additional 400 that was put in in July, the Rainy Day Fund balance, Mike Cook normally keeps me updated on it. I know it's what? \$1.1 billion. I know we put 231 in, we paid ourselves back the \$70 million-dollar short term loan and the balance at

the end of August was \$850 million. I'm looking at the monthly flash reports. So, it's 850 plus 70 plus 231...it's 850 million plus 301 million...whatever that adds up to...thirteen...1.08 plus 400 plus million in Personal Income Tax Fund. So, those are the two off the top of my head that I know are there that are unencumbered. Now, I'm sure there are other funds that might could go here or go there but a lot of the cash over at BTI is there, it's cash but it's got encumbrances attached to it. I'll give you an idea, at BTI there's \$9.8 billion dollars in cash that is on a twenty-five-day money market at 5.34% but a lot of that cash is encumbered money that's there for various reasons. With respect to the Rainy Day Fund...I think everybody knows this but it needs to be said one more time...the value of the Rainy Day Fund is not just cash, it's the stability that it puts under our financial foundation in our house, which is why we're able to continue to maintain that really good double A stable bond rating, which of course pays off in lower interest rates. So, I don't know the other numbers, I know those are the ones that my office deals with, the Rainy Day Fun and the Personal Income Tax Reserve Fund."

Senator Tarr: "And I would still like to get information back too on how we compare to other states on how rainy day is looked at in West Virginia compared to other states and the reason being is getting back to that days of operating capital being a way to secure those low interest rates and if our rainy day is really defined similar to other states ...(inaudible)... it is because if those unencumbered dollars are sitting out there and we're fifth in the country with our Rainy Day Fund, that seventy eight days of operating capital, then should we also have it so that our other cash is also applied to that? You know, there should be around 200 million sitting also in Consolidated Fund that's not encumbered at

any given time. So, those...and that's what I'm trying to get a better understanding of...so if that...if that helps."

Secretary Hardy: "Well and as I said yesterday, we're in that National Association of State Budget Officers. So, we get a lot of their data and a lot of their reports. The practices on rainy day funds are just all over the place because each state has its own customized set of rules and regulations and state code that applies to rainy day funds. When we go for our ratings, they're quick to point out that some things about West Virginia they don't like. For example, the one that's cited up here all the time, our lack...our low work force participation rate, the fact that we have an older population...the ratings agencies view that as a negative. Then they turn around and go but wow, your Rainy Day Fund, you're pensions, you're ability to maintain your base budget, they all go on the positive side of the equation and it balances off some of the negatives but I think the question you're asking is how much cash do we have available that's unencumbered and that number...we can come up with that number for you. I mean that...that's a number we can come up with."

Senator Tarr: "Okay."

Secretary Hardy: "I just don't want to give it to you off the top of my head and be wrong."

Senator Tarr: "Sure. Yeah, I'd like to have something close to accurate."

Secretary Hardy: "Okay."

Senator Tarr: "Thanks."

Speaker Hanshaw: “Okay. Delegate Howell.”

Delegate Howell: “Thank you, Mr. Speaker. My question is, as these tax cuts hit and people have more money in their pocket and we know ...(inaudible)...we always hear these numbers that if you give a dollar of tax back, it’s three dollars in the economy. Are you able to...as that money comes in...are you able to see where that’s going in the economy? Like, is it showing up in sales tax, is it showing up other ...(inaudible)... to maybe refine that number so in the future this legislature has a better understanding of how that works in West Virginia?”

Secretary Hardy: “Yeah, I think we’re in a...I think we’re in a transitional phase right now. We just put...we just cut our state income tax \$696 million dollars. It really didn’t start until the tables were revised in late March...the income tax withholding tables...and then estimated payments started being made in June and now September. So, I think we’re in this transitional phase where we’re trying to determine what effect that’s going to have on all of our other numbers here at the Capitol. For example, the state income tax collection is only going down 16%, 16.2. Considering that...as I said earlier...we cut our income tax by 21.25, that number was actually better than we thought it would be which means income went up. So...yeah to answer your question, we’re monitoring the data. Do we have the answers right now? No, not completely.”

Delegate Howell: “Okay, thank you.”

Speaker Hanshaw: “Other questions? President Blair.”

President Blair: “Thank you. Good morning, Secretary Hardy.”

Secretary Hardy: “Good morning.”

President Blair: “I’ve got a couple questions here. First one is...is that you said that it was going to be \$200 million dollars on the PIT....no, excuse me...personal property tax. You’re estimating \$200 million dollars now?”

Secretary Hardy: “200 million for all of it. The car tax, the disability veteran’s credit, and the 50% small business tax credit. The whole shooting match adds up to...Mark’s best estimate was 200 million for all of it.”

President Blair: “Okay. I feel better now.”

Secretary Hardy: “Okay.”

President Blair: “Because it was...160 was the high for the personal property tax when we were going through—”

Secretary Hardy: “That’s right.”

President Blair: “—through this and so when I heard that number...and one of the complaints that I’m hearing over and over from taxpayers is is that my personal property tax on my automobiles went up. Now, we all recognize that because of COVID and supply chain issues that used car values or whatever are going up...or not going up but they’re being taxed more than—”

Secretary Hardy: “Right.”

President Blair: “—what they were when you factor in that the Governor had an executive order where it held it flat and now, they’ve jumped back up...”

Secretary Hardy: “That’s all true.”

President Blair: “...but we’re hearing this a lot out there from the standpoint—”

Secretary Hardy: “We actually made some phone calls to some of the accessors trying to understand the very issue that you’re talking about. Why did...and of course you identified everything that they pointed out too but the basic one being the value of used cars went up dramatically on that guide that they use.”

President Blair: “So, let me ask a question on that and that is is that does the Tax Department actually set the value of the car? Now I know it’s NADA but the accessors do not actually determine the value of the car, it’s the Tax Department is that correct?”

Secretary Hardy: “They use...they all use that same guideline book that they use.”

President Blair: “Okay.”

Secretary Hardy: “Yeah.”

President Blair: “There’s this ...(inaudible)... that’s going on out there where the accessors say, oh no we don’t set it...that it’s the Tax Department that does it...and anybody that knows anything about an NADA book, there’s a high and a low and an in-between on that and if I was a county and you want greater revenues coming in and you want to shift it...and that’s another reason why these rates are higher cause you push it up higher on the mountain knowing full well that your taxpayer is going to get it back and they’re burdening that on the state. You see any of that happening?”

Secretary Hardy: “Not yet but I can see how that mindset might occur.”

President Blair: “Well, I was saying the same thing back when we were dealing with Amendment Two, that this was a potential for the counties to increase their revenues at the expense of the state by...but they’re saying, oh no we don’t set the tax rate, the

Tax Department does and they're the ones that tells us what to charge. What my question is...is are you the ones determining what that is or the accessors have any flexibility at all to determine what the rate is on those cars?"

Secretary Hardy: "I don't know the answer to that question but I will find out the answer."

President Blair: "I'd like to know it because I want to be honest with my constituents and I think all of us want to...to say what's taking place on this."

Now I'm going to switch gears for a second and go over to the tobacco settlement. When's that...the rainy day part that's B...that has the tobacco settlement in there, when does that get opened up to where we can use it for outside the guidelines? Do you remember that?"

Secretary Hardy: "I don't know. I know that there hasn't been any new money put in Rainy Day B since '07. The rest of it, as you know, was used since then...they used it to pay the tobacco bonds. So, that's why it's easy to track the rate of return because there's no new money going in there. So, we went back and calculated it from '07 to '23 and that's how—"

President Blair: "Somewhere along the line it opens up to where it—"

Secretary Hardy: "Yeah I don't know, I don't—"

President Blair: "—behaves just like Rainy Day A."

Secretary Hardy: "Do you know when B opens up?"

Secretary Muchow: “Mark Muchow here. I don’t know everything about B but I do know that there are rules in the code that B can only be touched once A is depleted. So, B is kind of an extra reserve in the background there in terms of use. It’s—”

President Blair: “Part of the settlement was that it could be used for like tobacco cessations, stuff like that and that it...but there is a deadline...I’m thinking it’s ‘24 but I don’t know that for certain. That...where that you can actually then start behaving it like A and of course you’re going to use A before you get to B, that’s easy for us to manipulate but right now there is restrictions on B that...how you go about using it and it’s not just you got to use A before you get to B.”

Secretary Muchow: “Yeah, I’m aware of the A B. I’d have to go back and read back through the code again on all the various—”

President Blair: “Can we get that information so that the next meeting we...because I’ve never been able to nail that down myself. You hear the...for lack of a better term...rumors, on what that is. Now then, that leads me to one more and that is...and Secretary Hardy brought it up...you don’t have to go anywhere because you’ll probably be needed on this one....and that is...is the bond that’s out there...that bond is coming near completion, correct? The tobacco settlement bond where the...and there’s still revenues that...”

Secretary Muchow: “There’s a board that oversees that under the Department of Administration and probably you might want to check base with the Department of Administration over the status of that. My understanding is that the proceeds keep to the bond holders until they get repaid and it keeps going as long as it takes for repayment

and I'm not sure what the status of that is. I haven't followed it for several years but there is a board under the auspices of the Department of Administration that is involved in monitoring that."

President Blair: "There's a revenue stream that's there though that once that bond is paid off is—"

Secretary Muchow: "When the bonds are fully paid off, whenever that may be, then the revenues come back to the states. So, then that would be up to policymakers at that point in time on how to—"

President Blair: "Say this last two sentences again because I'm not hearing—"

Secretary Muchow: "If...when the bond is paid off and my recollection is it wasn't going to be any time soon...so it would be news to me if they got it paid off. I think it goes on for a long time but when the debt is fully settled, whatever time that might be, then whatever new monies come in...tobacco settlement monies...beyond that would come back to the state for the state's use."

President Blair: "I got two finance chairs sitting in here. I would recommend that you guys go take a look at that because I've got somebody on the outside to tell me that that is coming to...keep in mind that those bonds were set up right around 2008, 2009...in that window at the same time when B was established and those bonds could have been twenty-year bonds."

Secretary Muchow: "They're forever...as long as it takes to get the bond holders repaid. So, I'm not sure how long that is but my suspicion is it's a bit longer than I've been involved. Since...you know...got some time to go yet on that."

President Blair: “Well I’m hearing otherwise on that and so that’s why I’m bringing this up right now...trying to get the facts on this because we do need to pay attention as we control our revenues...or our spends...and the revenues coming in so that we can actually manage our economic development, not just tax reductions but we got to be able to keep the economy moving along so that we can keep the revenues coming in.”

Secretary Muchow: “I understand but that’s—”

President Blair: “What I’m getting at is, there’s a source there I believe but I can’t get to the bottom of it. I’ve struggled with that, that’s why I’m bringing it up here.”

Secretary Hardy: “Okay.”

President Blair: “The smart thing to do would be not to talk about it at all.”

Secretary Muchow: “Yeah. The bonds were over \$700 million dollars, I know that. The bond...the bonds that were issued. So, it takes a...it’s going to take a bit of...and I don’t know what the underlying interest rate and terms are but it’s....at the rate the tobacco money was coming in it was going to take several years to get that paid off but we’ll check into the status of it and where it is.”

President Blair: “Somebody needs to check into it because bonds don’t run forever and you’ve basically used that word on that and—”

Secretary Muchow: “No, the—”

President Blair: “—I know that that’s not the case.”

Secretary Muchow: “No, I believe the term was they...it goes...the money goes to them as long it takes to get them...to get them paid off. So—”

President Blair: “And that money that’s going to the bonds are coming...is coming from where?”

Secretary Muchow: “Tobacco settlement monies...each year.”

President Blair: “That’s right. So, and those tobacco settlement funds will keep generating them afterwards and that’s where that’s—”

Secretary Muchow: “Right.”

President Blair: “—the revenue stream.”

Secretary Muchow: “Right. When they’re fully paid off is when the state starts seeing...seeing the money again.”

Secretary Hardy: “So, your question, simply put is...when are they going to be paid off?”

President Blair: “Yeah.”

Secretary Hardy: “Okay.”

President Blair: “Really need to...well, two things...need to know what we’ve been paying each year and when it’s going to be paid off? Knowing what we’ve been paying will tell us what the revenue stream is that would be coming from that...to a greater degree. Thank you.”

Secretary Hardy: “Okay.”

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

Speaker Hanshaw: “Yes, sir. Other discussion or dialogue about the report? All right, if not...gentleman, thank you very much.”

Secretary Muchow: “Thank you.”

Secretary Hardy: “Thank you.”

Speaker Hanshaw: “To the members, we do have a number of other reports that are presented for consideration by the members in the packets this month but we do not have other presenters for today. So, at this time is there other business for this meeting? If not, Chair recognize the President.”

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

Speaker Hanshaw: “Question is on the motion to adjourn the meeting. Those in favor of the motion will please say aye, those opposed will please say no. The ayes have it, we are adjourned. Thank you.”

WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor



*Budget Division
Building 1, Room 314-West Wing
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October 05, 2023

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

- **West Virginia Lottery as of August 31, 2023**
Gross profit as of August 31, 2023, was \$101.8 million. Gross profit as of August 31, 2022, was \$99.7 million.
- **West Virginia Unemployment Compensation Fund as of August 31, 2023**
Total disbursements were \$12.4 million higher than in fiscal year 2022. Overall ending trust fund balance was \$33.2 million higher on August 31, 2023, than on August 31, 2022.
- **General Revenue Fund as of September 30, 2023**
The general revenue collections ended the third month of fiscal year 2024 at 120% of the estimate for the year. Total collections were \$234.8 million above the estimate for the fiscal year.
- **State Road Fund as of September 30, 2023**
The road revenue collections ended the third month of fiscal year 2024 at 102% of the estimate for the year. Total collections were \$8.7 million above the estimate for the fiscal year.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



*Budget Division
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Charleston, WV 25305-0590*

MEMORANDUM

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

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

Date: October 5, 2023

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

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for August 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 \$227.4 million for July-August of fiscal year 2023-2024. Table games accounted for \$5.8 million of this total. Historic Resort Hotel video lottery accounted for \$1.3 million of total gross receipts. Gross lottery revenue has increased by \$5 million or 2.3% when compared with July-August of fiscal year 2022-2023. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July-August was \$101.8 million; for July-August of last fiscal year gross profit was \$99.7 million. Expressed as a percentage, gross profit is 2.1% higher for fiscal year 2024 than for fiscal year 2023.

Lottery continued

Operating Transfers to the State of West Virginia:

A total of \$98,241,000.00 has been accrued to the state of West Virginia for fiscal year 2023-2024. 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	\$47,001,000.00
Community and Technical College	\$999,000.00
Department of Education	\$6,937,000.00
Library Commission	\$3,804,000.00
Higher Education-Policy Commission	\$5,552,000.00
Tourism	\$3,355,000.00
Department of Natural Resources	\$1,823,000.00
Division of Culture and History	\$2,066,000.00
General Revenue Fund	\$000.00
Economic Development Authority	\$1,999,000.00
School Building Authority	\$3,600,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$76,915,000.00

Lottery continued

Excess Lottery Fund

Economic Development Fund	\$4,204,000.00
Higher Education Improvement Fund	\$3,000,000.00
General Purpose Fund	\$6,544,000.00
Higher Education Improvement Fund	\$2,920,000.00
State Park Improvement Fund	\$152,000.00
School Building Authority	\$3,793,000.00
Refundable Credit	\$403,000.00
WV Racing Commission	\$101,000.00
WV DHHR	\$000.00
Teacher's Retirement Savings	\$000.00
Department of Education	\$000.00
Division of Human Services	\$17,000,000.00
WV Lottery Statutory Transfers	\$6,144,000.00
Economic Development Authority	\$878,000.00
General Revenue Fund	\$000.00
Office of Technology	\$000.00
Excess Lottery Surplus	\$000.00
WV Infrastructure Council Fund	\$5,227,000.00
Total State Excess Lottery Revenue Fund	\$51,266,000.00

Total Budgetary Distributions:	\$128,181,000.00
Veterans Instant Ticket Fund	\$88,000.00
Pension Plan	\$00.00
TOTAL TRANSFERS	*\$128,269,000.00

Lottery continued

* CASH BASIS

Total Accrued last FY 2023:	\$252,394,000.00
Total Cash Distributions FY 2024:	\$128,269,000.00
Applied to FY 2023:	\$128,269,000.00
Applied to FY 2024:	\$000.00
Accrued for FY 2023 as of August 31:	\$124,125,000.00
Accrued for FY 2024 as of August 31:	\$222,366,000.00

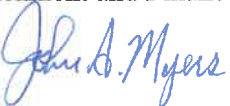


P.O. BOX 2067
CHARLESTON, WV 25327

JOHN A. MYERS
DIRECTOR

PHONE: 304.558.0500
wvlottery.com

MEMORANDUM

TO: Joint Committee on Government and Finance
FROM: John A. Myers, Director 
RE: Monthly Report on Lottery Operations
Month Ending August 31, 2023
DATE: September 15, 2023

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

Financial statements of the Lottery for the month ending August 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 \$110,752,200 for the month of August.

Transfers of lottery revenue totaling \$81,687,778 made for the month of August 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 August 31, 2023 was 1,540 and 1,197 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-**

August 31, 2023

WEST VIRGINIA LOTTERY

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

	August 31, 2023	June 30, 2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 263,241	\$ 288,680
Accounts receivable	35,024	35,255
Inventory	1,294	1,228
Other assets	207	1,407
Total Current Assets	<u>299,766</u>	<u>326,570</u>
Capital assets	63,460	63,256
Less accumulated depreciation and amortization	<u>(22,130)</u>	<u>(21,847)</u>
Net Capital Assets	<u>41,330</u>	<u>41,409</u>
Total Noncurrent Assets	<u>41,330</u>	<u>41,409</u>
Total Assets	<u>\$ 341,096</u>	<u>\$ 367,979</u>
Deferred outflows of resources	<u>\$ 2,340</u>	<u>\$ 2,340</u>
Total assets and deferred outflows	<u>\$ 343,436</u>	<u>\$ 370,319</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 222,366	\$ 252,394
Estimated prize claims	19,000	18,081
Accounts payable	2,685	3,672
Other accrued liabilities	37,189	33,976
Total Current Liabilities	<u>281,240</u>	<u>308,123</u>
Deferred inflows	<u>\$ 766</u>	<u>766</u>
Net Position:		
Net Investment in capital assets	41,330	41,409
Unrestricted	<u>20,100</u>	<u>20,021</u>
Total Net Position	<u>61,430</u>	<u>61,430</u>
Total net position, liabilities, and deferred inflows	<u>\$ 343,436</u>	<u>\$ 370,319</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 TWO MONTH PERIOD ENDED AUGUST 31, 2023

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	FY 2024	FY 2023	FY 2024	FY 2023
Lottery revenues				
On-line games	\$ 9,772	\$ 5,580	\$ 22,090	\$ 17,024
Instant games	14,880	14,061	28,932	28,786
Racetrack video lottery	40,006	40,536	84,087	85,666
Limited video lottery	40,585	39,866	81,112	80,610
Table games	2,738	2,979	5,782	5,981
Historic resort	695	550	1,331	945
Sports Wagering	266	354	528	612
Interactive Wagering	1,810	1,442	3,528	2,755
	<u>110,752</u>	<u>105,368</u>	<u>227,390</u>	<u>222,379</u>
Less commissions				
On-line games	656	383	1,542	1,185
Instant games	1,042	984	2,025	2,015
Racetrack video lottery	21,949	22,240	46,133	46,999
Limited video lottery	19,887	19,535	39,745	39,499
Table games	1,167	1,265	2,463	2,539
Historic resort	312	246	640	476
	<u>45,013</u>	<u>44,653</u>	<u>92,548</u>	<u>92,713</u>
Less on-line prizes	4,819	2,616	10,775	8,218
Less instant prizes	10,158	9,393	19,783	19,561
Less ticket costs	186	123	319	256
Less vendor fees and costs	1,148	712	2,213	1,959
	<u>16,311</u>	<u>12,844</u>	<u>33,090</u>	<u>29,994</u>
Gross profit	<u>49,428</u>	<u>47,871</u>	<u>101,752</u>	<u>99,672</u>
Administrative expenses				
Advertising and promotions	627	627	968	1,114
Wages and related benefits	1,026	898	2,059	1,815
Telecommunications	5	46	58	103
Contractual and professional	806	531	1,711	971
Rental	41	25	63	48
Depreciation and amortization	141	138	283	277
Other administrative expenses	15	314	895	653
	<u>2,661</u>	<u>2,579</u>	<u>6,037</u>	<u>4,981</u>
Other Operating Income	<u>1,123</u>	<u>1,221</u>	<u>1,764</u>	<u>1,500</u>
Operating Income	<u>47,890</u>	<u>46,513</u>	<u>97,479</u>	<u>96,191</u>
Nonoperating income (expense)				
Investment income	1,204	494	2,421	846
Distributions to municipalities and counties	(795)	(781)	(1,590)	(1,580)
Distributions -capital reinvestment	(33)	(25)	(69)	(52)
Distributions to the State of West Virginia	(48,266)	(46,201)	(98,241)	(95,405)
	<u>(47,890)</u>	<u>(46,513)</u>	<u>(97,479)</u>	<u>(96,191)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>61,430</u>	<u>60,896</u>	<u>61,430</u>	<u>60,896</u>
Net position, end of period	<u>\$ 61,430</u>	<u>\$ 60,896</u>	<u>\$ 61,430</u>	<u>\$ 60,896</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE TWO MONTH PERIOD ENDED AUGUST 31, 2023
(In Thousands)
-Unaudited-

	2024	2023
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 229,385	\$ 222,495
Cash payments for:		
Personnel costs	(2,059)	(1,815)
Suppliers	(3,450)	(4,350)
Other operating costs	(120,344)	(120,749)
Cash provided by operating activities	<u>103,532</u>	<u>95,581</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(128,269)	(129,390)
Distributions to municipalities and counties	(1,586)	(1,561)
Distributions to racetrack from racetrack cap. reinv. fund	(1,333)	(2,316)
Cash used in noncapital financing activities	<u>(131,188)</u>	<u>(133,267)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(204)</u>	<u>(5)</u>
Cash flows from investing activities:		
Investment earnings received	<u>2,421</u>	<u>846</u>
Increase (decrease) in cash and cash equivalents	(25,439)	(36,845)
Cash and cash equivalents - beginning of period	288,680	281,709
Cash and cash equivalents - end of period	<u>\$ 263,241</u>	<u>\$ 244,864</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 97,479	\$ 96,191
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	283	277
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	231	(1,384)
(Increase) decrease in inventory	(66)	(157)
(Increase) decrease in other assets	1,200	(2)
Increase (decrease) in estimated prize claims	919	1,208
Increase (decrease) in accounts payable	(987)	(1,370)
Increase (decrease) in other accrued liabilities	4,473	818
Cash provided by operating activities	<u>\$ 103,532</u>	<u>\$ 95,581</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 1 - LEGISLATIVE ENACTMENT

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

COMPENSATED ABSENCES – The Lottery has accrued \$807,352 and \$755,071 at June 30, 2023 and 2022, respectively, for estimated obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. Employees fully vest in all earned but unused vacation. To the extent that accumulated sick leave is expected to be converted to benefits on termination or retirement, the Lottery participates in another postemployment benefits plan.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS

At August 31, 2023 the carrying amounts of deposits (overdraft) with financial institutions were \$488 thousand with a bank balance (overdraft) of \$511 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):

	August 31, 2023	June 30, 2023
Deposits with financial institutions	\$ 488	\$ 458
Cash on hand at the Treasurer's Office	16,495	13,834
Investments with BTI reported as cash equivalents	246,258	274,388
	\$ 263,241	\$ 288,680

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 August 31, 2023 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2023	Additions	Deletions	Historical Cost At August 31, 2023
Construction in Progress	2,152	204	-	2,356
Buildings	48,243	-	-	48,243
Land	1,681	-	-	1,681
Equipment	11,180	-	-	11,180
	<u>\$ 63,256</u>	<u>\$ 204</u>	<u>\$ -</u>	<u>\$ 63,460</u>

Accumulated Depreciation:

	Historical Cost At June 30, 2023	Additions	Deletions	Historical Cost At August 31, 2023
Buildings	\$ 12,631	\$ 206	\$ -	\$ 12,837
Equipment	9,216	77	-	9,293
	<u>\$ 21,847</u>	<u>\$ 283</u>	<u>\$ -</u>	<u>\$ 22,130</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 August 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	\$ 2,732,521	\$ 9,086,778
Lotto America	521,725	1,077,679
Mega Millions	4,400,779	7,823,268
Total	\$ 7,655,025	\$ 17,987,725

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,371,870	\$ 4,561,745
Lotto America	260,909	538,901
Mega Millions	2,200,527	3,911,797
Total	\$ 3,833,306	\$ 9,012,443

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 August 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	\$ 126,344,830	\$ 1,224,304
Lotto America	8,760,772	673,632
Mega Millions	99,180,442	790,146
Total	\$ 234,286,044	\$ 2,688,082

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

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

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$19,061,568 at August 31, 2023, of which the Lottery's share was \$1,406,891.

NOTE 6 - RACETRACK VIDEO LOTTERY

The Racetrack Video Lottery legislation stipulates the distribution of racetrack video lottery revenues. This legislation has been amended since inception to restate revenue distribution based on revenue benchmarks and has been amended again by HB 101 as passed during the first extraordinary session of 2014. For a complete summary of the impacts of HB 101, see Note 11 titled "Summary Impact of Recent Legislation." Initially, four percent (4%) of gross terminal revenue is allocated for lottery administrative costs. Sixty-six percent (66%) of net terminal revenue (gross less 4%) is allocated in lieu of commissions to: the racetracks (46.5%); other private entities associated with the racing industry (8.7%); and the local county and municipal governments (2%). The remaining revenues (42.8%) of net terminal revenue is allocated for distribution to State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in the Note 11 titled "Nonoperating Distributions to the State of West Virginia."

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

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

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

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

	Current Month		Year-to-Date	
	2024	2023	2024	2023
Total credits played	\$ 472,228	\$ 464,663	\$ 988,870	\$ 983,227
Credits (prizes) won	(424,974)	(417,651)	(889,729)	(883,957)
Promotional credits played	(7,248)	(6,476)	(15,054)	(13,604)
Gross terminal income	40,006	40,536	84,087	85,666
Administrative costs	(1,600)	(1,621)	(3,364)	(3,427)
Net Terminal Income	38,406	38,915	80,723	82,239
Less distribution to agents	(21,949)	(22,240)	(46,133)	(46,999)
Racetrack video lottery revenues	<u>\$ 16,457</u>	<u>\$ 16,675</u>	<u>\$ 34,590</u>	<u>\$ 35,240</u>

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

	August 31, 2023	Year-to-Date
State Lottery Fund	\$ 11,522	\$ 24,217
State Excess Lottery Revenue Fund	4,935	10,373
Capital Reinvestment Fund	-	-
Total nonoperating distributions	<u>\$ 16,457</u>	<u>\$ 34,590</u>

NOTE 7 - LIMITED VIDEO LOTTERY

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 7 - LIMITED VIDEO LOTTERY (continued)

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

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

	Current Month		Year-to-Date	
	2024	2023	2024	2023
Total credits played	\$ 537,299	\$ 526,296	\$ 1,075,969	\$ 1,061,450
Credits (prizes) won	(496,714)	(486,430)	(994,857)	(980,840)
Gross terminal income	\$ 40,585	\$ 39,866	\$ 81,112	\$ 80,610
Administrative costs	(812)	(797)	(1,622)	(1,612)
Gross Profit	39,773	39,069	79,490	78,998
Commissions	(19,887)	(19,535)	(39,745)	(39,499)
Municipalities and Counties	(795)	(781)	(1,590)	(1,580)
Limited video lottery revenues	<u>\$ 19,091</u>	<u>\$ 18,753</u>	<u>\$ 38,155</u>	<u>\$ 37,919</u>

NOTE 8 – TABLE GAMES

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 8 – TABLE GAMES (continued)

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

The cash transferred to the State Excess Lottery Revenue Fund in the current month is included in Note 12- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended August 31, 2023 were \$7,823,894 and \$16,518,652, 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	
	2024	2023	2024	2023
Table Games Privilege Tax	\$ 2,738	\$ 2,979	\$ 5,782	\$ 5,981
Interest on Table Games Fund	26	11	55	20
Administrative costs	(235)	(255)	(496)	(513)
Total Available for Distribution	<u>2,529</u>	<u>2,735</u>	<u>5,341</u>	<u>5,488</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	176	192	372	384
Thoroughbred & Greyhound Development Funds	141	153	297	308
Racing Association Pension Plan	70	75	148	151
Municipalities/ Counties	780	845	1,646	1,696
Total Distributions	<u>1,167</u>	<u>1,265</u>	<u>2,463</u>	<u>2,539</u>
Excess Lottery Fund	<u>\$ 1,362</u>	<u>\$ 1,470</u>	<u>\$ 2,878</u>	<u>\$ 2,949</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL

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

Historic Resort Video Lottery

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

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

	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Total credits played	\$ 4,926	\$ 5,019	\$ 11,020	\$ 10,323
Credits (prizes) won	(4,478)	(4,641)	(10,026)	(9,520)
Promotional credits played	(86)	(92)	(193)	(178)
Gross terminal income	<u>362</u>	<u>286</u>	<u>801</u>	<u>625</u>
Capital reinvestment	(17)	(13)	(38)	(29)
Excess Lottery Fund	(3)	(3)	(7)	(6)
Administrative costs	(20)	(15)	(43)	(34)
Hotel commissions	<u>(153)</u>	<u>(121)</u>	<u>(339)</u>	<u>(265)</u>
Net terminal income	169	134	374	291
Historic Resort Hotel Fund	107	86	238	185
Human Resource Benefit Fund	62	48	136	106

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL (continued)

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the month and year ended August 31, 2023 were \$952,144 and \$1,515,169 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:

	Current Month		Year-to-Date	
	2024	2023	2024	2023
Table games privilege tax	\$ 333	\$ 264	\$ 530	\$ 320
Administrative Costs	(43)	(34)	(68)	(41)
Total Available for Distribution	290	230	462	279
Historic Resort Hotel Fund	243	192	386	233
Human Resource Benefit Fund	47	38	76	46

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):

	Current Month	Year-to-Date
Historic Resort Hotel Video Lottery	\$ 107	\$ 238
Historic Resort Table Games	243	386
Interest on Historic Resort Hotel Fund	6	13
Historic Resort Hotel Fund Net Income	356	637
Municipalities/ Counties	50	89
Excess Lottery Fund	306	548
Total Distributions	\$ 356	\$ 637

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 10– SPORTS WAGERING

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

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

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

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

The Sports Wagering adjusted gross wagering receipts for the month and year-to-date periods ended August 31, 2023 were \$2,661,708 and \$5,276,745, 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	
	2024	2023	2024	2023
Sports Wagering Privilege Tax	\$ 266	\$ 354	\$ 528	\$ 612
Interest on Sports Waging Fund	-	-	-	-
Administrative Costs	(40)	(53)	(79)	(92)
Total Available for Distribution	226	301	449	520

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 August 31, 2023 were \$12,066,996 and \$23,521,861 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	
	2024	2023	2024	2023
Interactive Wagering Privilege Tax	\$ 1,810	\$ 1,442	\$ 3,528	\$ 2,755
Interest on Interactive Wagering Fund	49	11	92	18
Administrative Costs	<u>(272)</u>	<u>(216)</u>	<u>(529)</u>	<u>(413)</u>
Total Available for Distribution	1,587	1,237	3,091	2,360

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

	Current Month	Year-to-Date
Pensions	16	31
Lottery Fund	1,571	3,060
Total Distributions	<u>\$ 1,587</u>	<u>\$ 3,091</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, 2024 the State Legislature budgeted \$144,069,148 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 \$6,537,211 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 August 31, 2023 the Lottery has accrued additional distributions of \$222,366,300. 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>August 31, 2023</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 999
Bureau of Senior Services	26,275	47,001
Department of Education	2,184	6,937
Library Commission	1,748	5,552
Higher Education-Policy Commission	1,128	3,583
Tourism	1,056	3,355
General Revenue	-	-
Natural Resources	574	1,823
Division of Culture & History	651	2,066
Economic Development Authority	999	1,999
School Building Authority	1,800	3,600
Total State Lottery Fund	<u>\$ 36,915</u>	<u>\$ 76,915</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 2,102	\$ 4,204
Higher Education Improvement Fund	1,500	3,000
General Purpose Account	6,544	6,544
Higher Education Improvement Fund	2,920	2,920
State Park Improvement Fund	152	152
School Building Authority	1,896	3,793
Refundable Credit	403	403
WV Racing Commission	1,001	1,001
WV Department of Health and Human Resources		
Teacher's Retirement Savings		
Department of Education		
Division of Human Services	17,000	17,000
WV Lottery Statutory Transfers	6,144	6,144
Economic Development Authority	439	878
General Revenue Fund		
Office of Technology		
Excess Lottery Surplus		
West Va. Infrastructure Council	4,628	5,227
Total State Excess Lottery Revenue Fund	<u>\$ 44,729</u>	<u>\$ 51,266</u>
Total Budgetary distributions:	<u>\$ 81,644</u>	<u>\$ 128,181</u>
Veterans Instant Ticket Fund	\$ 44	\$ 88
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 81,688	\$ 128,269
Accrued nonoperating distributions, beginning	(255,788)	(252,394)
Accrued nonoperating distributions, end	<u>222,366</u>	<u>222,366</u>
	<u>\$ 48,266</u>	<u>\$ 98,241</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 August 31, 2023 and August 31, 2022 approximated \$62,825 and \$48,491 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 August 31, 2023 and August 31, 2022 approximated \$152,836 and \$183,140 respectively.

NOTE 14 – COMMITMENTS

For the year ended June 30, 2023 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. For the year ended June 30, 2022 the Lottery Commission designated \$4,512,722 of unexpended administrative funds for the acquisition of capital assets. As of June 30, 2023 and 2022, \$5,986,994 and \$7,075,367, 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 August 31, 2023 and fiscal year-to-date are as follows (in thousands):

	August 31, 2023	Year-to-Date
Employee contributions	\$ 37	\$ 79
Lottery contributions	67	145
Total contributions	\$ 104	\$ 224

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.

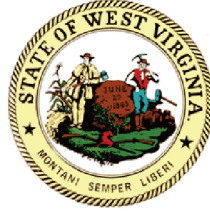
BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)

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
1FOR THE TWO MONTH PERIOD ENDED AUGUST 31, 2023
(In Thousands)**

	Current Month		FISCAL YEAR	
	Actual	Projected	Actual	Projected
Gross Revenues				
Instant games	14,880	12,084	28,932	24,167
On-line games	9,772	5,833	22,090	11,666
Racetrack video lottery	40,006	41,162	84,087	82,098
Limited video lottery	40,585	35,455	81,112	72,859
Racetrack table games	2,738	2,122	5,782	4,394
Historic resort	695	523	1,331	1,352
Sports wagering	266	297	528	594
Interactive wagering	1,810	662	3,528	1,325
Total gross revenues	110,752	98,138	227,390	198,455
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,640	1,422	3,179	2,844
On-line games	3,013	1,675	6,874	3,349
Racetrack Video Lottery	11,863	11,855	24,911	23,645
Sports wagering	232	253	460	506
Interactive wagering	1,571	557	3,060	1,115
Total Lottery Fund net revenues	18,319	15,762	38,484	31,459
Excess Lottery Fund				
Racetrack Video Lottery	5,066	5,078	10,640	10,128
Limited Video Lottery	19,568	16,678	39,077	34,273
Limited Video Lottery Fees	720	-	806	-
Racetrack table games	1,363	1,041	2,877	2,156
Historic resort	310	198	555	514
Total Excess Lottery Fund Net Revenues	27,027	22,995	53,955	47,071
Total Net Revenues	45,346	38,757	92,439	78,530

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

304-347-4870

Memorandum

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

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

Date: October 02, 2023

Re: Status of General Revenue Fund and State Road Fund as of
September 30, 2023 (FY 24)

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

The net collections were 120% of the estimate for the fiscal year. Total collections were \$234.8 million above the estimate for the fiscal year.

Personal Income Tax collections were \$111.6 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$12.2 million above the estimate for the year.

Severance Tax was \$13 million below the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$70.4 million above the estimate for the fiscal year.

State Road Fund

The state road fund collections were 102% of the estimate for the fiscal year. Total collections were \$8.7 million above the estimate for the fiscal year.

Rainy Day and Personal Income Tax Reserve

Revenue Shortfall Reserve **Fund A** (Rainy Day Fund) had a cash balance of \$670,965,814.57 as of September 30, 2023.

Balance July 1, 2023	\$ 435,167,871.58
Fiscal year 23 Surplus	\$ 231,584,774.65
*Loan to General Revenue Fund	\$ (70,000,000.00)
Loan paid off 09-23-23	\$ 70,000,000.00
Earnings/(Loss)	\$ 4,213,168.34
Balance September 30, 2023	\$ 670,965,814.57

*\$70 million loan to state General Revenue Fund 7/01/2023 for beginning of the year cash flow, to be repaid within 90 days. Loan was paid off 09-23-2023.

Revenue Shortfall Reserve **Fund B** (Tobacco Settlement Monies) had a cash balance of \$516,922,968.83 as of September 30, 2023.

Balance July 1, 2023	\$ 508,162,521.37
Earnings	\$ 8,760,447.46
Balance September 30, 2023	\$ 516,922,968.83

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

Balance July 1, 2023	\$11,000,000.00
Balance September 30, 2023	\$11,000,000.00

**REVENUE COLLECTIONS
FISCAL YEAR 2024
as of September 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	\$ 208,500,000	\$ 320,913,008	\$ 112,413,008	\$ 495,900,000	\$ 607,514,372	\$ 111,614,372	123%
Consumer Sales Tax & Use Tax	150,600,000	161,895,299	11,295,299	402,300,000	414,533,579	12,233,579	103%
Severance Tax	23,100,000	27,504,697	4,404,697	85,500,000	72,460,686	(13,039,314)	85%
Corporate Net Income Tax	42,500,000	98,655,552	56,155,552	55,500,000	125,943,032	70,443,032	227%
Insurance Tax	400,000	232,277	(167,723)	26,600,000	26,019,300	(580,700)	98%
Tobacco Products Tax	13,800,000	15,957,697	2,157,697	41,900,000	44,553,081	2,653,081	106%
Business and Occupation	8,500,000	7,629,406	(870,594)	26,200,000	26,033,992	(166,008)	99%
Liquor Profit Transfers	2,500,000	2,547,142	47,142	7,500,000	9,047,419	1,547,419	121%
Departmental Collections	1,450,000	1,537,041	87,041	4,090,000	4,425,437	335,437	108%
Property Transfer Tax	900,000	1,188,276	288,276	3,100,000	4,155,680	1,055,680	134%
Property Tax	2,100,000	3,126,992	1,026,992	2,600,000	3,839,699	1,239,699	148%
Beer Tax and Licenses	600,000	555,180	(44,820)	1,900,000	1,861,920	(38,081)	98%
Miscellaneous Transfers	1,000,000	150,175	(849,825)	1,140,000	159,772	(980,228)	14%
Interest Income	4,000,000	20,473,803	16,473,803	11,800,000	57,441,974	45,641,974	487%
Refundable Credit Reimb Liability	0	-	-	200,000	402,874	202,874	0%
HB 102 - Lottery Transfers	6,550,000	6,708,650	158,650	12,800,000	13,252,782	452,781.67	0%
Miscellaneous	180,000	1,752,923	1,572,923	450,000	2,123,923	1,673,923	472%
Business Franchise Fees	85,000	77,374	(7,626)	185,000	273,545	88,545	148%
Estate & Inheritance Tax	-	-	-	0	-	-	0%
Liquor License Renewal	45,000	42,642	(2,358)	181,000	184,041	3,041	102%
Special Revenue Transfers	-	-	-	0	-	-	0%
Charter Tax	-	524	524	0	731	731	0%
Telecommunications Tax	-	-	-	0	-	-	0%
Video Lottery Transfers	-	121,271	121,271	0	169,018	169,018	0%
July-Dec Retro Rev Adj	-	-	-	0	-	-	0%
Cash Flow Transfer	-	(70,000,000)	-	0	-	-	0%
Soft Drink Excise Tax	1,100,000	1,073,825	(26,175)	3,300,000	3,527,512	227,512	107%
SUBTOTALS	\$ 467,910,000	\$ 602,143,754	\$ 204,233,754	\$ 1,183,146,000	\$ 1,417,924,368	\$ 234,778,368	
Less: Cash Flow Transfer	-	(70,000,000)	-	-	-	-	
Less: Special Revenue Transfer	-	-	-	-	-	-	
TOTALS	\$ 467,910,000	\$ 672,143,754	\$ 204,233,754	\$ 1,183,146,000	\$ 1,417,924,368	\$ 234,778,368	

Percent of Estimates

144%

120%

Collections this day

\$ 12,790,588

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

October 02, 2023

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

GENERAL REVENUE FUND

	Actual Collections September 2022	Actual Collections September 2023	Actual Collections 3 Months Jul-Sept 2022	Actual Collections 3 Months Jul-Sept 2023	YTD \$ Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Personal Income Tax	\$ 260,914,574	\$ 320,913,008	\$ 608,159,581	\$ 607,514,372	\$ (645,210)	0%
Consumer Sales Tax & Use Tax	147,693,472	161,895,299	394,855,518	414,533,579	19,678,061	5%
Severance Tax	88,301,787	27,504,697	272,150,373	72,460,686	(199,689,687)	-73%
Corporate Net Income Tax	94,629,928	98,655,552	102,920,577	125,943,032	23,022,455	22%
Insurance Tax	369,936	232,277	25,571,483	26,019,300	447,817	2%
Tobacco Products Tax	14,155,770	15,957,697	42,812,588	44,553,081	1,740,493	4%
Business and Occupation	8,937,943	7,629,406	27,217,108	26,033,992	(1,183,117)	-4%
Liquor Profit Transfers	3,529,175	2,547,142	8,492,441	9,047,419	554,978	7%
Departmental Collections	1,538,542	1,537,041	4,372,535	4,425,437	52,902	1%
Property Transfer Tax	1,415,736	1,188,276	4,348,248	4,155,680	(192,568)	-4%
Property Tax	2,958,173	3,126,992	3,436,265	3,839,699	403,433	12%
Beer Tax and Licenses	555,995	555,180	1,836,819	1,861,920	25,101	1%
Miscellaneous Transfers	90,380	150,175	262,230	159,772	(102,457)	0%
Interest Income	5,401,205	20,473,803	12,406,972	57,441,974	45,035,002	363%
Refundable Credit Reimb Liability	-	-	826,869	402,874	(423,995.00)	0%
HB 102 - Lottery Transfers	6,562,414	6,708,650	12,847,394	13,252,782	405,387.81	0%
Miscellaneous	216,015	1,752,923	544,625	2,123,923	1,579,298	290%
Business Franchise Fees	124,456	77,374	186,561	273,545	86,983	47%
Estate & Inheritance Tax	-	-	-	-	-	0%
Liquor License Renewal	125,096	42,642	343,312	184,041	(159,271)	-46%
Special Revenue Transfers	-	-	-	-	-	0%
Charter Tax	990	524	1,515	731	(785)	-52%
Video Lottery Transfers	47,802	121,271	50,502	169,018	118,516	0%
July-Dec Retro Rev Adj	-	-	-	-	-	0%
Cash Flow Transfer	(69,500,000)	(70,000,000)	-	-	-	0%
Soft Drink Excise Tax	1,191,377	1,073,825	3,213,942	3,527,512	313,570	100%
SUBTOTALS	\$ 569,260,764	\$ 602,143,755	\$ 1,526,857,459	\$ 1,417,924,368	\$ (108,933,091)	
Less: Cash Flow Transfer	(69,500,000)	(70,000,000)	-	-	-	
Less: Special Revenue Transfer	-	-	-	-	-	
TOTALS	\$ 638,760,764	\$ 672,143,755	\$ 1,526,857,459	\$ 1,417,924,368	\$ (108,933,091)	

Increase/Decrease over Prior Period **\$ 33,382,991** **\$ (108,933,091)**

% Increase/Decrease over Prior Period **5%** **-7%**

**REVENUE COLLECTIONS
FISCAL YEAR 2024
as of September 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	\$ 34,300,000	\$ 34,278,296	\$ (21,704)	\$ 111,300,000	\$ 108,038,355	\$ (3,261,645)	97%
Sales/Privilege Tax	29,000,000	25,175,513	(3,824,487)	80,000,000	85,033,798	5,033,798	106%
Licenses & Registration	11,875,000	9,015,560	(2,859,440)	41,175,000	32,318,385	(8,856,615)	78%
Miscellaneous	6,000,000	9,799,247	3,799,247	166,500,000	182,336,189	15,836,189	110%
Highway Litter Control	142,000	137,700	(4,300)	495,000	450,594	(44,406)	91%
Federal Reimbursement	69,750,000	93,458,153	23,708,153	172,250,000	220,095,568	47,845,568	128%
SUBTOTALS	\$ 151,067,000	\$ 171,864,469	\$ 20,797,469	\$ 571,720,000	\$ 628,272,889	\$ 56,552,889	
Less: Federal Reimbursement	69,750,000	93,458,153	23,708,153	172,250,000	220,095,568	47,845,568	
TOTALS	\$ 81,317,000	\$ 78,406,316	\$ (2,910,684)	\$ 399,470,000	\$ 408,177,321	\$ 8,707,321	

Percent of Estimates

96%

102%

Collections this day

\$ 5,880,740

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of September 30, 2023 : \$670,965,814.57

\$70 million loan to General Revenue fund 7/1/23 for beginning of the year cash flow, to be repaid within 90 days, not reflected.
Loan paid off 9/15/23.

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of September 30, 2023: \$ 516,922,968.83

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

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

October 02, 2023

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

STATE ROAD FUND

	Actual Collections Sept 2022	Actual Collections Sept 2023	Actual Collections 3 Months Jul-Sept 2022	Actual Collections 3 months Jul- Sept 2023	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Gasoline & Motor Carrier Rd Tax	\$ 36,310,618	\$ 34,278,296	\$ 108,720,876	\$ 108,038,355	\$ (682,520)	-1%
Privilege Tax	27,962,326	25,175,513	83,747,685	85,033,798	1,286,113	2%
Licenses & Registration	10,608,499	9,015,560	36,795,065	32,318,385	(4,476,680)	-12%
Miscellaneous	151,164,668	9,799,247	157,010,184	182,336,189	25,326,005	16%
Highway Litter Control	128,897	137,700	452,550	450,594	(1,956)	0%
Federal Reimbursement	67,752,439	93,458,153	158,140,261	220,095,568	61,955,307	39%
SUBTOTALS	\$ 293,927,446	\$ 171,864,469	\$ 544,866,620	\$ 628,272,889	\$ 83,406,269	
Less: Federal Reimbursement	67,752,439	93,458,153	158,140,261	220,095,568	61,955,307	
TOTALS	\$ 226,175,007	\$ 78,406,316	\$ 386,726,360	\$ 408,177,321	\$ 21,450,962	
Increase/Decrease over Prior Period		\$ (147,768,691)		\$ 21,450,962		
% Increase/Decrease over Prior Period		-65%		6%		

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
October 02, 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: September 29, 2023

Re: West Virginia Unemployment Compensation Trust Fund

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

As of August 31, 2023, of fiscal year 2023-2024, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2023	\$ 419,876,988.10
Receipts July 1,2023 thru June 30, 2024	\$ 71,916,977.09
Disbursements July 1,2023 thru June 30, 2024	\$ 68,262,265.97
Balance August 31, 2023	\$ 423,531,699.22

ITEMS OF NOTE:

Regular benefits paid for July-August 2023 were \$ 7.6 million more than July 2022.

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

Total disbursements were \$12.4 million more in July-August 2023 than the preceding July-August 2022.

Receipts as of July-August 2023, were \$3.7 million more than in July-August 2022. Overall ending trust fund balance was \$33.2 million higher on August 31, 2023, than on August 31, 2022.

Seasonally adjusted unemployment rates for August 2023 were 3.6 percent for West Virginia and 3.8 percent nationally.

Since August 2022, employment has increased by 10,700. Employment increases included 1,900 in mining and logging, 1,500 in other services, 3,200 in private education and health services, 2,600 in construction, 1,200 in government, 300 in leisure and hospitality, 500 in financial activities, and 200 in information. Employment declines included 200 in professional and business services, 200 in manufacturing, and 300 in trade, transportation, and utilities.

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

	JUNE 2022	JULY 2022	AUGUST 2022	JUNE 2023	JULY 2023	AUGUST 2023	THREE MONTH TOTAL VARIANCE *
Balance Forward	\$ 382,227,662.46	\$ 377,973,650.98	\$ 380,192,897.83	\$ 426,178,943.04	\$ 419,876,988.10	\$ 422,838,146.62	\$ 128,499,866.64
Add Receipts:							
1. Bond Assessment							\$ -
2. Regular Contributions:	1,285,271.70	9,904,869.53	17,308,661.77	1,577,841.26	15,274,118.79	10,920,131.47	(726,711.48)
3. Federal Emergency Benefits (PEUC)	22,322.07	18,584.00	51,924.98	78.00	10,046.55	4,951.89	(77,754.61)
4. Federal Share Extended Benefits (EE)	-	-	-	-	-	-	-
5. Federal Additional Compensation - FP	204,486.89	138,892.06	187,690.81	13,431.68	34,122.75	70,327.64	(413,187.69)
6. Pandemic Unemployment Assistance	25,322.00	128.00	-	(1,432.00)	(10,030.00)	(96,527.94)	(133,439.94)
7. UCFE (Federal Agencies)	43,005.21	49,202.62	76,680.94	44,166.47	54,450.49	87,787.58	17,515.77
8. TSFR From Non-Invstd FUA	-	-	-	-	-	-	-
9. EUISAA - EMER US RELIEF/STC	-	-	-	-	-	-	-
10. Treasury Interest Credits	1,446,864.09	-	-	1,989,729.86	-	-	542,865.77
11. UCX (Military Agencies)	41,278.34	29,133.64	41,101.14	27,124.41	28,621.29	15,034.96	(40,732.46)
12. Temporary Compensation	-	-	-	-	-	-	-
13. BT to State UI Account	-	-	-	-	-	-	-
14. UI Modernization	-	-	-	-	-	-	-
15. Loan Advance	-	-	-	-	-	-	-
16. Return of Overpayments FPUC/PUA/	-	-	-	-	-	-	-
Total Monthly Receipts	\$ 10,606,226.12	\$ 23,347,631.45	\$ 44,849,046.31	\$ 14,588,998.76	\$ 40,323,764.10	\$ 31,593,212.99	\$ 7,703,071.97
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits:	\$ 7,085,896.23	\$ 7,692,980.59	\$ 7,187,409.85	\$ 9,813,390.56	\$ 12,287,393.67	\$ 10,242,958.74	10,377,456.30
Federal Emergency Compensation - PEUC	17,499.07	20,401.99	50,128.99	78.00	11,243.55	3,754.89	(72,953.61)
Federal Additional Compensation - FPL	179,305.91	131,128.04	159,907.95	4,711.89	42,921.75	71,827.45	(350,880.81)
Pandemic Unemployment Assistance P	(45,729.37)	-	-	(1,432.00)	(10,030.00)	(100,730.94)	(66,463.57)
Federal Emergency Benefits (EUC08)	-	-	-	-	-	-	-
Federal Extended - 2112	-	-	-	-	-	-	-
Emergency Benefits (TEUC)	-	-	-	-	-	-	-
UCFE (Federal Workers) Benefits	46,351.52	52,376.05	67,682.81	47,097.23	68,750.38	74,659.69	24,096.92
UCX (Military Workers) Benefits	39,238.42	24,676.33	40,668.24	29,005.17	27,849.72	13,925.77	(33,802.33)
Reed Act Funds	-	-	-	-	-	-	-
EUISAA Title IX/STC	-	-	-	60,043.77	2,042.28	1,757.40	63,843.45
Total Monthly Disbursements	\$14,860,237.60	\$ 21,128,384.60	\$34,688,784.51	\$20,890,953.70	\$37,362,605.58	\$30,899,660.39	\$ 18,475,812.96
Trust Fund Balance	\$377,973,650.98	\$ 380,192,897.83	\$390,353,159.63	\$ 419,876,988.10	\$ 422,838,146.62	\$ 423,531,699.22	\$ 117,727,125.50

* 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	\$ 53,423,465	\$ 41,376,931	\$ 373,747,462
May	\$ 135,614,882	\$ 83,183,401	\$ 426,178,943
June	\$ 14,588,998	\$ 20,890,953	\$ 419,876,988
July	\$ 40,323,764	\$ 37,362,605	\$ 422,838,147
August	\$ 31,593,212	\$ 30,899,660	\$ 423,531,699
September	\$	\$	\$
October	\$	\$	\$
November	\$	\$	\$
December	\$	\$	\$
Totals - 2023	\$	\$	\$

Benefits and Technical Support Section • Unemployment Compensation Division
 1900 Kanawha Blvd., East • Building 3, Room 300 • Charleston, West Virginia 25305
 Telephone: (304) 558-3309 • Fax: (304) 558-3252

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

	JUNE 2022	JULY 2022	AUGUST 2022	JUNE 2023	JULY 2023	AUGUST 2023	THREE MONTH TOTAL VARIANCE *
Balance Forward	\$ 382,227,662.46	\$ 377,973,650.98	\$ 380,192,897.83	\$ 426,178,943.04	\$ 419,876,988.10	\$ 422,838,146.62	\$ 128,499,866.64
Add Receipts:							
1. Bond Assessment							\$ -
2. Regular Contributions:	1,285,271.70	9,904,869.53	17,308,661.77	1,577,841.26	15,274,118.79	10,920,131.47	(726,711.48)
3. Federal Emergency Benefits (PEUC)	22,322.07	18,584.00	51,924.98	78.00	10,046.55	4,951.89	(77,754.61)
4. Federal Share Extended Benefits (EE)	-	-	-	-	-	-	-
5. Federal Additional Compensation - FP	204,486.89	138,892.06	187,690.81	13,431.68	34,122.75	70,327.64	(413,187.69)
6. Pandemic Unemployment Assistance	25,322.00	128.00	-	(1,432.00)	(10,030.00)	(96,527.94)	(133,439.94)
7. UCFE (Federal Agencies)	43,005.21	49,202.62	76,680.94	44,166.47	54,450.49	87,787.58	17,515.77
8. TSFR From Non-Invstd FUA	-	-	-	-	-	-	-
9. EUISAA - EMER US RELIEF/STC	-	-	-	-	-	-	-
10. Treasury Interest Credits	1,446,864.09	-	-	1,989,729.86	-	-	542,865.77
11. UCX (Military Agencies)	41,278.34	29,133.64	41,101.14	27,124.41	28,621.29	15,034.96	(40,732.46)
12. Temporary Compensation	-	-	-	-	-	-	-
13. BT to State UI Account	-	-	-	-	-	-	-
14. UI Modernization	-	-	-	-	-	-	-
15. Loan Advance	-	-	-	-	-	-	-
16. Return of Overpayments FPUC/PUA/	-	-	-	-	-	-	-
Total Monthly Receipts	\$ 10,606,226.12	\$ 23,347,631.45	\$ 44,849,046.31	\$ 14,588,998.76	\$ 40,323,764.10	\$ 31,593,212.99	\$ 7,703,071.97
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits:	\$ 7,085,896.23	\$ 7,692,980.59	\$ 7,187,409.85	\$ 9,813,390.56	\$ 12,287,393.67	\$ 10,242,958.74	10,377,456.30
Federal Emergency Compensation - PEUC	17,499.07	20,401.99	50,128.99	78.00	11,243.55	3,754.89	(72,953.61)
Federal Additional Compensation - FPL	179,305.91	131,128.04	159,907.95	4,711.89	42,921.75	71,827.45	(350,880.81)
Pandemic Unemployment Assistance P	(45,729.37)	-	-	(1,432.00)	(10,030.00)	(100,730.94)	(66,463.57)
Federal Emergency Benefits (EUC08)	-	-	-	-	-	-	-
Federal Extended - 2112	-	-	-	-	-	-	-
Emergency Benefits (TEUC)	-	-	-	-	-	-	-
UCFE (Federal Workers) Benefits	46,351.52	52,376.05	67,682.81	47,097.23	68,750.38	74,659.69	24,096.92
UCX (Military Workers) Benefits	39,238.42	24,676.33	40,668.24	29,005.17	27,849.72	13,925.77	(33,802.33)
Reed Act Funds	-	-	-	-	-	-	-
EUISAA Title IX/STC	-	-	-	60,043.77	2,042.28	1,757.40	63,843.45
Total Monthly Disbursements	\$14,860,237.60	\$ 21,128,384.60	\$34,688,784.51	\$20,890,953.70	\$37,362,605.58	\$30,899,660.39	\$ 18,475,812.96
Trust Fund Balance	\$377,973,650.98	\$ 380,192,897.83	\$390,353,159.63	\$ 419,876,988.10	\$ 422,838,146.62	\$ 423,531,699.22	\$ 117,727,125.50

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

Indicates prior month values that have been updated

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

Borrowed on 3/11/2016
Repaid on 5/17/2016
Borrowed on 12/5/2016
Repaid on 5/4/2017
Outstanding Loan from Revenue Shortfall Reserve Fund

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

FOR RELEASE: September 13, 2023
Contact: Andy Malinoski
Andy.E.Malinoski@wv.gov
304-553-9305

State Unemployment Rate Climbs to 3.6 in August 2023

West Virginia's seasonally adjusted unemployment rate climbed two-tenths of a percentage point to 3.6 percent in August 2023. The number of unemployed state residents rose 1,800 to 28,300. Total employment climbed 600 over the month. The national seasonally adjusted unemployment rate rose three-tenths of a percentage point to 3.8 percent in August 2023.

Total nonfarm payroll employment rose 1,000 in August, with gains of 500 in both the goods-producing sector and the service-providing sector.

Within the goods-producing sector, a gain of 700 in construction easily offset declines of 100 in both manufacturing and in mining and logging.

Within the service-providing sector, employment gains included 400 in government, completely in the local sector, 400 in financial activities, 300 in private education and health services, 200 in other services, 200 in professional and business services, and 100 in information. Employment declines included 700 in leisure and hospitality and 400 in trade, transportation, and utilities.

Since August 2022, total nonfarm payroll employment has risen 10,700. Employment gains included 3,200 in private education and health services, 2,600 in construction, 1,900 in mining and logging, 1,500 in other services, 1,200 in government, 500 in financial activities, 300 in leisure and hospitality, and 200 in information. Employment declines included 300 in trade, transportation, and utilities, 200 in manufacturing, and 200 in professional and business services.

West Virginia's not seasonally adjusted unemployment rate climbed six-tenths of a percentage point to 4.4 percent in August.

The state's seasonally adjusted labor force participation rate rose two-tenths of a percentage point to 54.9 percent in August 2023.

WEST VIRGINIA
(In Thousands - Seasonally Adjusted)
August 2023

	Prelim. Aug 2023	Revised Jul 2023	Revised Aug 2022	Change from:	
				Jul 2023	Aug 2022
Civilian Labor Force	786.4	784.1	784.9	2.3	1.5
Total Employment	758.2	757.6	752.6	0.6	5.6
Total Unemployment	28.3	26.5	32.3	1.8	-4.0
Unemployment Rate	3.6	3.4	4.1	xx	xx
Labor Force Participation Rate	54.9	54.7	54.7	xx	xx
NONFARM PAYROLL EMPLOYMENT BY INDUSTRY					
Total Nonfarm	704.6	703.6	693.9	1.0	10.7
Total Private	554.8	554.2	545.3	0.6	9.5
Goods Producing	100.7	100.2	96.4	0.5	4.3
Mining and Logging	22.1	22.2	20.2	-0.1	1.9
Construction	33.0	32.3	30.4	0.7	2.6
Manufacturing	45.6	45.7	45.8	-0.1	-0.2
Durable Goods	27.9	27.9	27.8	0.0	0.1
Non-Durable Goods	17.7	17.8	18.0	-0.1	-0.3
Service-Providing	603.9	603.4	597.5	0.5	6.4
Private Service-Providing	454.1	454.0	448.9	0.1	5.2
Trade, Transportation, and Utilities	121.9	122.3	122.2	-0.4	-0.3
Wholesale Trade	18.0	18.6	18.4	-0.6	-0.4
Retail Trade	78.4	78.3	77.6	0.1	0.8
Transportation, Warehousing, and Utilities	25.5	25.4	26.2	0.1	-0.7
Information	8.0	7.9	7.8	0.1	0.2
Financial Activities	26.0	25.6	25.5	0.4	0.5
Finance and Insurance	19.3	19.0	18.9	0.3	0.4
Real Estate and Rental and Leasing	6.7	6.6	6.6	0.1	0.1
Professional and Business Services	71.9	71.7	72.1	0.2	-0.2
Professional, Scientific & Technical Services	28.1	28.0	28.2	0.1	-0.1
Administrative and Support and Waste Mgmt	36.1	36.1	36.1	0.0	0.0
Private Education and Health Services	131.0	130.7	127.8	0.3	3.2
Educational Services	7.0	7.2	6.8	-0.2	0.2
Health Care and Social Assistance	124.0	123.5	121.0	0.5	3.0
Leisure and Hospitality	69.9	70.6	69.6	-0.7	0.3
Arts, Entertainment, and Recreation	9.1	9.3	8.6	-0.2	0.5
Accommodation and Food Service	60.8	61.3	61.0	-0.5	-0.2
Other Services	25.4	25.2	23.9	0.2	1.5
Government	149.8	149.4	148.6	0.4	1.2
Federal Government	25.7	25.7	25.2	0.0	0.5
State Government	44.9	44.9	45.3	0.0	-0.4
Local Government	79.2	78.8	78.1	0.4	1.1

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

2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	784,000	782,700	782,400	782,200	782,400	783,100	784,100	786,400					
Employment	753,100	753,900	755,500	756,200	756,800	757,300	757,600	758,200					
Unemployment	30,900	28,800	26,900	26,000	25,500	25,800	26,500	28,300					
Rate	3.9	3.7	3.4	3.3	3.3	3.3	3.4	3.6					
Participation Rate	54.7	54.6	54.6	54.6	54.6	54.6	54.7	54.9					
2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	782,900	784,600	785,900	786,700	786,800	786,400	785,700	784,900	784,400	784,100	784,200	784,300	785,100
Employment	753,000	755,700	757,400	757,800	757,200	755,800	754,100	752,600	751,900	751,900	752,200	752,500	754,500
Unemployment	29,900	28,900	28,600	28,800	29,600	30,600	31,600	32,300	32,400	32,300	32,000	31,900	30,700
Rate	3.8	3.7	3.6	3.7	3.8	3.9	4.0	4.1	4.1	4.1	4.1	4.1	3.9
Participation Rate	54.4	54.6	54.7	54.8	54.8	54.8	54.7	54.7	54.7	54.6	54.6	54.7	54.7
2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	775,900	776,300	777,500	778,900	780,000	780,600	780,200	779,600	779,100	779,200	779,900	781,100	788,800
Employment	729,000	730,700	732,800	735,100	737,300	739,000	740,200	741,500	742,900	744,900	747,300	750,000	749,100
Unemployment	46,900	45,600	44,700	43,800	42,700	41,600	39,900	38,100	36,100	34,300	32,700	31,100	39,700
Rate	6.0	5.9	5.8	5.6	5.5	5.3	5.1	4.9	4.6	4.4	4.2	4.0	5.0
Participation Rate	53.7	53.8	53.9	54.0	54.1	54.1	54.1	54.1	54.0	54.1	54.2	54.3	54.7
2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	798,600	796,700	794,000	762,200	775,700	772,800	776,000	775,000	776,900	776,000	776,000	776,400	792,200
Employment	756,800	754,700	752,000	642,400	679,600	691,600	702,700	711,200	718,000	722,300	725,300	727,300	726,000
Unemployment	41,700	42,100	42,000	119,800	96,000	81,200	73,300	63,700	59,000	53,700	50,700	49,100	66,100
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	8.3
Participation Rate	55.1	55.0	54.8	52.7	53.6	53.5	53.7	53.6	53.8	53.7	53.7	53.7	54.1
2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	793,900	793,000	792,200	792,100	792,700	794,000	795,400	796,800	797,900	798,800	799,300	799,300	798,300
Employment	754,000	753,800	753,800	754,300	755,200	756,100	756,900	757,300	757,800	758,300	758,500	758,100	759,000
Unemployment	39,800	39,100	38,400	37,800	37,500	37,800	38,600	39,500	40,100	40,500	40,800	41,300	39,300
Rate	5.0	4.9	4.8	4.8	4.7	4.8	4.8	5.0	5.0	5.1	5.1	5.2	4.9
Participation Rate	54.5	54.5	54.5	54.5	54.6	54.7	54.8	54.9	55.0	55.0	55.1	55.1	54.8
2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	788,500	789,900	791,700	793,400	794,500	795,000	794,900	794,600	794,500	794,600	794,700	794,500	793,400
Employment	746,000	747,400	749,400	751,500	753,100	754,200	754,700	754,900	754,800	754,700	754,500	754,300	752,200
Unemployment	42,500	42,500	42,300	41,900	41,400	40,800	40,200	39,800	39,700	39,900	40,200	40,200	41,200
Rate	5.4	5.4	5.3	5.3	5.2	5.1	5.1	5.0	5.0	5.0	5.1	5.1	5.2
Participation Rate	53.9	54.0	54.2	54.3	54.4	54.5	54.5	54.5	54.5	54.5	54.5	54.6	54.4
2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	782,300	781,900	781,700	781,900	782,800	783,900	785,300	786,400	787,200	787,400	787,400	787,500	783,800
Employment	739,900	741,000	741,800	742,500	743,400	744,300	745,000	745,500	745,700	745,500	745,100	745,000	742,700
Unemployment	42,300	40,900	39,900	39,400	39,400	39,700	40,200	40,900	41,500	41,900	42,300	42,500	41,000
Rate	5.4	5.2	5.1	5.0	5.0	5.1	5.1	5.2	5.3	5.3	5.4	5.4	5.2
Participation Rate	53.2	53.2	53.2	53.2	53.3	53.4	53.5	53.6	53.7	53.7	53.8	53.8	53.5
2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	789,400	789,400	788,800	787,500	785,900	784,600	783,600	783,000	782,600	782,300	782,000	781,700	785,100
Employment	739,200	739,300	739,000	738,300	737,300	736,300	735,600	735,300	735,000	735,800	736,700	737,800	737,200
Unemployment	50,200	50,100	49,700	49,200	48,700	48,300	48,000	47,700	47,200	46,400	45,300	44,000	47,900
Rate	6.4	6.3	6.3	6.2	6.2	6.2	6.1	6.1	6.0	5.9	5.8	5.6	6.1
Participation Rate	53.4	53.5	53.4	53.4	53.3	53.2	53.2	53.1	53.1	53.1	53.2	53.2	53.3
2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	793,800	793,600	793,800	794,000	794,000	793,300	792,000	790,400	789,000	788,300	788,300	788,800	791,500
Employment	742,900	741,800	740,900	740,200	739,800	739,300	738,700	738,200	737,900	737,900	738,200	738,700	739,500
Unemployment	50,900	51,800	52,900	53,800	54,200	54,000	53,200	52,200	51,200	50,500	50,200	50,100	52,100
Rate	6.4	6.5	6.7	6.8	6.8	6.8	6.7	6.6	6.5	6.4	6.4	6.4	6.6
Participation Rate	53.5	53.5	53.6	53.6	53.6	53.6	53.5	53.4	53.3	53.3	53.3	53.4	53.5
2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	797,600	797,900	797,800	797,100	796,000	795,000	794,400	794,300	794,500	794,700	794,600	794,200	795,700
Employment	743,700	744,300	744,600	744,400	743,900	743,400	743,200	743,300	743,700	744,100	744,200	743,800	744,000
Unemployment	53,800	53,700	53,200	52,700	52,100	51,500	51,100	50,900	50,800	50,600	50,400	50,500	51,800
Rate	6.7	6.7	6.7	6.6	6.5	6.5	6.4	6.4	6.4	6.4	6.3	6.4	6.5
Participation Rate	53.7	53.7	53.7	53.7	53.6	53.5	53.5	53.5	53.5	53.5	53.5	53.5	53.6
2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	804,800	802,800	801,200	800,300	799,900	799,700	799,500	798,900	798,000	797,100	796,800	797,000	799,500
Employment	747,900	747,100	746,600	746,800	747,100	747,200	746,900	746,200	745,100	744,100	743,400	743,300	745,800
Unemployment	56,900	55,700	54,600	53,500	52,800	52,500	52,600	52,700	52,800	53,000	53,300	53,700	53,600
Rate	7.1	6.9	6.8	6.7	6.6	6.6	6.6	6.6	6.6	6.7	6.7	6.7	6.7
Participation Rate	54.1	54.0	53.9	53.8	53.8	53.8	53.8	53.7	53.7	53.6	53.6	53.6	53.8
2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	808,100	807,800	807,900	808,200	808,600	808,900	808,900	808,800	808,700	808,400	807,800	806,600	808,000
Employment	750,900	751,000	750,900	750,300	749,700	749,300	749,000	749,000	749,100	749,200	749,100	748,700	749,600
Unemployment	57,200	56,800	57,000	57,900	58,900	59,600	59,900	59,800	59,600	59,200	58,700	57,900	58,400
Rate	7.1	7.0	7.1	7.2	7.3	7.4	7.4	7.4	7.4	7.3	7.3	7.2	7.2
Participation Rate	54.3	54.3	54.3	54.3	54.3	54.4	54.4	54.3	54.3	54.3	54.3	54.2	54.3

**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	780,800	784,200	798,600	794,000	798,100					
Employment	741,700	746,600	747,900	754,000	757,900	767,300	764,100	763,100					
Unemployment	32,600	28,600	27,700	26,800	26,200	31,200	29,900	35,000					
Rate	4.2	3.7	3.6	3.4	3.3	3.9	3.8	4.4					
Participation Rate	54.0	54.1	54.1	54.5	54.7	55.7	55.4	55.7					
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
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
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
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
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
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
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
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
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
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
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

BRIM
October 2023
Interim Packet

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

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

1. **Premium Revenue** for August reflects the premiums earned for the first two months of the current fiscal year. BRIM premiums in FY'24 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 August plus estimated accruals for the months of July and August. Claim payments made in the first two months of the fiscal year are higher than through August of last year due to several large abuse claims.
3. **Investments** reflect a gain of \$2.1 million year to date. Investment income through August of last year was lower due to interest rates rising and volatility in the equities markets at that time. Interest rates could continue to rise but at a slower pace, and the volatility of the equities markets make for an uncertain outlook for investment income for FY'24.
4. BRIM continues to pursue pro-active loss control initiatives.

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Two Months Ended August 31st

	2023	2022
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,929	\$ 18,371
Advance deposits with insurance company and trustee	232,831	245,386
Receivables	10,428	6,518
Prepaid insurance	7,291	3,300
Restricted cash and cash equivalents	6,744	14,928
Premiums due from other entities	1,534	1,222
Total current assets	267,758	289,723
Noncurrent assets:		
Equity position in internal investments pools	155,182	111,985
Restricted investments	29,945	65,797
Total noncurrent assets	185,127	177,782
Total assets	452,885	467,506
Deferred Outflows of Resources		
Deferred Outflows of Resources - OPEB	399	434
	59	61
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	189,423	103,306
Unearned premiums	26,167	19,725
Agent commissions payable	1,896	1,717
Claims Payable	0	44
Accrued expenses and other liabilities	1,806	6,183
Total current liabilities	219,292	130,975
Estimated unpaid claims and claims adjustment expense net of current portion		
	178,257	182,989
Compensated absences		
	192	167
Net pension liability		
	148	(894)
Total noncurrent liabilities		
	178,597	182,262
Total liabilities		
	397,889	313,238
Deferred Inflows of Resources		
Deferred Inflows of Resources - OPEB	00	1,156
	137	280
Net position:		
Restricted by State code for mine subsidence coverage	32,363	75,988
Unrestricted	37,438	75,415
Net Assets (Deficiency)	(14,484)	1,924
Net position	\$ 55,317	\$ 153,327

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Two Months Ended August 31st

	<u>2023</u>	<u>2022</u>
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 19,996	\$ 17,001
Less coverage/reinsurance programs	(2,329)	(1,690)
Net operating revenues	<u>17,667</u>	<u>15,311</u>
Operating expenses		
Claims and claims adjustment expense	33,326	13,368
General and administrative	937	872
Total operating expenses	<u>34,263</u>	<u>14,240</u>
Operating income (loss)	(16,596)	1,071
Nonoperating revenues		
Investment income	2,112	853
Legislative Appropriation	0	0
OPEB Non Operating Income	0	0
Net nonoperating revenues	<u>2,112</u>	<u>853</u>
Changes in net position	(14,484)	1,924
Total net position, beginning of year	69,801	151,403
Total net position, end of period	<u>\$ 55,317</u>	<u>\$ 153,327</u>

Unaudited

PEIA
October 2023
Interim Packet

PEIA October Interim Talking Points

- **PEIA and RHBT FY 2024 year to date interim financial statements for August 31, 2023 are available for your review.**
- **PEIA statements indicate PEIA is currently ahead of plan by \$21 million. This is due to lower than forecast claims expense.**
- **RHBT statements indicate RHBT is currently behind plan by \$6 million. This is due to lower than forecast investment income.**
- **The 2024 year-end reserve for the State Fund, non-State Fund and RHBT is projected to be \$91, \$21 and \$206 million respectively.**
- **These reserve levels represent 12%, 12% and 120% 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 Two Months Ending Thursday, August 31, 2023
(Dollars in Thousands)
(Unaudited-For Internal Use Only)

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
OPERATING REVENUE							
Premium Revenue							
\$99,634	\$98,459	\$72,771	Health Insurance - State Gov. - Employers	\$1,175	1%	\$26,863	37%
24,867	24,596	19,847	Health Insurance - State Gov. - Employees	271	1%	5,020	25%
27,150	27,760	23,532	Health Insurance - Local Gov. - All	(610)	(2%)	3,618	15%
743	796	748	Administrative Fees, Net of Refunds	(53)	(7%)	(5)	(1%)
395	461	343	Other Premium Revenue	(66)	(14%)	52	15%
152,789	152,072	117,241	Total Operating Revenue	717	0%	35,548	30%
NON-OPERATING REVENUE							
427	351	377	Life Insurance	76	22%	50	13%
0	0	8,667	Direct Transfer	0	0%	(8,667)	(100%)
1,030	1,403	1,893	Interest and Investment Income	(373)	(27%)	(863)	(46%)
0	0	9,866	WV RHBT Pay Go Premiums	0	0%	(9,866)	(100%)
1,457	1,754	20,803	Total Non-Operating Revenue	(297)	(17%)	(19,346)	(93%)
154,246	153,826	138,044	TOTAL REVENUE	420	0%	16,202	12%
EXPENSES							
83,484	88,581	80,421	Claims Expense - Medical	5,097	6%	(3,063)	(4%)
32,532	50,930	16,933	Claims Expense - Drugs	18,398	36%	(15,599)	(92%)
10,577	11,291	9,034	Payments to Managed Care Org.	714	6%	(1,543)	(17%)
6,565	3,878	2,960	Administrative Service Fees	(2,687)	(69%)	(3,605)	(122%)
79	16	0	Wellness and Disease Management	(63)	(394%)	(79)	0%
921	924	593	Other Operating Expenses	3	0%	(328)	(55%)
303	364	301	Life Insurance Expense	61	17%	(2)	(1%)
80	80	80	ACA Comparative Effectiveness Fee	0	0%	0	0%
0	0	9,866	WV RHBT Pay Go Premiums	0	0%	9,866	100%
134,541	156,064	120,188	TOTAL EXPENSES	21,523	14%	(14,353)	(12%)
19,706	(2,239)	17,857	YTD Surplus (Deficit)	21,945	(980%)	1,849	10%
124,830	124,830	93,425	Total Net Position, Beginning of Period	0	0%	31,405	34%
\$144,536	\$122,591	\$111,282	Total Net Position, End of Period	\$21,945	18%	\$33,254	30%

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For Two Months Ending August 31, 2023
In Thousands
PRELIMINARY

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
			ADDITIONS				
			Employer Premiums:				
\$337	\$330	\$342	Health premiums - Non Par	\$7	2%	(\$5)	(1%)
1,338	1,361	1,590	Health Premiums - RLC Health, Life	(23)	(2%)	(252)	(16%)
-	-	9,866	Pay Go Premiums	0	0%	(9,866)	(100%)
5,000	5,000	5,000	State appropriation - OPEB	-	0%	-	0%
6,675	6,691	16,798	Total Employer Premiums	(16)	(0%)	(10,123)	(60%)
			Other Additions:				
83	167	133	Retiree Drug Subsidy	(84)	(50%)	(50)	(38%)
13,809	20,680	23,212	Investment Income	(6,871)	(33%)	(9,403)	(41%)
20,567	27,538	40,143	TOTAL ADDITIONS	(6,971)	(25%)	(19,576)	(49%)
			DEDUCTIONS				
8,406	8,719	7,263	Payments to Managed Care Org.	313	4%	(1,143)	(16%)
4,339	4,605	4,326	Life Insurance Expense	266	6%	(13)	(0%)
8,647	9,810	8,373	Medical Claims Expense	1,163	12%	(274)	(3%)
4,134	4,194	2,436	Pharmacy Claims Expense	60	1%	(1,698)	(70%)
684	304	232	Administrative Service Fees (External)	(380)	(125%)	(452)	(195%)
(9,753)	(9,853)	(9,824)	Member Health premiums	(100)	1%	(71)	1%
(4,402)	(4,617)	(4,398)	Member Life Insurance Premiums	(215)	5%	4	(0%)
452	351	437	Other Operating Expenses	(101)	(29%)	(15)	(3%)
12,507	13,513	8,845	TOTAL DEDUCTIONS	1,006	7%	(3,662)	(41%)
8,060	14,025	31,298	NET POSITION INCREASE (DECREASE)	(5,965)	(43%)	(23,238)	(74%)
			Net Position Restricted for Post Employment Benefits				
1,795,666	1,795,666	1,624,972	Beginning of Period Total Net Position	-	0%	170,694	11%
1,521,619	1,527,584	1,374,163	End of Period Net Position - Restricted	(5,965)	(0%)	147,456	11%
282,107	282,107	282,107	End of Period Net Position - PSR	-	0%	-	0%
\$1,803,726	\$1,809,691	\$1,656,270	End of Period Total Net Position	(\$5,965)	(0%)	\$147,456	9%

Real Estate Division

October 2023

Interim Packet

Department of Administration Real Estate Division Leasing Report

For the period of September 1-30, 2023

There are 18 leasing changes for this period, and they are as follows:

- 1 – New Contract of Lease
- 5 – Straight Renewal
- 7 – Renewal with Increase in Rent
- 1 – Increase in Square Feet - DOA Owned
- 1 – Increase in Square Feet
- 1 – Cancellation
- 2 – Non-Renewal

Department of Administration Real Estate Division Leasing Report

For the period of September 1, 2023 through September 30, 2023

NEW CONTRACT OF LEASE

GENERAL SERVICES DIVISION

GSD-020 New Contract of Lease for 4 years consisting of a vacant lot at the monthly rate of \$1,500.00, annual cost \$18,000.00, 710 Christopher Street, in the City of Charleston, Kanawha County, West Virginia.

STRAIGHT RENEWAL

OFFICES OF THE INSURANCE COMMISSIONER

INS-018 Renewal for 2 years consisting of 1,294 square feet of office space at the current annual per square foot rate of \$14.64, annual cost \$18,944.16, full service, 80 12th Street, in the City of Wheeling, Ohio County, West Virginia.

WEST VIRGINIA STATE POLICE

PSA-023 Renewal for 1 year consisting of land being used for tower/monitoring space at the current annual rate of \$1,600.00, Union District, Ritchie County, West Virginia.

PSA-024 Renewal for 1 year consisting of land being used for tower/monitoring space at the current annual rate of \$750.00, U.S. Geodetic Survey Point No. 2, in the Curtis District of Roane County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-152 Renewal for 3 years consisting of 2,878 square feet of lab space at the current annual per square foot rate of \$6.50, annual cost \$18,707.00, full service, 1948 Wiltshire Road, in the Town of Kearneysville, Jefferson County, West Virginia.

HHR-189 Renewal for 5 years consisting of 15,361 square feet of office space at the current annual per square foot rate of \$15.00, annual cost \$230,415.00, 26452 East Lynn Road, in the City of Wayne, Wayne County, West Virginia.

RENEWAL WITH INCREASE IN RENT

DIVISION OF CORRECTIONS AND REHABILITATION, BUREAU OF JUVENILE SERVICES

BJS-038 Renewal for 5 years consisting of 3,401 square feet of office/classroom space with an increase in the annual per square foot rate from \$14.80 to \$15.80, annual cost \$53,735.80 for year 1, with an increase in the annual per square foot rate to \$16.80, annual cost \$57,136.80 for year 2, with an increase in the annual per square foot rate to \$17.80, annual cost \$60,537.80 for years 3-5, utilities, garbage removal, and snow/ice removal, 408 EB Saunders Way, in the City of Clarksburg, Harrison County, West Virginia.

RENEWAL WITH INCREASE IN RENT - Continued

DIVISION OF CORRECTIONS AND REHABILITATION

COR-087 Renewal for 5 years consisting of 753 square feet of office space with an increase in the annual per square foot rate from \$14.64 to \$15.00, annual cost \$11,295.00, for years 1-3 then an increase in the annual per square foot rate to \$15.50, \$11,671.50, for years 4-5, full service, 110 Park Avenue in the City of Welch, McDowell County, West Virginia.

COR-046 Renewal for 3 years consisting of space for inmates with an increase in the per inmate per day rate from \$17.00 to \$18.00, 1501 Eoff Street, in the City of Wheeling, Ohio County, West Virginia.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-189 Renewal for 5 years consisting of 2,000 square feet of storage space with an increase in the annual per square foot rate from \$6.00 to \$6.60, annual cost \$13,200.00, electric included, 4998 South Elk River Road, Suite N, in the City of Elkview, Kanawha County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-174 Renewal for 10 years consisting of 3,022 square feet of office space with an increase in the annual per square foot rate from \$9.80 to \$11.50, annual cost \$34,752.96, for years 1-5 then an increase in the annual per square foot rate to \$13.00, \$39,285.96, for years 6-10, full service, 100 Prince Street, in the City of Beckley, Raleigh County, West Virginia.

WORKFORCE WEST VIRGINIA

WWV-033 Renewal for 10 years consisting of 3,000 square feet of office space at the current annual per square foot rate of \$17.06, annual cost \$ 51,180.00, for years 1-5 then an increase in the annual per square foot rate from \$17.06 to \$17.91, annual cost \$53,730.00, for years 6-10, full service, 151 Robert C. Byrd Industrial Park Drive, in the city of Moorefield, Hardy County, West Virginia.

WEST VIRGINIA BOARD OF OPTOMETRY

BOO-002 Renewal for 1 years consisting of 697 square feet of office and storage space with an increase in the annual per square foot rate from \$11.74 to \$12.74, annual cost \$8,880.00, full service, 179 Summers Street, in the City of Charleston, Kanawha County, West Virginia.

INCREASE IN SQUARE FEET - DOA OWNED

GENERAL SERVICES DIVISION

GSD-015 Increase of square feet from 258 square feet to 1,119 square feet of office space at the current annual per square foot rate of \$14.52, annual cost \$16,247.88, full service, 1124 Smith Street, in the City of Charleston, Kanawha County, West Virginia.

INCREASE IN SQUARE FEET

WEST VIRGINIA OFFICE OF TECHNOLOGY

OOT-010 Increase of square feet from 1,974 square feet to 2,458 square feet of office space at the current annual per square foot rate of \$10.20, annual cost \$25,071.60, full service minus janitorial, 1740 Union Carbide Drive, in the City of South Charleston, Kanawha County, West Virginia.

CANCELLATION

DIVISION OF FORESTRY

FOR-077 Lease cancellation consisting of 288 square feet of office space, at the annual per square foot rate of \$18.75 annual cost \$5,400.00, full service, 717 North Jefferson Street, in the City of Lewisburg, Greenbrier County, West Virginia.

NON-RENEWAL

DIVISION OF FORESTRY

FOR-090 Lease non-renewal consisting of 1 acre of land for tower/monitoring space, at the monthly rate of \$240.00 annual cost \$2,880.00, Tenant paid electricity, Bald Hill near Summit Road, in the City of Romney, Hampshire County, West Virginia.

FOR-071 Lease non-renewal consisting of space at the 100 foot level on Lessor's tower for use of tower/monitoring space, at the monthly rate of \$150.00 annual cost \$1,800.00, full service, approximately .2 miles on Glenwood Road, in the City of Milton, Cabell County, West Virginia.

Real Estate Division
 Monthly Summary of Lease Activity
 September 1 - 30, 2023

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	General Services Division	GSD-020	Kanawha	1	1,500.00	18,000	4.00	72,000
2	Offices of the Insurance Commissioner	INS-018	Ohio	1,294	14.64	18,944	2.00	37,888
3	West Virginia State Police	PSA-023	Ritchie	1	1,600.00	1,600	1.00	1,600
4	West Virginia State Police	PSA-024	Roane	1	750.00	750	1.00	750
5	Department of Health and Human Resources	HHR-152	Jefferson	2,878	6.50	18,707	3.00	56,121
6	Department of Health and Human Resources	HHR-189	Wayne	15,361	15.00	230,415	5.00	1,152,075 *
7	DOCR, Bureau of Juvenile Services	BJS-038	Harrison	3,401	15.80	53,736	1.00	53,736
	DOCR, Bureau of Juvenile Services	BJS-038	Harrison	3,401	16.80	57,137	1.00	57,137
	DOCR, Bureau of Juvenile Services	BJS-038	Harrison	3,401	17.80	60,538	3.00	181,613
8	Division of Corrections and Rehabilitation	COR-087	McDowell	753	15.00	11,295	3.00	33,885
	Division of Corrections and Rehabilitation	COR-087	McDowell	753	15.50	11,672	2.00	23,343
9	Division of Corrections and Rehabilitation	COR-046	Ohio	\$18.00 per inmate per day				
10	Department of Environmental Protection	DEP-189	Kanawha	2,000	6.60	13,200	5.00	66,000
11	Department of Environmental Protection	HHR-174	Raleigh	3,022	11.50	34,753	5.00	173,765
	Department of Environmental Protection	HHR-174	Raleigh	3,022	13.00	39,286	5.00	196,430
12	WorkForce West Virginia	WWV-033	Hardy	3,000	17.06	51,180	5.00	255,900
	WorkForce West Virginia	WWV-033	Hardy	3,000	17.91	53,730	5.00	268,650
13	West Virginia Board of Optometry	BOO-002	Kanawha	697	12.74	8,880	1.00	8,880
14	General Services Division	GSD-015	Kanawha	1,119	14.52	16,248	1.00	16,248
15	West Virginia Office of Technology	OOT-010	Kanawha	2,458	10.20	25,072	1.00	25,072

220.57
Total Rentable : 49,563
Average Annual PSF Rental Rate 13.79
Total Annual Rent 725,142

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

TERMINATIONS

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
16	Division of Forestry	FOR-077	Greenbrier	288	18.75	5,400
17	Division of Forestry	FOR-090	Hampshire	1	240.00	2,880
18	Division of Forestry	FOR-071	Cabell	1	150.00	1,800

Total Rentable Square Feet 290
Total Annual Rent 10,080

Department of Health and Human Resources
Bureau for Medical Services

Medicaid Report
AUGUST 2023

Submitted to
Joint Committee on Government and Finance
and
Legislative Oversight Commission on Health and Human
Resources Accountability
OCTOBER 2023

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2024

MONTH OF AUGUST 2023

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2023	SFY2024	Current Month Ended 08/31/23	Current Month Ended 08/31/23	Year To-Date Thru 08/31/23	09/01/23 Thru 06/30/24
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	81,103,148	92,979,426	4,436,708	8,368,148	10,737,001	82,242,425
Inpatient Hospital - DSH	57,339,873	53,500,000	11,236,658	4,815,000	13,081,580	40,418,420
Inpatient Hospital - Supplemental Payments	1,098,674	-	-	-	-	-
Inpatient Hospital - GME Payments	14,461,737	13,452,984	3,687,551	1,210,769	3,744,963	9,708,021
Mental Health Facilities	6,295,274	9,855,666	89,993	887,010	989,110	8,866,556
Mental Health Facilities - DSH Adjustment Payments	16,372,757	18,887,045	-	1,699,834	4,721,761	14,165,284
Nursing Facility Services - Regular Payments	909,736,563	910,851,905	84,082,407	81,976,671	167,898,662	742,953,243
Nursing Facility Services - Supplemental Payments	-	25,000,000	-	2,250,000	-	25,000,000
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	70,285,738	61,773,950	5,716,146	5,559,656	11,479,917	50,294,033
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	27,303,815	27,571,075	2,118,043	2,481,397	5,491,659	22,079,416
Physicians Services - Supplemental Payments	-	-	-	-	-	-
Physician and Surgical Services - Evaluation and Management	-	-	-	-	-	-
Physician and Surgical Services - Vaccine Codes	-	-	-	-	-	-
Outpatient Hospital Services - Regular Payments	34,572,879	36,497,510	3,193,923	3,284,776	6,988,097	29,509,413
Outpatient Hospital Services - Supplemental Payments	-	-	-	-	-	-
Prescribed Drugs	889,666,463	961,587,502	66,812,558	86,542,875	184,544,408	777,043,094
Drug Rebate Offset - National Agreement	(591,930,088)	(466,000,000)	(766,187)	(41,940,000)	(51,743,529)	(414,256,471)
Drug Rebate Offset - State Sidebar Agreement	(97,081,651)	(48,000,000)	(99,129)	(4,320,000)	(26,974,217)	(21,025,783)
Drug Rebate Offset - MCO National	(8,746,526)	(12,600,000)	(28,524)	(1,134,000)	(888,865)	(11,711,135)
Drug Rebate Offset - MCO State Sidebar Agreement	17,601	-	-	-	-	-
ODD Medication Assisted Treatment—Drugs	86,680,518	-	6,462,072	-	17,612,923	(17,612,923)
Dental Services	4,326,025	4,399,087	364,385	395,918	894,072	3,505,015
Other Practitioners Services - Regular Payments	146,588,874	17,263,355	16,377,459	1,553,702	39,516,255	(22,252,900)
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	2,442,194	1,433,269	212,474	128,994	463,779	969,490
Lab & Radiological Services	5,444,721	6,061,343	402,872	545,521	1,173,770	4,887,573
Home Health Services	22,635,227	31,691,744	1,777,201	2,852,257	3,352,427	28,339,317
Hysterectomies/Sterilizations	7,015	2,928	-	264	1,204	1,724
Pregnancy Terminations ⁽²⁾	-	19,089	-	1,718	-	19,089
EPSDT Services	1,214,270	771,690	101,526	69,452	234,514	537,176
Rural Health Clinic Services	2,449,746	2,237,118	162,639	201,341	660,355	1,576,763
Medicare Health Insurance Payments - Part A Premiums	28,308,602	30,240,573	2,477,134	2,721,652	5,017,819	25,222,754
Medicare Health Insurance Payments - Part B Premiums	150,906,037	170,705,833	11,881,216	15,363,525	24,517,541	146,188,292
120% - 134% Of Poverty	15,979,491	16,226,884	1,355,148	1,460,420	2,711,286	13,515,598
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	13,687,829	12,394,747	977,671	1,115,527	2,447,293	9,947,454

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2024

	MONTH OF AUGUST 2023		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2023	SFY2024	Current Month Ended 08/31/23	SFY2024	Current Month Ended 08/31/23	Current Month Ended 08/31/23	Year To-Date Thru 08/31/23	09/01/23 Thru 06/30/24
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	2,699,447,506	2,316,592,754	178,091,712		208,493,348		362,907,797	1,953,684,957
Medicaid MCO - Evaluation and Management	-	-	-	-	-	-	-	-
Medicaid MCO - Vaccine Codes	-	-	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-	-	-	-	-	-
Medicaid Health Insurance Payments: Group Health Plan Payments	2,311,560	2,219,207	169,488		199,729		564,518	1,654,689
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-	-	-
Home & Community-Based Services (IDD)	399,436,614	425,644,479	25,380,626		38,308,003		57,670,650	367,973,829
Home & Community-Based Services (Aged/Disabled)	114,651,033	162,465,610	3,176,746		14,621,905		9,138,793	153,326,817
Home & Community-Based Services (Traumatic Brain Injury)	3,938,462	2,368,144	100,969		213,133		202,593	2,165,551
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	58,767,481	86,842,302	1,039,563		7,815,807		2,938,774	83,903,528
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-	-	-
Targeted Case Management Services - State Wide	1,953,673	2,125,804	61,740		191,322		149,952	1,975,852
Primary Care Case Management Services	-	-	-	-	-	-	-	-
Hospice Benefits	30,179,762	27,812,852	2,092,825		2,503,157		6,012,306	21,800,546
Emergency Services Undocumented Aliens	1,591,557	599,899	77,780		53,991		175,257	424,642
Federally Qualified Health Center	11,339,883	6,515,541	714,230		586,399		1,825,097	4,690,444
Non-Emergency Medical Transportation	41,612,362	42,182,568	3,504,959		3,796,431		6,995,433	35,187,135
Physical Therapy	1,001,192	985,693	75,315		88,712		190,748	794,945
Occupational Therapy	417,926	408,056	28,081		36,725		75,149	332,907
Services for Speech, Hearing & Language	286,823	236,711	19,626		21,304		53,848	182,863
Prosthetic Devices, Dentures, Eyeglasses	799,272	564,182	61,221		50,776		174,478	389,704
Diagnostic Screening & Preventive Services	74,116	63,414	5,865		5,707		16,698	46,716
Nurse Mid-Wife	96,015	101,173	9,962		9,106		20,627	80,546
Emergency Hospital Services	-	-	-	-	-	-	-	-
Critical Access Hospitals	23,286,462	21,496,408	2,514,050		1,934,677		4,690,859	16,805,549
Nurse Practitioner Services	4,696,653	3,859,208	360,160		347,329		926,507	2,932,701
School Based Services	32,482,763	29,998,882	474,838		2,699,899		1,018,939	28,979,943
Rehabilitative Services (Non-School Based)	36,592,651	26,807,946	2,476,799		2,233,995		6,054,263	20,753,683
2a) Opioid Treatment Program (OTP) - Methadone services	146,007	-	(70,597)		-		(59,581)	59,581
2a) Opioid Treatment Program (OTP) - Peer Recovery Support Services	2,322,357	-	349		-		3,985	(3,985)
2a) Opioid Treatment Program (OTP) - Residential Adult Services	7,008,425	-	699,825		-		2,044,000	(2,044,000)
2a) OUD Medicaid Assisted Treatment Services	16,386,491	-	1,393,749		-		3,604,314	(3,604,314)
2a) Opioid Treatment Program (OTP) - Other	629,873	-	57,644		-		138,589	(138,589)
Private Duty Nursing	4,636,150	4,807,324	320,731		432,659		1,101,716	3,705,608
Freestanding Birth Centers	-	-	-	-	-	-	-	-
Health Home for Enrollees w Chronic Conditions	2,657,501	2,507,273	220,524		225,655		473,994	2,033,279
Other Care Services	26,284,761	36,847,337	2,356,765		3,316,260		6,003,715	30,843,622
Less: Recoupments	-	-	(7,313,251)		-		(7,472,939)	7,472,939
NET MEDICAID EXPENDITURES:	5,416,202,136	5,182,857,492	441,134,238		466,278,455		896,314,864	4,286,542,628

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2024

MONTH OF AUGUST 2023

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2023	SFY2024	Current Month Ended 08/31/23	Current Month Ended 08/31/23	Year To-Date Thru 08/31/23	09/01/23 Thru 06/30/24
Collections: Third Party Liability (line 9A on CMS-64)	(8,071,960)	-	-	-	-	-
Collections: Probate (line 9B on CMS-64)	(2,609,787)	-	-	-	-	-
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(917,727)	-	-	-	-	-
Collections: Other (line 9D on CMS-64)	(35,290,306)	-	-	-	-	-
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	5,369,312,356	5,182,857,492	441,134,238	466,278,455	896,314,864	4,286,542,628
Plus: Medicaid Part D Expenditures	43,535,275	52,661,876	3,860,251	4,739,569	7,806,815	44,855,062
Plus: State Only Medicaid Expenditures	187,230	262,845	16,915	23,656	31,208	231,637
Plus: Money Follow the Person Expenditures	1,170,896	1,037,688	76,897	93,392	225,454	812,234
TOTAL MEDICAID EXPENDITURES	\$5,414,205,758	\$5,236,819,901	\$445,088,301	\$471,135,071	\$904,378,341	\$4,332,441,561
Plus: Reimbursables ⁽¹⁾	4,404,092	-	359,414	-	908,253	(908,253)
Plus: NATCEP/PASARR/Eligibility Exams	241,251	29,578	14,824	2,662	62,574	(32,996)
Plus: HIT Incentive Payments	-	-	-	-	-	-
TOTAL EXPENDITURES	\$5,418,851,102	\$5,236,849,480	\$445,462,539	\$471,137,734	\$905,349,168	\$4,331,500,312

(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 \$4,010,972 is the amount paid to State Facilities year to date.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 MEDICAID CASH REPORT
 SFY2024

MONTH OF AUGUST 2023	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2023	Current Month Ended 08/31/23	Year-To-Date Thru 08/31/23	09/01/23 Thru 06/30/24	SFY2024
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	81,507,579	35,745,002	127,247,384	-	127,247,384
MATCHING FUNDS					
General Revenue (0403/189)	292,112,801	9,130,375	26,943,894	240,258,880	267,202,774
IDD Waiver (0403/466)	108,541,736	7,236,116	14,472,232	94,069,504	108,541,736
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,333	432,666	2,163,334	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,667	1,059,334	5,296,666	6,356,000
Traumatic Brain Injury (0403/835)	800,000	53,333	106,667	693,333	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	906,241	1,812,482	11,781,138	13,593,620
Medical Services Surplus (0403/633)	8,800,000	-	-	-	-
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	13,603,501	5,781,658	5,781,658	17,344,975	23,126,633
Lottery Waiver (0420/539)	19,612,957	2,709,956	2,709,956	8,129,869	10,839,825
Lottery Transfer (5405/871)	16,400,070	4,100,018	4,100,018	12,300,052	16,400,070
Excess Lottery (5365/189)	26,697,960	-	-	60,716,750	60,716,750
Lottery Surplus (5405/68199)	14,750,000	-	-	14,750,000	14,750,000
Lottery Surplus (5365/68100)	16,200,000	17,000,000	17,000,000	-	17,000,000
Trust Fund Appropriation (5185/189)	14,208,033	-	-	71,085,999	71,085,999
Provider Tax (5090/189)	290,400,000	-	-	639,251,662	639,251,662
NSGO UPL (5084/6717)	-	-	-	-	-
Expirations (5084)	-	-	-	-	-
Certified Match	15,218,760	816,807	1,470,005	12,235,995	13,706,000
Reimbursables - Amount Reimbursed	7,427,510	-	-	-	-
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	10,461	20,463	32,553	(32,553)	-
CHIP State Share	-	-	-	-	-
CMS - 64 Adjustments	196,666	-	-	-	-
TOTAL MATCHING FUNDS	\$ 949,033,654	\$ 84,245,969	\$ 203,168,849	\$ 1,190,045,605	\$ 1,393,214,454
FEDERAL FUNDS	4,596,740,061	394,177,413	735,286,979	3,367,733,344	4,103,020,324
TOTAL REVENUE SOURCES	\$ 5,545,773,715	\$ 478,423,382	\$ 938,455,828	\$ 4,557,778,949	\$ 5,496,234,777
TOTAL EXPENDITURES:					
Provider Payments	\$ 5,418,851,102	\$ 445,462,539	\$ 905,349,168	\$ 4,331,500,312	\$ 5,236,849,480
TOTAL	\$ 126,922,614	\$ 32,960,843	\$ 33,106,660	\$ 226,278,638	\$ 259,385,298

Note: FMAP (76.52% applicable Jul 2023 - Sep 2023)

Department of Health and Human Resources
Bureau for Medical Services

Medicaid Waiver Report
AUGUST 2023

Submitted to
Joint Committee on Government and Finance
and
Legislative Oversight Commission on Health and Human
Resources Accountability
OCTOBER 2023

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

Aged & Disabled Waiver Reported August 31, 2023		FY2023	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	FY2024 YTD
Slots Approved By CMS (1)		8,500	8,500	8,500											8,500
-Slots Available for Traditional (ADW-WV) enrollees		8,424	8,424	8,424											8,424
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees		76	76	76											76
-Slots reserved for Money Follows the Person (MFP-WV) enrollees															
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count		8,613	7,675	7,772											7,772
Applicants determined eligible this month and added to MEL (3) * 79 of 157 are awaiting Financial Eligibility not yet on MEL		2,416	137	157*											294
Applicants determined ineligible		123	11	10											21
ACTIVE MEMBERS															
Active Traditional Members at the end of the month		7,559	7,554	7,596											7,596
Active Take Me Home Members at the end of the month		48	41	44											44
Active Money Follows the Person Members at the end of the month															
Total Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count		7,607	7,595	7,640											7,640
Active members enrolled during the calendar month		1,835	187	195											382
-Total Active Traditional members enrolled during the calendar month		1,787	186	190											376
-Total Active TMH-WV members enrolled during the calendar month		48	1	5											6
-Total Active MFP-WV members enrolled during the calendar month															
Members discharged during the calendar month		1,516	199	150											349
ADW Members whose case was closed by reason	Member is deceased	874	71	31											102
	Other (4)	642	128	119											247
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		2,499	248	164											412
ADW Applicants removed from the MEL	Applicant offered a slot (Traditional + MFP)	1,330	143	69											212
	Applicant became deceased	222	12	8											20
	Other (5)	947	93	87											180
Applicants on the MEL who are in a nursing facility YTD Column reflects # members in setting during reporting month		0	0	1											1
Applicants on the MEL receiving Personal Care YTD Column reflects # members receiving service during reporting month		1	0	4											4
Applicants on the MEL at the end of month		83	5	25											25
Days - Average time spent on the MEL to date Minus MFP Applicants		127	28	2											15

(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 August 31, 2023		FY2023	July-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	YTD2024
Slots approved by CMS		6,115	6,115	6,115											6,115
Total number of members served YTD (unduplicated slots used) (1)		6,075	6,015	6,017											6,017
Total number of members served YTD in Traditional Slots		6,073	6,013	6,015											6,015
Total number of members served YTD in Adult Ben H. slots (Active)		2	0	1											1
Total number of members served YTD in Children Ben H. slots (Active)		2	1	1											1
Applicants determined eligible (2)		503	31	28											59
Applicants determined ineligible (3)		546	40	58											98
ACTIVE MEMBERS															
# of active members at the end of the month (unduplicated slots active) (1)		5,905	6,004	5,994											5,994
Discharged members at the end of the calendar month		183	19	14											33
Discharged members who were discharged by reason	Deceased	67	7	5											12
	Left program to enter a facility	56	4	2											6
	a. Hospital	0	0	0											0
	b. ICF/IID	30	1	0											1
	c. Nursing Facility	25	3	2											5
	d. Psychiatric Facility	0	0	0											0
	e. Rehabilitation Facility	0	0	0											0
	f. Other Facility	1	0	0											0
Other (6)	60	8	7											15	
MANAGED ENROLLMENT LIST (MEL)															
Total number of applicants on the MEL at the end of the month		548	459	483											483
Number of applicants added to the MEL (4)		503	31	28											59
Applicants enrolled (removed from the MEL)		208	118	4											122
Applicants removed from the MEL due to Death (5)		2	1	0											1
Applicants removed from the MEL due to Other (6)		17	1	0											1
Applicants on the MEL who are in a Nursing Facility		1	3	3											3
Applicants on the MEL who are in an ICF/IID Group Home		20	20	24											24
Applicants on the MEL receiving Personal Care Services each month		10	10	13											13
Longest on the MEL to date (7)		1173	1,204	1,235											1,235

(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 August 31, 2023	FY2023	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	FY2024 YTD
Slots Approved By CMS (1)	96	96	96											96
-Slots Available for Traditional (non TMH-WV) enrollees	95	92	92											92
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	1	4	4											4
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count	96	92	90											90
Applicants determined eligible this month and added to MEL (3)	12	1	3											4
Applicants determined ineligible	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	92	92	90											90
Active members enrolled during the calendar month	13	0	0											0
-Total Active Traditional members enrolled during the calendar month	12	0	0											0
-Total Active TMH-WV members enrolled during the calendar month	1	0	0											0
Members discharged during the calendar month	5	0	2											2
TBIW Members whose case was closed by reason														
Member is deceased	1	0	1											1
Other (4)	4	0	1											1
MANAGED ENROLLMENT LIST (MEL)														
# Eligible applicants closed during the calendar month (removed from MEL)	2	0	2											2
TBIW Applicants removed from the MEL														
Applicant offered a slot	0	0	2											2
Applicant became deceased	0	0	0											0
Other (5)	0	0	0											0
Applicants on the MEL who are in a nursing facility	0	0	0											0
Applicants on the MEL receiving Personal Care	0	1	0											1
Applicants on the MEL at the end of the month	2	3	4											4
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days	15	46	77											62

(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 2024. Four (4) slots are reserved for TM

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

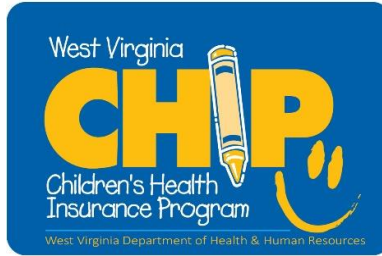
(3) Monthly number added to MEL is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on their initial application date.

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

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

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

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



West Virginia
Department of Health and Human Resources

Children's Health Insurance Program

OCTOBER 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 Two Months Ending August 31, 2023 and August 31, 2022

	Annual	Budget	Actual	Actual	Actual		Budget	
	Budget 2024	Year-to-Date	August 31, 2023	August 31, 2022	Variance	%	Variance	%
					\$	%	\$	%
Beginning Operating Fund Balance			\$5,382,999	\$6,999,256	(\$1,616,257)	-23%		
Revenues								
Federal Grants	\$57,889,868	\$9,648,311	\$8,999,606	\$5,558,134	\$3,441,472	62%	(\$648,705)	-7%
State Appropriations	\$11,026,842	\$1,837,807	\$1,473,556	\$935,744	\$0	0%	(\$364,251)	-20%
Premium Revenues	\$52,500	\$8,750	\$10,313	\$7,077	\$3,236	46%	\$1,563	18%
Investment Earnings (Interest)	\$100,000	\$16,667	\$13,568	(\$11,134)	\$24,702	-222%	(\$3,099)	-19%
Total Operating Fund Revenues	\$69,069,210	\$11,511,535	\$10,497,042	\$6,489,821	\$4,007,221	62%	(\$1,014,493)	-9%
Expenditures:								
Claims Expenses:								
Managed Care Organizations			\$6,910,238	\$5,824,474.90	\$1,085,763	19%		
Prescribed Drugs			\$1,612,317	\$123,430	\$1,488,888	1206%		
Physicians & Surgical			\$881,924	\$446,118	\$435,806	98%		
Inpatient Hospital Services			\$531,026	\$56,476	\$474,550	840%		
Outpatient Services			\$183,198	\$40,404	\$142,794	353%		
Dental			\$110,640	\$9,895	\$100,745	1018%		
Therapy			\$59,736	\$9,928	\$49,808	502%		
Other Services			\$31,528	\$9,964	\$21,564	216%		
Medical Transportation			\$277,638	\$3,102	\$274,537	8852%		
Inpatient Mental Health			\$3,671	\$3,250	\$421	13%		
Outpatient Mental Health			\$16,387	\$490	\$15,898	3248%		
Vision			\$7,232	\$1,245	\$5,987	481%		
Durable & Disposable Med. Equip.			\$6,550	\$1,230	\$5,320	433%		
Less: Other Collections**			(\$3,624)	(\$304)	(\$3,320)	1092%		
Drug Rebates	(\$2,517,954)	(\$419,659)	\$0	(\$295,973)	\$295,973	-100%	(\$416,035)	99%
Total Claims Expenses	\$64,732,739	\$5,394,395	\$10,628,463	\$6,233,729	\$4,394,734	70%	\$5,234,068	97%
Administrative Expenses:								
Salaries and Benefits	\$557,031	\$92,839	\$56,817	\$65,007	(\$8,190)	-13%	(\$36,022)	-39%
Program Administration	\$4,864,472	\$810,745	\$806,651	\$1,065,209	(\$258,558)	-24%	(\$4,094)	-1%
Outreach & Health Promotion	\$0	\$0	\$0	\$0	\$0	0%	\$0	0%
Health Service Initiative	\$225,000	\$56,250	\$0	\$0	\$0	0%	(\$56,250)	-100%
Current	\$413,409	\$68,902	\$5,880	\$4,186	\$1,694	40%	(\$63,022)	-91%
Total Administrative Expenses in Operating Fund	\$6,059,912	\$1,028,735	\$869,348	\$1,134,402	(\$265,054)	-23%	(\$159,387)	-15%
Total Operating Fund Expenditures	\$70,792,651	\$6,423,130	\$11,497,811	\$7,368,131	\$4,129,680	56%	\$5,074,681	79%
Adjustments			(\$278)	(\$313,477)				
Ending Operating Fund Balance			\$4,381,952.73	\$5,807,469	(\$1,425,517)	-25%		
Money Market			\$13,763	\$13,124				
Bond Pool			\$3,744,656	\$3,661,085				
Cash on Deposit			\$623,534	\$2,133,260				
Revenues Outside of Operating Funds:								
Federal Grants			\$0	\$0	\$0	0%		
Total WVCHIP Revenues			\$10,497,042	\$6,489,821	\$4,007,221	62%		
Program Expenses outside of Operating Funds:								
Eligibility	\$1,500,000	\$250,000	\$0	\$0	\$0	0%	(\$250,000)	-100%
Total Administrative Expenses	\$7,559,912	\$1,278,735	\$869,348	\$1,134,402	(\$265,054)	-23%	(\$409,387)	-32%
Total WVCHIP Expenditures	\$72,292,651	\$6,673,130	\$11,497,811	\$7,368,131	\$4,129,680	56%	\$4,824,681	72%

Footnotes:

- 1) Statement is on cash basis.
- 2) Estimate of Incurred but Not Reported (IBNR) claims on August 31, 2023 is \$558,624. The August 31, 2022 estimate was \$360,000.
- 3) Administrative Accounts Payable balance on August 31, 2023 was \$450,541. The August 31, 2022 balance was \$242,588.
- 4) 2024 and 2023 adjustments to fund balances represents 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 SFY24 is 83.56%. SFY23 was 85.00%.
- 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 includes 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).

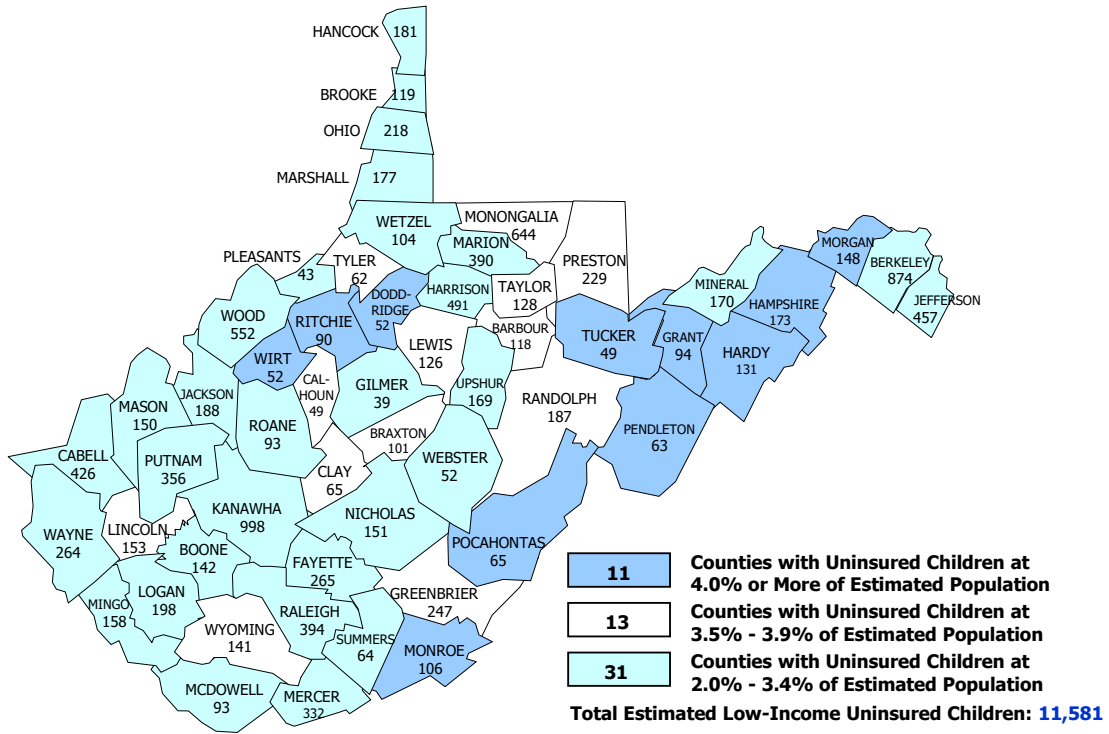
Unaudited - For Management Purposes Only

PRELIMINARY STATEMENT

WVCHIP Enrollment Report

SEPTEMBER 2023

County	County Pop.				MATERNITY		Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2020	2020
	2020 Est. (0-18 Yrs)	BLUE Sep-23	GOLD Sep-23	PREM Sep-23	BLUE Sep-23	PREM Sep-23	Enrollment Sep-23	Enrollment Sep-23	CHIP/Medicaid Enrollment	% of Population	SAHIE Uninsured Est.	SAHIE % Uninsured
Barbour	3,243	104	32	84	1	2	223	1,776	1,999	61.6%	118	3.6%
Berkeley	28,759	1,016	380	650	17	19	2,082	12,736	14,818	51.5%	874	3.0%
Boone	4,366	106	45	65	2	1	219	2,712	2,931	67.1%	142	3.3%
Braxton	2,579	63	24	36	0	2	125	1,361	1,486	57.6%	101	3.9%
Brooke	3,888	0	0	0	0	0	0	0	0	0.0%	119	3.1%
Cabell	18,302	426	166	292	8	11	903	8,901	9,804	53.6%	426	2.3%
Calhoun	1,265	57	15	24	1	2	99	746	845	66.8%	49	3.9%
Clay	1,818	49	21	29	2	0	101	1,206	1,307	71.9%	65	3.6%
Doddridge	1,181	44	9	20	0	2	75	672	747	63.3%	52	4.4%
Fayette	8,609	325	82	164	1	6	578	4,797	5,375	62.4%	265	3.1%
Gilmer	1,142	26	17	24	1	0	68	562	630	55.2%	39	3.4%
Grant	2,261	75	25	54	4	0	158	1,197	1,355	59.9%	94	4.2%
Greenbrier	6,618	257	102	190	9	5	563	3,598	4,161	62.9%	247	3.7%
Hampshire	4,103	149	53	68	2	0	272	2,336	2,608	63.6%	173	4.2%
Hancock	5,501	276	95	137	4	2	514	3,940	4,454	81.0%	181	3.3%
Hardy	2,742	96	42	63	2	0	203	1,426	1,629	59.4%	131	4.8%
Harrison	14,649	414	169	285	6	8	882	6,303	7,185	49.0%	491	3.4%
Jackson	6,156	128	52	85	0	2	267	2,876	3,143	51.1%	188	3.1%
Jefferson	13,252	376	134	191	6	1	708	3,674	4,382	33.1%	457	3.4%
Kanawha	35,737	958	348	626	16	24	1,972	32,664	34,636	96.9%	998	2.8%
Lewis	3,385	119	47	77	2	5	250	2,038	2,288	67.6%	126	3.7%
Lincoln	4,432	114	22	79	3	2	220	2,723	2,943	66.4%	153	3.5%
Logan	6,538	178	63	105	3	3	352	4,167	4,519	69.1%	198	3.0%
Marion	11,397	352	100	203	4	7	666	5,130	5,796	50.9%	390	3.4%
Marshall	5,847	127	50	71	2	3	253	2,620	2,873	49.1%	177	3.0%
Mason	5,492	131	48	62	0	6	247	2,939	3,186	58.0%	150	2.7%
Mercer	12,047	429	151	231	6	6	823	7,763	8,586	71.3%	332	2.8%
Mineral	5,365	192	70	93	2	0	357	2,430	2,787	51.9%	170	3.2%
Mingo	5,013	122	49	68	1	2	242	3,620	3,862	77.0%	158	3.2%
Monongalia	18,331	420	148	270	4	10	852	5,665	6,517	35.6%	644	3.5%
Monroe	2,635	81	33	100	2	4	220	1,193	1,413	53.6%	106	4.0%
Morgan	3,167	119	46	85	2	1	253	1,420	1,673	52.8%	148	4.7%
McDowell	3,372	62	43	63	0	1	169	2,639	2,808	83.3%	93	2.8%
Nicholas	4,952	186	53	105	3	6	353	2,648	3,001	60.6%	151	3.0%
Ohio	8,140	196	75	136	2	1	410	3,708	4,118	50.6%	218	2.7%
Pendleton	1,250	33	23	36	1	0	93	525	618	49.4%	63	5.0%
Pleasants	1,461	39	5	29	0	2	75	664	739	50.6%	43	2.9%
Pocahontas	1,406	42	18	34	0	1	95	740	835	59.4%	65	4.6%
Preston	6,396	240	73	147	2	5	467	2,950	3,417	53.4%	229	3.6%
Putnam	13,000	394	147	212	3	6	762	4,240	5,002	38.5%	356	2.7%
Raleigh	15,247	493	127	348	10	10	988	8,959	9,947	65.2%	394	2.6%
Randolph	5,224	173	57	121	3	3	357	2,662	3,019	57.8%	187	3.6%
Ritchie	1,896	54	15	27	1	0	161	1,008	1,169	61.7%	90	4.7%
Roane	2,757	141	55	91	0	2	238	1,413	1,651	59.9%	93	3.4%
Summers	1,981	97	12	40	0	2	178	1,415	1,593	80.4%	64	3.2%
Taylor	3,413	105	40	67	1	1	193	1,411	1,604	47.0%	128	3.8%
Tucker	946	42	24	46	0	2	92	505	597	63.1%	49	5.2%
Tyler	1,718	43	18	24	0	2	184	784	968	56.3%	62	3.6%
Upshur	4,938	148	72	121	1	1	353	2,642	2,995	60.7%	169	3.4%
Wayne	7,913	225	87	131	4	2	347	4,451	4,798	60.6%	264	3.3%
Webster	1,559	89	20	29	1	1	151	1,020	1,171	75.1%	52	3.3%
Wetzel	3,053	63	13	40	1	1	98	1,922	2,020	66.2%	104	3.4%
Wirt	1,209	31	9	20	1	0	289	619	908	75.1%	52	4.3%
Wood	17,613	453	131	248	6	6	707	8,581	9,288	52.7%	552	3.1%
Wyoming	4,086	120	42	111	4	4	281	2,406	2,687	65.8%	141	3.5%
Totals	363,350	10,798	3,797	6,757	157	195	21,704	193,103	214,807	59.1%	11,581	3.2%

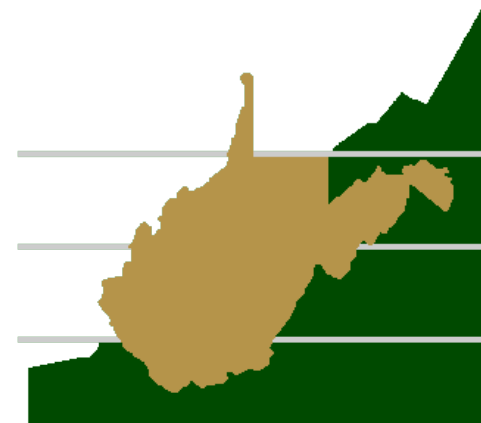


The above map shows the most recent 2020 county level data provided by the U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE) for children under 19 years. While the statewide average for children under 19 is now about 3.2%, the SAHIE data reflects more accurately the variation from county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

August 31, 2023



Participant Plans Allocation & Performance Net of Fees

Period Ending: August 31, 2023

	6/30/2023		8/31/2023		Performance %							
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
WVIMB Fund Assets	24,219,305	100.0	24,449,239	100.0								
Pension Assets	19,790,811	81.7	19,845,674	81.2								
Public Employees' Retirement System	8,398,434	34.7	8,408,051	34.4	(1.2)	4.1	0.8	7.7	8.4	7.8	8.5	8.0
Teachers' Retirement System	9,319,703	38.5	9,359,491	38.3	(1.2)	4.1	0.7	7.7	8.3	7.8	8.5	7.8
EMS Retirement System	125,180	0.5	126,371	0.5	(1.2)	4.1	0.7	7.6	8.3	7.8	8.5	
Public Safety Retirement System	778,439	3.2	775,510	3.2	(1.2)	4.1	0.8	7.7	8.4	7.8	8.5	8.0
Judges' Retirement System	278,545	1.2	279,812	1.1	(1.2)	4.1	0.8	7.7	8.3	7.8	8.6	8.0
State Police Retirement System	320,094	1.3	323,020	1.3	(1.2)	4.1	0.8	7.6	8.3	7.8	8.5	8.0
Deputy Sheriffs' Retirement System	316,039	1.3	317,812	1.3	(1.2)	4.1	0.7	7.7	8.3	7.8	8.5	8.0
Municipal Police & Firefighter Retirement System	34,945	0.1	35,724	0.2	(1.2)	4.1	0.7	7.5	8.2	7.8	8.4	
Natural Resources Police Office Retirement System	27,643	0.1	27,906	0.1	(1.2)	4.1	0.7	7.6				
Municipal Model A	189,153	0.8	189,248	0.8	(1.2)	4.1	0.8	7.7	8.8	8.2	8.7	
Municipal Model B	2,636	0.0	2,729	0.0	(1.6)	4.2	0.7	8.8	3.7			
Insurance Assets	3,216,097	13.3	3,219,920	13.2								
Workers' Compensation Old Fund	851,245	3.4	840,306	3.4	(0.8)	2.7	0.7	4.5	2.2	4.0	4.5	
Workers' Comp. Self-Insured Guaranty Risk Pool	37,044	0.2	37,274	0.1	(0.8)	2.7	0.7	4.8	2.8	4.2	4.7	
Workers' Comp. Self-Insured Security Risk Pool	48,517	0.2	48,409	0.2	(0.8)	2.7	0.7	4.8	2.8	4.2		
Workers' Comp. Uninsured Employers' Fund	16,767	0.1	16,967	0.1	(0.8)	2.7	0.7	4.8	2.8	4.1	4.5	
Pneumoconiosis	200,150	0.8	199,078	0.8	(0.8)	2.7	0.7	4.8	2.8	4.2	4.7	5.1
Board of Risk & Insurance Management	183,857	0.8	185,127	0.8	(0.8)	2.7	0.7	4.7	2.8	4.2	4.7	
Public Employees' Insurance Agency	135,642	0.6	136,511	0.6	(0.8)	2.3	0.6	4.1	2.2	3.9	4.5	
WV Retiree Health Benefit Trust Fund	1,742,875	7.2	1,756,248	7.2	(1.2)	4.1	0.8	7.7	8.3	7.8	8.5	
Endowment Assets	1,212,397	5.0	1,383,645	5.6								
Berkeley County Development Authority	8,558	0.0	8,624	0.0	(1.2)	4.1	0.8	7.7	8.3	7.8		
Wildlife Fund	72,283	0.3	71,190	0.3	(1.2)	4.1	0.8	7.6	8.3	7.8	8.5	8.0
WV State Parks and Recreation Endowment Fund	35,050	0.1	36,586	0.1	(1.2)	4.1	0.8	8.1				
Revenue Shortfall Reserve Fund	334,187	1.4	500,697	2.0	(0.5)	1.1	0.4	0.8	(1.5)	1.4	1.9	
Revenue Shortfall Reserve Fund - Part B	514,884	2.2	516,923	2.1	(0.8)	1.7	0.4	2.6	0.1	3.1	4.0	
WV DEP Trust	11,478	0.0	11,587	0.1	(1.3)	4.5	0.9	10.3	6.5	6.2	7.2	
WV DEP Agency	235,957	1.0	238,038	1.0	(1.1)	3.6	0.9	6.8	3.7	4.8		

Composite Asset Allocation & Performance Net of Fees

Period Ending: August 31, 2023

	Asset (\$000)	%	Performance %								
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year	
Investment Pools Composite	24,456,860	100.00									
Portable Alpha Composite +/- S&P 500 Index	5,147,180	21.05	(1.65) (0.06)	8.24 (0.04)	1.21 (0.36)	13.47 (2.47)	10.26 (0.26)				
Large Cap Domestic Equity Composite +/- S&P 500 Index	308,821	1.26	(1.59) 0.00	8.23 (0.05)	1.54 (0.03)	15.64 (0.30)	10.41 (0.11)	10.96 (0.16)	12.75 (0.06)	9.99 0.06	
Non-Large Cap Domestic Equity Composite +/- Russell 2500 Index	1,055,086	4.31	(2.58) 1.35	7.44 (2.00)	0.98 0.13	13.32 6.68	12.24 2.72	6.41 0.98	9.64 0.51	9.98 0.61	
International Equity Composite +/- MSCI AC World ex US IMI Index (a)	4,224,653	17.27	(3.28) 0.98	6.76 2.57	1.52 1.72	14.99 2.78	5.86 1.25	4.42 0.64	5.76 0.76	7.69 0.80	
Fixed Income Composite +/- Bloomberg Universal (b)	4,271,063	17.46	(0.63) (0.03)	0.26 0.92	(0.06) 0.44	1.40 1.79	(2.42) 1.54	1.67 0.93	2.47 0.70	3.86 0.50	
Core Fixed Income Composite +/- Bloomberg US Aggregate	1,907,011	7.80	(0.51) 0.13	(0.96) 0.10	(0.66) 0.05	(0.29) 0.90	(3.33) 1.08	1.34 0.85	2.08 0.60		
Total Return Fixed Income Composite (c) +/- Bloomberg Universal	2,364,052	9.66	(0.72) (0.12)	1.23 1.89	0.41 0.91	2.57 2.96	(1.88) 2.08	1.88 1.14	2.66 0.89	4.27 0.86	
TIPS Composite +/- Bloomberg US TIPS 1-10 Yr (d)	397,239	1.62	(0.46) (0.02)	(0.47) 0.00	(0.03) (0.04)	(3.02) 0.04	(1.24) 0.04	2.49 0.08	2.18 0.04		
Cash Composite +/- FTSE 3 Month US T-Bill (e)	263,156	1.08	0.44 (0.03)	1.30 (0.05)	0.86 (0.06)	4.26 (0.18)	1.56 (0.07)	1.58 (0.11)	1.04 (0.03)	1.44 (0.03)	
Private Equity Composite +/- Russell 3000 + 3% (f, g)	2,802,643	11.46	0.01 1.69	1.74 (7.52)	0.03 (2.05)	5.28 (12.48)	22.01 9.20	20.64 7.39	18.52 3.24		
Real Estate Composite +/- NCREIF + 1% (f)	2,439,650	9.98	(0.34) 0.24	(0.40) 1.27	(0.14) 1.02	(5.54) (1.57)	6.77 (1.15)	5.65 (1.52)	7.90 (1.09)		
Hedge Fund Composite +/- HFRI FOF + 1% (h)	2,511,326	10.27	0.23 0.30	2.98 0.65	1.45 0.35	5.09 0.83	7.52 2.68	5.68 1.26	4.96 0.91		
Private Credit & Income Composite +/- SOFR + 4% (f, i)	1,036,043	4.24	(0.39) (1.17)	2.58 0.27	0.06 (1.50)	3.32 (4.68)	7.73 0.89	6.42 0.74			

Participant Plans Allocation vs. Strategy

Period Ending: August 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	46.7	45.0	15.0	15.0	12.6	12.0	10.9	12.0	4.6	6.0	10.2	10.0	0.0	0.0
Teachers' Retirement System	46.7	45.0	15.0	15.0	12.6	12.0	10.9	12.0	4.6	6.0	10.2	10.0	0.0	0.0
EMS Retirement System	46.7	45.0	15.2	15.0	12.4	12.0	10.8	12.0	4.6	6.0	10.1	10.0	0.2	0.0
Public Safety Retirement System	46.6	45.0	14.8	15.0	12.6	12.0	11.0	12.0	4.7	6.0	10.2	10.0	0.1	0.0
Judges' Retirement System	46.8	45.0	15.1	15.0	12.5	12.0	10.9	12.0	4.6	6.0	10.1	10.0	0.0	0.0
State Police Retirement System	46.3	45.0	15.3	15.0	12.5	12.0	10.9	12.0	4.6	6.0	10.1	10.0	0.3	0.0
Deputy Sheriffs' Retirement System	46.6	45.0	15.2	15.0	12.5	12.0	10.9	12.0	4.6	6.0	10.1	10.0	0.1	0.0
Municipal Police & Firefighter Retirement System	46.3	45.0	15.1	15.0	12.3	12.0	10.7	12.0	4.5	6.0	10.0	10.0	1.1	0.0
Natural Resources Police Office Retirement System	46.3	45.0	15.2	15.0	12.5	12.0	10.9	12.0	4.6	6.0	10.1	10.0	0.4	0.0
Municipal Model A	46.4	45.0	14.9	15.0	12.6	12.0	10.9	12.0	4.6	6.0	10.2	10.0	0.4	0.0
Municipal Model B	56.2	55.0	43.0	45.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.0

Insurance Assets

Workers' Compensation Old Fund	26.3	25.0	44.9	45.0	4.2	4.0	3.7	4.0	1.6	2.0	15.3	15.0	4.0	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	26.2	25.0	44.6	45.0	4.2	4.0	3.6	4.0	1.5	2.0	15.1	15.0	4.8	5.0
Workers' Comp. Self-Insured Security Risk Pool	26.3	25.0	44.7	45.0	4.2	4.0	3.6	4.0	1.5	2.0	15.2	15.0	4.5	5.0
Workers' Comp. Uninsured Employers' Fund	25.9	25.0	44.4	45.0	4.1	4.0	3.6	4.0	1.5	2.0	15.1	15.0	5.4	5.0
Pneumoconiosis	26.3	25.0	44.8	45.0	4.2	4.0	3.6	4.0	1.5	2.0	15.2	15.0	4.4	5.0
Board of Risk & Insurance Management	26.0	25.0	44.6	45.0	4.2	4.0	3.6	4.0	1.5	2.0	15.1	15.0	5.0	5.0
Public Employees' Insurance Agency	20.8	20.0	54.3	55.0	2.1	2.0	1.8	2.0	0.8	1.0	20.2	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	46.7	45.0	15.3	15.0	12.5	12.0	10.8	12.0	4.6	6.0	10.1	10.0	0.0	0.0

Endowment Assets

Berkeley County Development Authority	46.6	45.0	15.3	15.0	12.5	12.0	10.9	12.0	4.6	6.0	10.1	10.0	0.0	0.0
Wildlife Fund	46.2	45.0	15.4	15.0	12.6	12.0	10.9	12.0	4.6	6.0	10.2	10.0	0.1	0.0
WV State Parks and Recreation Endowment Fund	45.9	45.0	15.1	15.0	12.3	12.0	10.7	12.0	4.5	6.0	9.9	10.0	1.6	0.0
Revenue Shortfall Reserve Fund	7.0	10.0	53.2	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	39.8	10.0
Revenue Shortfall Reserve Fund - Part B	18.2	17.5	72.0	72.5	2.1	2.0	1.8	2.0	0.8	1.0	5.1	5.0	0.0	0.0
WV DEP Trust	51.8	50.0	15.1	15.0	10.3	10.0	9.0	10.0	3.8	5.0	10.0	10.0	0.0	0.0
WV DEP Agency	35.9	35.0	39.3	40.0	2.1	2.0	1.8	2.0	0.8	1.0	20.1	20.0	0.0	0.0

- (a) Prior to January 2014, the index was the MSCIACW ex USA (Standard).
- (b) Prior to April 2008, the index was Bloomberg US Aggregate.
- (c) From October 2015 to March 2017, performance returns from the Opportunistic Income Pool were included in the Total Return Fixed Income Composite.
- (d) Prior to June 2023, the index was Bloomberg US TIPS.
- (e) Prior to January 2014, the index was FTSE 3 Month US T-Bill plus 15 basis points.
- (f) 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.
- (g) Prior to January 2014, the index was S&P 500 plus 500 basis points.
- (h) Prior to January 2014, the index was Libor plus 400 basis points.
- (i) From April 2017 to May 2023, the index was CS Leveraged Loan plus 200 basis points. Prior to April 2017, the index was CS Leveraged Loan plus 250 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

Insurance Commissioner

October 2023 Report

to

Joint Committee on Government & Finance

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Introduction

The passage of S.B. 1004 in January 2005 brought historic changes to workers' compensation insurance in West Virginia. The State-administered monopolistic system was phased out and the West Virginia workers' compensation insurance market was privatized and opened to full competition beginning in July 2008.

Although workers' compensation insurance in WV was privatized, a large legacy liability existed from the 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.

As of September 2023, there were 6,843 active claims remaining in the Old Fund. This report provides updates on the status of the various workers' compensation funds and the activities associated with the regulation of workers' compensation insurance by the Insurance Commissioner.

Definitions:

Board of Review: The Board of Review (BOR) is charged with adjudicating objections to claims decisions made by private carriers, self-insured employers or the Insurance Commissioner, if applicable, regarding claims made pursuant to the provisions of W.Va. Code §23-5-1a. The BOR conducts hearings, receives and weighs evidence, and issues written decisions on objections filed in regard to initial claims management decisions. A final decision of the Board of Review may be appealed to the Intermediate Court of Appeals.

Intermediate Court of Appeals: The Intermediate Court of Appeals (ICA) is the appellate court created in W.Va. Code §51-11-1, et seq., the *West Virginia Appellate Reorganization Act*, with appellate jurisdiction over final orders or decisions of the BOR issued pursuant to W.Va. Code 23-5-1, et seq., after June 30, 2022. Any employer, employee, claimant, or dependent who is aggrieved by a decision of the BOR may appeal to the West Virginia Intermedial Court of Appeals. The ICA may reverse, vacate, modify, or remand a decision of the BOR. Any appeal taken from an ICA 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 December 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.

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.

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.

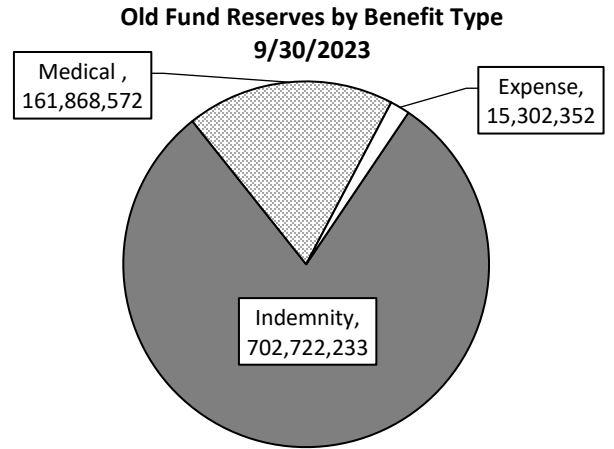
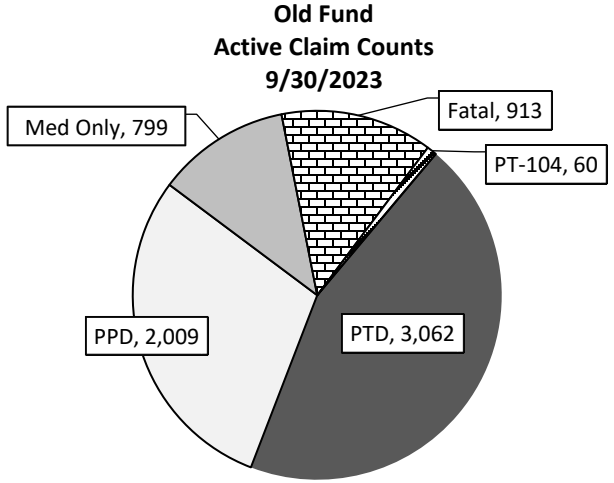
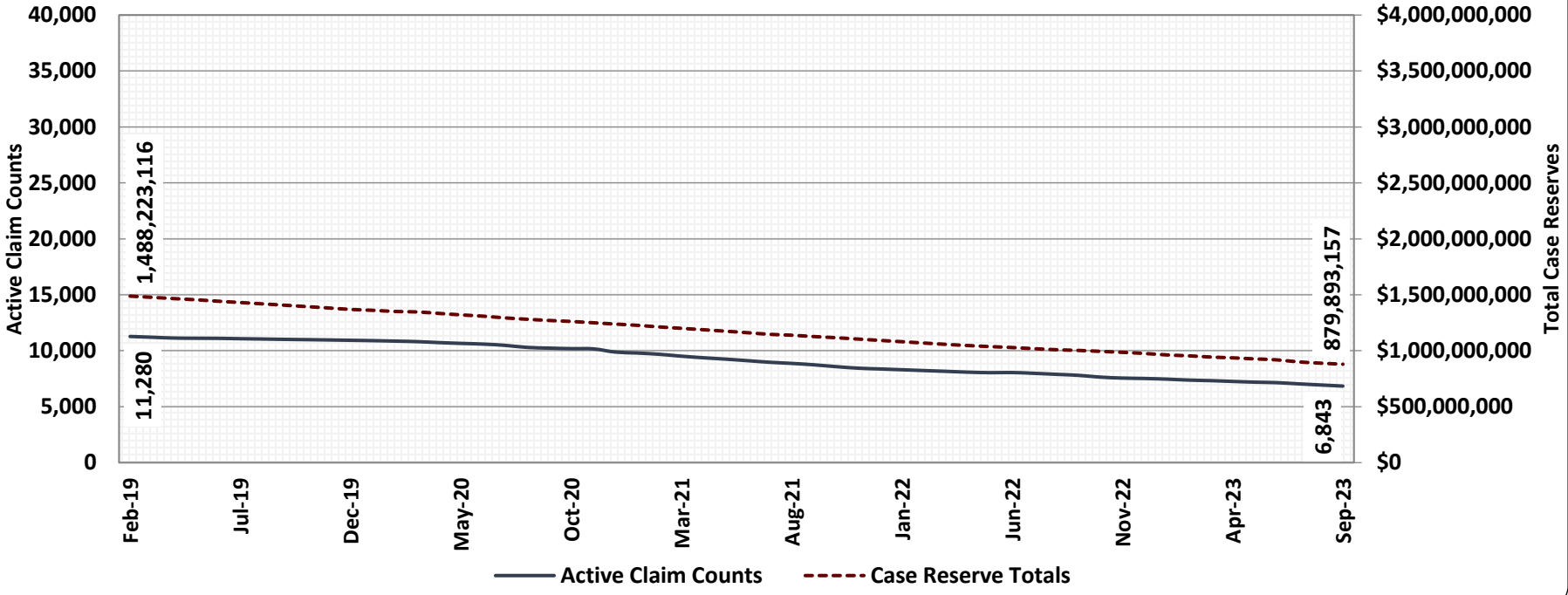
Self-Insured Guaranty Fund: State managed fund consisting of those funds transferred to it from the guaranty pool created pursuant to 85 CSR §19 (2004) and any future funds collected through continued administration of that exempt legislative rule as administered by the WVOIC and out of which workers'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

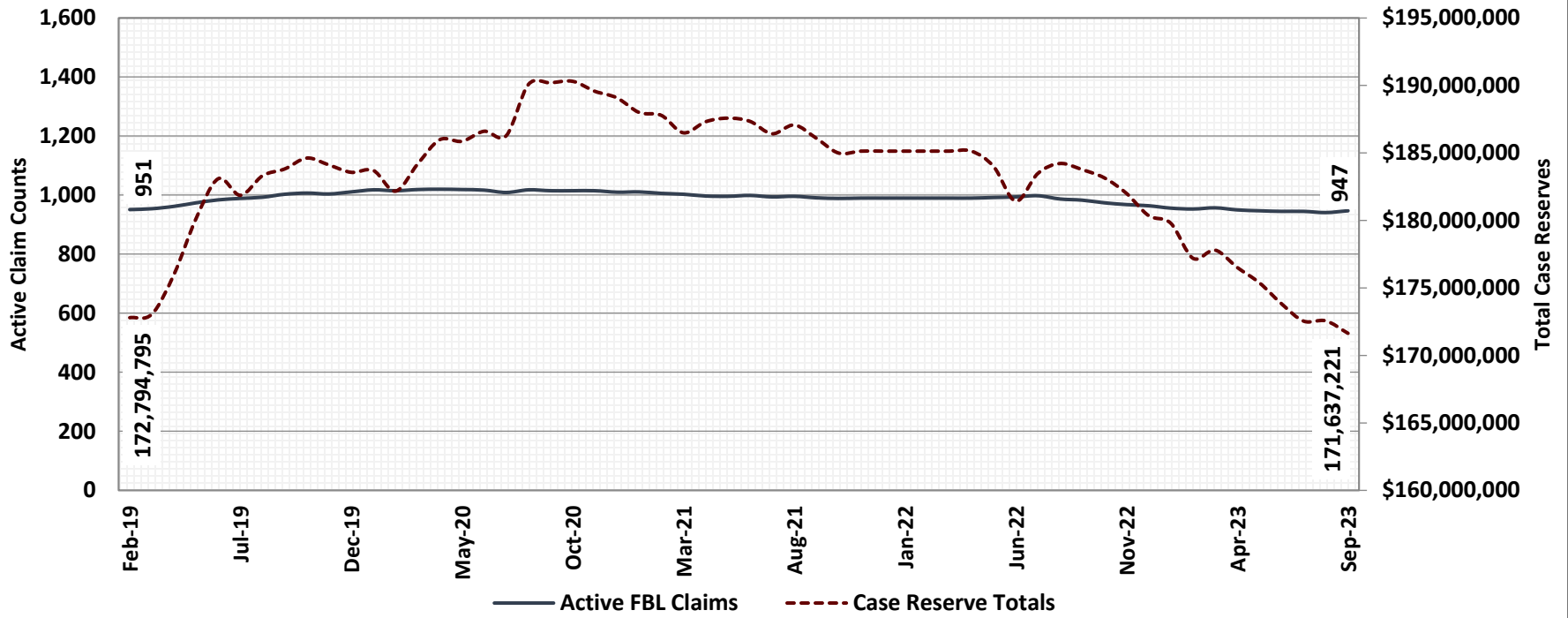
TTD: (Temporary Total Disability) an inability to return to substantial gainful employment requiring skills or activities comparable to those of one's previous gainful employment during the healing or recovery period after the injury. In order to receive TTD benefits, the injured worker must be certified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

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

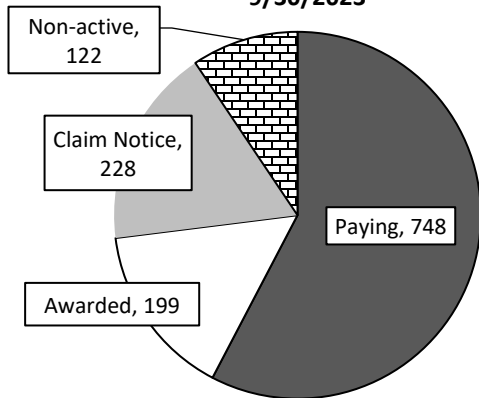
**Old Fund
Active Claim Counts and Case Reserves
9/30/2023**



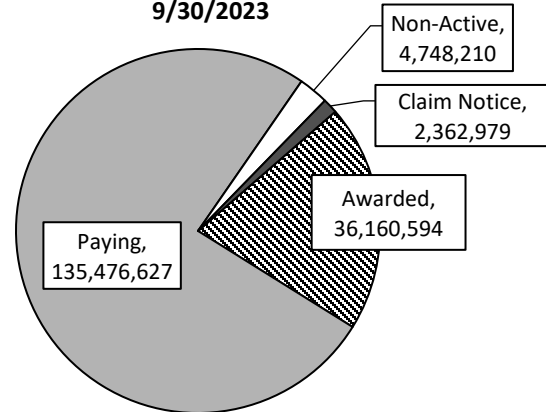
**CWP Fund (FBL)
Active Claim Counts and Case Reserves
9/30/2023**



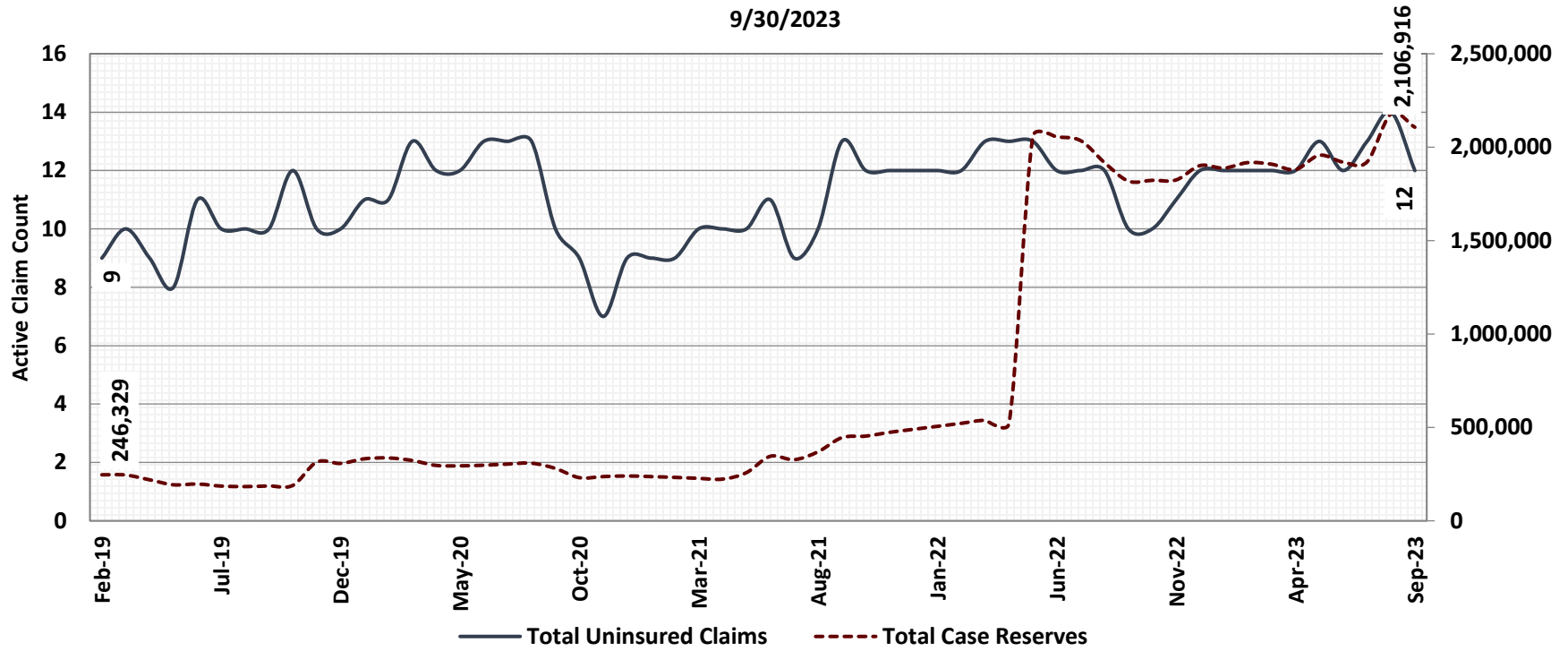
**CWP Fund (FBL)
Active and Inactive Claims
9/30/2023**



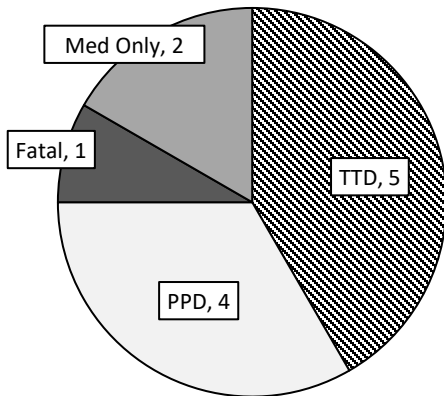
**CWP Fund Reserves by Benefit Type
9/30/2023**



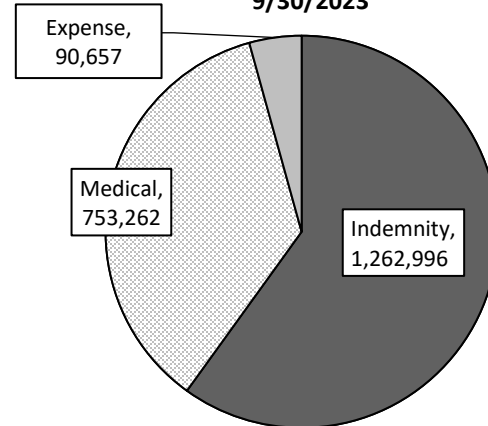
**Uninsured Fund
Active Claim Counts and Case Reserves
9/30/2023**



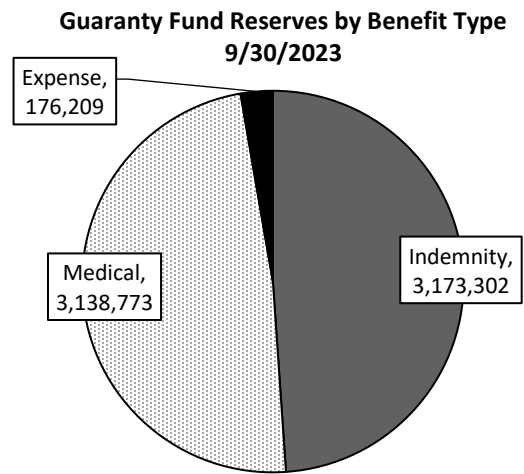
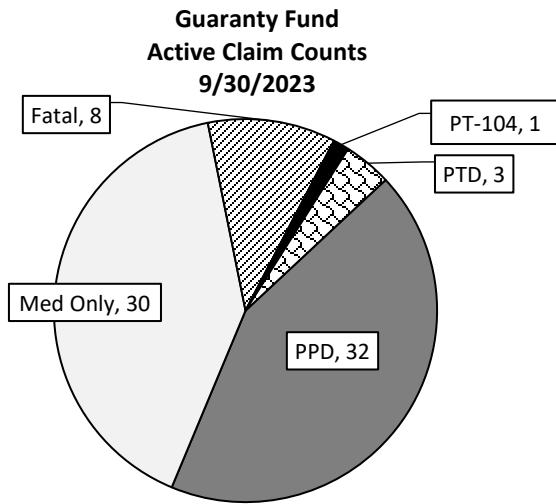
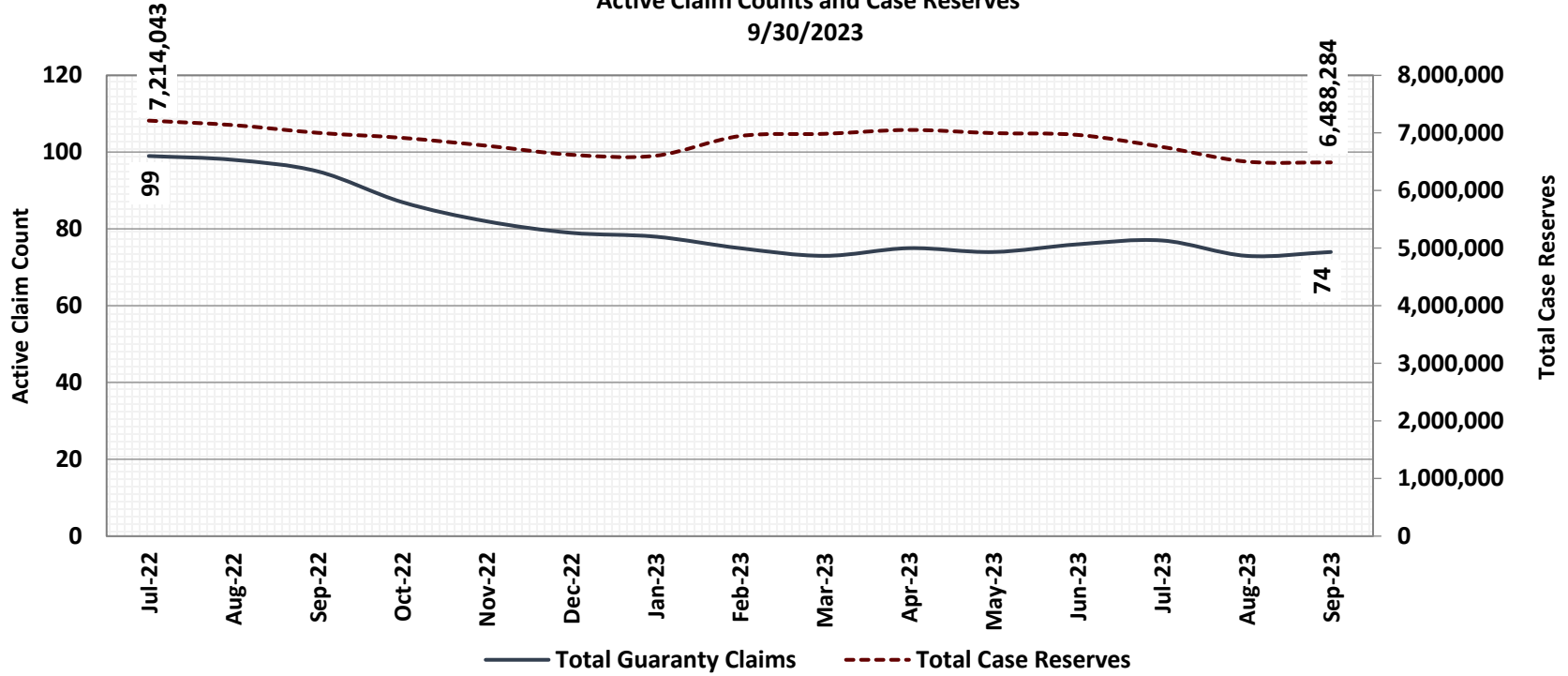
**Uninsured Fund
Active Claim Counts
9/30/2023**



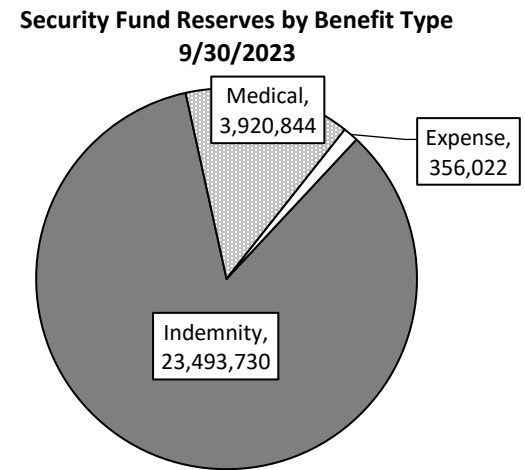
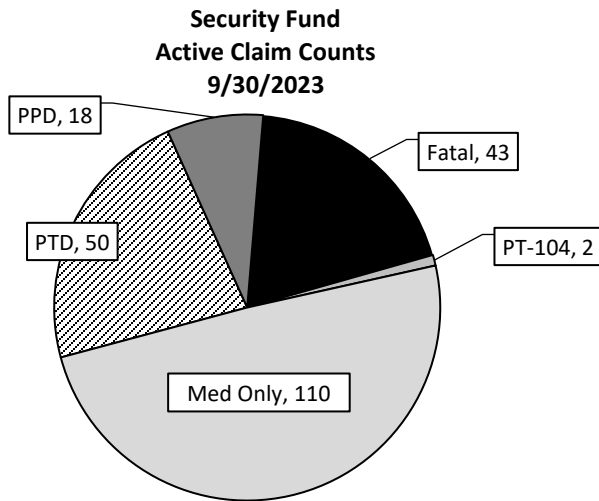
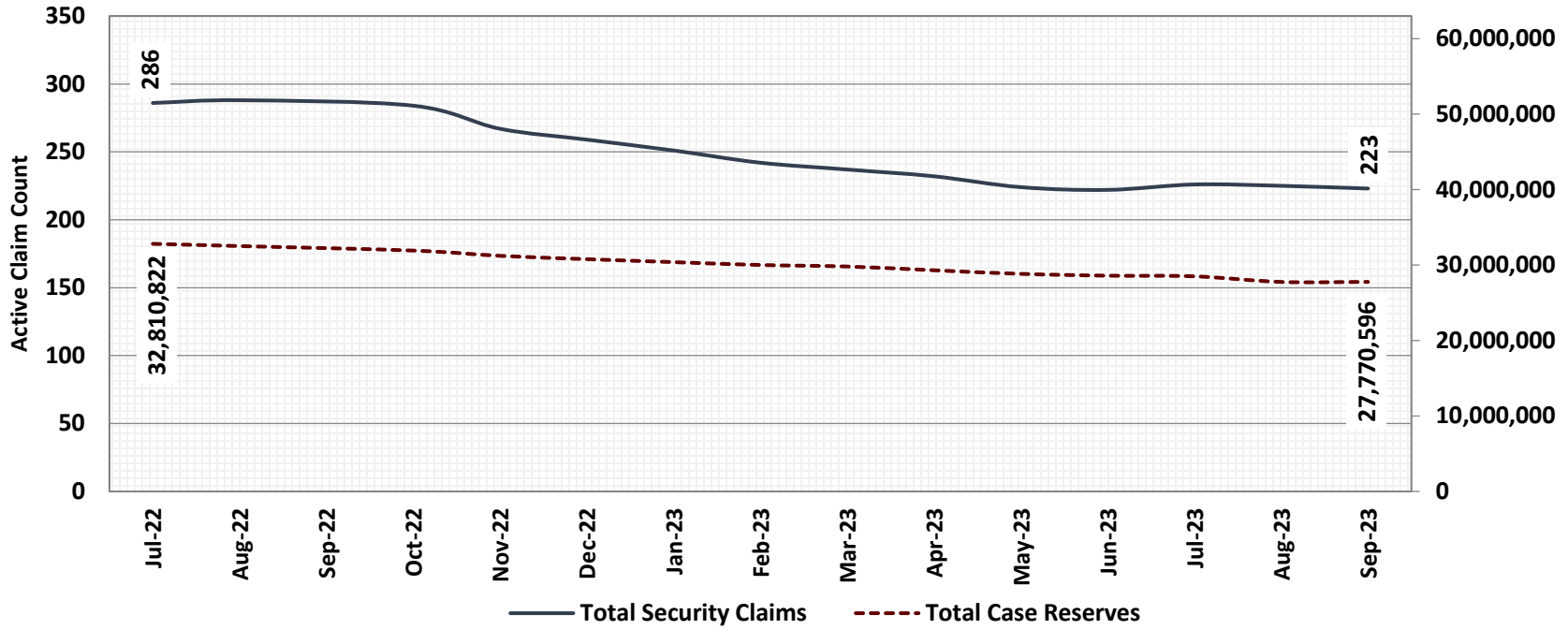
**Uninsured Fund Reserves by Benefit Type
9/30/2023**



**Guaranty Fund
Active Claim Counts and Case Reserves
9/30/2023**



**Security Fund
Active Claim Counts and Case Reserves
9/30/2023**



OLD FUND CASH STATEMENT
SEPTEMBER 30, 2023

Three Year History for years ended:

	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
Cash Beginning Balances	834,791,874	919,242,416	(84,450,541)	919,242,416	1,080,592,100	993,229,138
Revenues						
Employer Premium	9,726	11,081	(1,355)	41,326	238,786	189,298
Other Income	-	-	-	-	-	-
Operating Revenues	9,726	11,081	(1,355)	41,326	238,786	189,298
Investment / Interest Earnings (Losses)	22,551,764	(25,345,759)	47,897,523	(11,188,287)	(52,668,067)	187,370,470
Total Revenues	22,561,490	(25,334,678)	47,896,168	(11,146,961)	(52,429,280)	187,559,768
Expenditures						
Claims Benefits Paid:						
Medical	4,134,574	3,955,328	179,246	14,732,152	14,588,442	16,509,277
Permanent Total Disability	13,560,610	14,721,041	(1,160,431)	57,045,856	63,031,618	69,561,392
Permanent Partial Disability	16,046	19,687	(3,640)	66,107	163,078	112,956
Temporary Disability	-	-	-	-	-	-
Fatals	3,953,931	4,063,532	(109,601)	16,153,932	17,124,757	18,386,146
104 weeks death benefit	1,494,798	1,255,020	239,778	4,611,340	6,011,709	6,353,928
Settlements	488,342	881,651	(393,308)	1,249,524	2,382,067	2,708,581
Loss Adjustment Expenses	153,053	390,336	(237,283)	899,017	1,284,295	1,095,241
Total	23,801,354	25,286,593	(1,485,240)	94,757,927	104,585,967	114,727,520
Less: Formulary Rebates	139,714	-	139,714	-	-	-
Less: Claims credits and overpayments	120,626	130,158	(9,532)	550,422	454,800	334,334
Total Benefits Paid	23,541,014	25,156,436	(1,615,422)	94,207,505	104,131,167	114,393,187
Administrative Expenses	348,536	482,438	(133,902)	4,096,075	4,789,237	5,803,619
Total Expenditures	23,889,549	25,638,874	(1,749,324)	98,303,580	108,920,405	120,196,805
Excess (Deficiency) of Revenues over Expenditures	(1,328,060)	(50,973,552)	49,645,492	(109,450,541)	(161,349,685)	67,362,963
Transfer from Operating Fund	-	-	-	25,000,000	-	20,000,000
Cash Ending Balances	833,463,815	868,268,864	(34,805,050)	834,791,874	919,242,416	1,080,592,100

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

COAL WORKERS PNEUMOCONIOSIS FUND
SEPTEMBER 30, 2023

Three Year History for years ended:

	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
Cash Beginning Balances	196,484,406	215,931,727	(19,447,321)	215,931,727	246,613,162	220,914,521
Revenues						
Investment Earnings (Losses)	5,310,162	(5,428,750)	10,738,911	(1,550,178)	(11,131,323)	43,567,242
Other Income	-	-	-	-	-	-
Total Revenues	5,310,162	(5,428,750)	10,738,911	(1,550,178)	(11,131,323)	43,567,242
Expenditures						
Claims Benefits Paid:						
Medical	412,783	855,974	(443,191)	2,799,907	6,033,252	5,107,159
PTD and Fatal Indemnity	2,652,326	2,230,469	421,857	10,613,261	9,518,418	8,726,207
Settlements	-	-	-	-	1,837	-
Loss Adjustment Expenses	834,704	1,216,197	(381,493)	4,660,713	3,513,844	3,343,071
Total	3,899,814	4,302,640	(402,827)	18,073,881	19,067,350	17,176,438
Less: Formulary Rebates	27,349	-	27,349	-	-	-
Less: Claims Credits and Overpayments	354,489	35,951	318,537	738,146	387,376	94,896
Total Benefits Paid	3,517,976	4,266,689	(748,713)	17,335,735	18,679,974	17,081,541
Administrative Expenses	108,025	49,188	58,837	561,407	870,138	787,060
Total Expenditures	3,626,001	4,315,877	(689,876)	17,897,142	19,550,112	17,868,601
Excess (Deficiency) of Revenues over Expenditures	1,684,160	(9,744,627)	11,428,787	(19,447,321)	(30,681,436)	25,698,641
Cash Ending Balances	198,168,566	206,187,100	(8,018,532)	196,484,406	215,931,727	246,613,162

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

SELF-INSURED GUARANTY RISK POOL
SEPTEMBER 30, 2023

Three Year History for years ended:

	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
Cash Beginning Balances	36,425,695	37,187,942	(762,247)	37,187,942	39,659,496	33,724,356
Revenues						
Guaranty Risk Pool Assessments	108,674	5,000	103,674	15,000	10,000	-
Collateral Proceeds	-	-	-	-	-	-
Investment Earnings (Losses)	980,168	(929,499)	1,909,667	(209,276)	(1,884,585)	6,763,880
Total Revenues	1,088,842	(924,499)	2,013,341	(194,276)	(1,874,585)	6,763,880
Expenditures						
Claims Benefits Paid:						
Medical	86,641	43,164	43,477	167,151	178,127	280,185
Permanent Total Disability	7,109	15,929	(8,820)	37,257	63,717	89,242
Permanent Partial Disability	18,269	16,410	1,859	33,839	83,562	91,922
Temporary Disability	-	-	-	-	-	-
Fatals	46,487	51,749	(5,261)	201,734	206,996	206,996
104 Weeks Death Benefit	8,820	-	8,820	26,460	-	-
Settlement Agreements	-	18,000	(18,000)	43,500	62,000	39,699
Non Awarded Partial Disability	-	-	-	-	-	-
Loss Adjustment Expenses	10,152	42,061	(31,908)	63,319	31,743	52,455
Total	177,478	187,313	(9,834)	573,261	626,144	760,498
Less: Formulary Rebates	1,054	-	1,054	-	-	-
Less: Claims Credits and Overpayments	-	-	-	409	53,649	150
Total Benefits Paid	176,424	187,313	(10,888)	572,851	572,495	760,348
Administrative Expenses	-	(2,112)	2,112	(4,880)	24,473	68,392
Total Expenditures	176,424	185,201	(8,776)	567,971	596,968	828,740
Excess (Deficiency) of Revenues over Expenditures	912,418	(1,109,699)	2,022,117	(762,247)	(2,471,554)	5,935,140
Cash Ending Balances	37,338,113	36,078,243	1,259,870	36,425,695	37,187,942	39,659,496

f-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-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 are invested with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. The Self Insured Guaranty Cash Statement is unaudited information.

SELF-INSURED SECURITY RISK POOL
SEPTEMBER 30, 2023

Three Year History for years ended:

	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
Cash Beginning Balances	47,666,403	50,605,643	(2,939,240)	50,605,643	55,995,948	49,568,499
Revenues						
Security Risk Pool Assessments	-	-	-	-	-	-
Collateral Proceeds	-	-	-	-	-	-
Investment Earnings (Losses)	1,287,546	(1,268,326)	2,555,872	(325,785)	(2,592,281)	9,805,453
Total Revenues	1,287,546	(1,268,326)	2,555,872	(325,785)	(2,592,281)	9,805,453
Expenditures						
Claims Benefits Paid:						
Medical	217,229	206,093	11,136	717,600	585,099	531,814
Permanent Total Disability	268,046	279,246	(11,200)	1,086,424	1,177,138	1,250,688
Permanent Partial Disability	5,864	235	5,628	8,906	11,540	4,243
Temporary Disability	-	-	-	-	-	-
Fatals	196,668	230,515	(33,847)	849,667	838,483	918,152
104 Weeks Death Benefit	15,406	6,731	8,676	35,632	50,458	171,468
Settlement Agreements	-	-	-	16,000	61,325	315,463
Loss Adjustment Expenses	7,904	17,268	(9,363)	39,671	36,980	73,223
Total	711,118	740,088	(28,970)	2,753,900	2,761,024	3,265,052
Less: Formulary Rebates	4,354	-	4,354	-	-	-
Less: Claims Credits and Overpayments	16,511	38,525	(22,014)	117,966	31,348	84,004
Total Benefits Paid	690,253	701,563	(11,310)	2,635,934	2,729,676	3,181,048
Administrative Expenses	15	(9,730)	9,745	(22,479)	68,348	196,956
Total Expenditures	690,268	691,833	(1,565)	2,613,455	2,798,024	3,378,004
Excess (Deficiency) of Revenues over Expenditures	597,278	(1,960,159)	2,557,437	(2,939,240)	(5,390,305)	6,427,449
Cash Ending Balances	48,263,681	48,645,484	(381,803)	47,666,403	50,605,643	55,995,948

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

UNINSURED EMPLOYERS FUND
SEPTEMBER 30, 2023

Three Year History for years ended:

	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
Cash Beginning Balances	16,468,190	16,195,294	272,895	16,195,294	16,844,759	13,817,714
Revenues						
Fines and Penalties	91,687	128,062	(36,376)	477,594	341,220	322,680
Investment Earnings (Losses)	442,726	(405,307)	848,034	(74,574)	(828,855)	2,767,995
Total Revenues	534,413	(277,245)	811,658	403,021	(487,635)	3,090,675
Expenditures						
Claims Benefits Paid:						
Medical	10,103	11,595	(1,492)	46,236	118,279	2,096
Permanent Total Disability	-	-	-	-	-	-
Permanent Partial Disability	-	4,845	(4,845)	5,809	6,929	-
Temporary Disability	17,691	-	17,691	26,145	64,151	3,048
Fatals	4,049	-	4,049	-	19,201	25,601
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	6,000	17,000	(11,000)	54,000	22,000	44,276
Loss Adjustment Expenses	8,819	13,039	(4,220)	34,594	39,974	26,492
Total	46,662	46,479	183	166,784	270,534	101,513
Less: Employer Reimbursement	59,644	33,997	25,646	40,241	-	-
Less: Formulary Rebates	294	-	294	-	-	-
Less: Claims Credits and Overpayments	-	-	-	332	116,115	42,742
Total Benefits Paid	(13,275)	12,482	(25,757)	126,210	154,419	58,770
Administrative Expenses	-	(573)	573	3,915	7,410	4,860
Total Expenditures	(13,275)	11,908	(25,183)	130,125	161,829	63,630
Excess (Deficiency) of Revenues over Expenditures	547,688	(289,153)	836,842	272,895	(649,465)	3,027,045
Cash Ending Balances	17,015,878	15,906,141	1,109,737	16,468,190	16,195,294	16,844,759

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
October 31, 2023

OPERATING REPORT

AUGUST 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

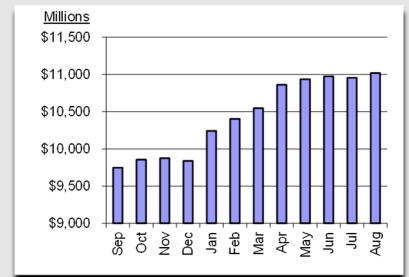
Chief Financial
Officer
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$11,020,150,000

Last Month
\$10,957,308,000

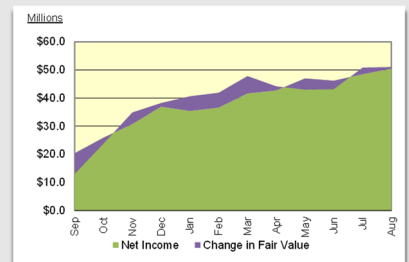
Beginning of Fiscal Year
\$10,975,194,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$101,862,000



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

Money Market Pools

As of August 31, 2023

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	5.5238%	27 Days	\$9.9 Billion
WV Gov't Money Market	5.2997%	14 Days	\$373.8 Million

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

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

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

AUGUST 2023

Outlook for 2024

Overview:

As the world waits for the Federal Reserve to signal conviction in pausing rate increases, the labor market combined with continued inflation data is the key to further confidence in the outlook amidst the strength in the economy. To that end, the August JOLTS (Job Opening and Labor Turnover Survey) data provided an indication of continued progress in workers filling openings. Job openings at 8.8 million was below the previous month (and the previous month was revised down), and importantly the job quits ratio fell to a pre pandemic level of 2.3%, indicating a normal range. The data confirmed progress on the labor front and the possibility of a September pause in raising rates from the Federal Reserve.

Equity Markets

Not surprisingly, given the strength of the markets of late, August was a negative month for all equity markets across styles, capitalization, and geographies. The first negative return for large cap US stocks since February. The S&P 500 returned -1.6%, the Russell 2000 -5.0%, the MSCI EAFE -3.8%, and MSCI emerging markets -6.2%. Year to date worldwide markets are still strongly positive with the S&P 500 leading at 18.7%. Growth continues to dominate the markets (with seven stocks leading the charge) with the Russell 1000 Growth returning 32.2% year to date versus just 5.9% for the Russell 1000 Value.

Fixed Income Markets

Interest rates rose again in the month and generally bonds were negative with the Bloomberg Aggregate returning -0.6% for the month of August. High yield and short duration credit related bonds were both slightly positive at 0.3%. The chart below shows the level of interest rates before we began this rate cycle. It is a good reminder of how far and how fast we have come, and a reminder to focus on the good news of a positive real return for what should be relatively safe investments, despite the pain in getting to these interest rate levels.

Looking Ahead

With just one month till we reach the last quarter of 2023, all heads are turning to year end returns and the outlook for 2024. We continue to advise on rebalancing portfolios to target and watching the data for signs of continued progress on economic growth, inflation, and real rates.

West Virginia Board of Treasury Investments

Financial Highlights as of August 31, 2023

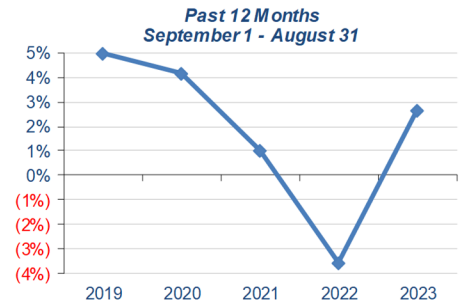
WV Short Term Bond Pool

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

September 1 - August 31	Return	Net Assets At Aug 31 <i>(In Millions)</i>
2023	2.7%	\$ 709.0
2022	(3.6%)	\$ 693.0
2021	1.0%	\$ 820.1
2020	4.2%	\$ 814.7
2019	5.0%	\$ 840.3

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

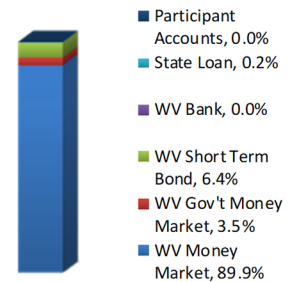
WV Short Term Bond Pool Rates of Return



Summary of Value and Earnings *(In Thousands)*

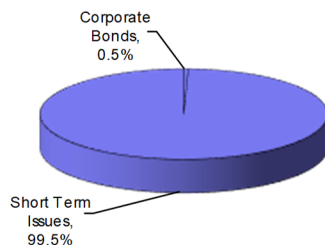
Pool	Net Asset Value	Aug Net Income <i>(Loss)</i>	Fiscal YTD Net Income <i>(Loss)</i>
WV Money Market	\$ 9,916,783	\$ 46,520	\$ 91,610
WV Gov't Money Market	373,826	1,759	3,422
WV Short Term Bond	708,962	2,694	6,738
WV Bank	66	0	1
Loans	19,477	37	72
Participant Accounts	1,036	7	19
	<u>\$ 11,020,150</u>	<u>\$ 51,017</u>	<u>\$ 101,862</u>

Percent of Total Net Asset Value

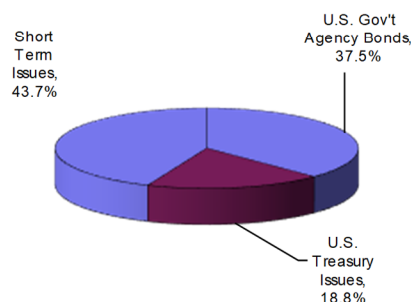


Securities by Type for Operating Pools *(Percentage of Asset Value)*

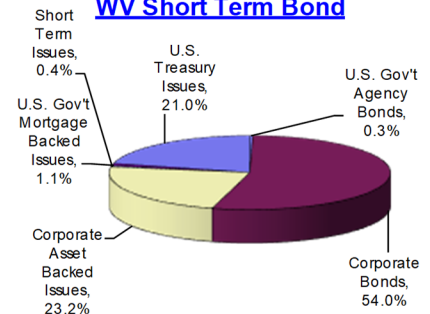
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
AUGUST 31, 2023
(IN THOUSANDS)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Other Pools	Participant Directed Accounts	Total
Assets							
Investments:							
At amortized cost	\$ 9,891,299	\$ 379,447	\$ -	\$ 66	\$ 19,406	\$ -	\$ 10,290,218
At fair value	-	-	683,213	-	-	1,032	684,245
Other assets	26,677	368	26,249	-	73	5	53,372
Total assets	<u>9,917,976</u>	<u>379,815</u>	<u>709,462</u>	<u>66</u>	<u>19,479</u>	<u>1,037</u>	<u>11,027,835</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	1,193	5,989	500	-	2	1	7,685
Total liabilities	<u>1,193</u>	<u>5,989</u>	<u>500</u>	<u>-</u>	<u>2</u>	<u>1</u>	<u>7,685</u>
Net Position							
Held in trust for investment pool participants	9,916,783	373,826	708,962	-	-	-	10,999,571
Held in trust for individual investment account holders	-	-	-	66	19,477	1,036	20,579
Total net position	<u>\$ 9,916,783</u>	<u>\$ 373,826</u>	<u>\$ 708,962</u>	<u>\$ 66</u>	<u>\$ 19,477</u>	<u>\$ 1,036</u>	<u>\$ 11,020,150</u>
Additions							
Investment income:							
Interest and dividends	\$ 24,849	\$ 1,085	\$ 2,122	\$ -	\$ 37	\$ 8	\$ 28,101
Net (amortization) accretion	22,065	691	47	-	-	(1)	22,802
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>46,914</u>	<u>1,776</u>	<u>2,169</u>	<u>-</u>	<u>37</u>	<u>7</u>	<u>50,903</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	394	17	46	-	-	-	457
Total investment expenses	<u>394</u>	<u>17</u>	<u>46</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>457</u>
Net investment income	<u>46,520</u>	<u>1,759</u>	<u>2,123</u>	<u>-</u>	<u>37</u>	<u>7</u>	<u>50,446</u>
Net realized gain (loss) from investments	-	-	(1,746)	-	-	-	(1,746)
Net increase (decrease) in fair value of investments	-	-	2,317	-	-	-	2,317
Net increase (decrease) in net position from operations	<u>46,520</u>	<u>1,759</u>	<u>2,694</u>	<u>-</u>	<u>37</u>	<u>7</u>	<u>51,017</u>
Participant transaction additions:							
Purchase of pool units by participants	1,487,680	17,555	-	-	-	-	1,505,235
Reinvestment of pool distributions	46,521	1,759	1,505	-	-	-	49,785
Contributions to individual investment accounts	-	-	-	-	1,220	-	1,220
Total participant transaction additions	<u>1,534,201</u>	<u>19,314</u>	<u>1,505</u>	<u>-</u>	<u>1,220</u>	<u>-</u>	<u>1,556,240</u>
Total additions	<u>1,580,721</u>	<u>21,073</u>	<u>4,199</u>	<u>-</u>	<u>1,257</u>	<u>7</u>	<u>1,607,257</u>
Deductions							
Distributions to pool participants:							
Net investment income	46,520	1,759	2,123	-	-	-	50,402
Net realized gain (loss) from investments	-	-	(1,747)	-	-	-	(1,747)
Total distributions to pool participants	<u>46,520</u>	<u>1,759</u>	<u>376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,655</u>
Participant transaction deductions:							
Redemption of pool units by participants	1,464,349	29,890	-	-	-	-	1,494,239
Withdrawals from individual investment accounts	-	-	-	-	35	1,486	1,521
Total participant transaction deductions	<u>1,464,349</u>	<u>29,890</u>	<u>-</u>	<u>-</u>	<u>35</u>	<u>1,486</u>	<u>1,495,760</u>
Total deductions	<u>1,510,869</u>	<u>31,649</u>	<u>376</u>	<u>-</u>	<u>35</u>	<u>1,486</u>	<u>1,544,415</u>
Net increase (decrease) in net position from operations	<u>69,852</u>	<u>(10,576)</u>	<u>3,823</u>	<u>-</u>	<u>1,222</u>	<u>(1,479)</u>	<u>62,842</u>
Inter-pool transfers in	-	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-	-
Net inter-pool transfers in (out)	-	-	-	-	-	-	-
Change in net position	<u>69,852</u>	<u>(10,576)</u>	<u>3,823</u>	<u>-</u>	<u>1,222</u>	<u>(1,479)</u>	<u>62,842</u>
Net position at beginning of period	9,846,931	384,402	705,139	66	18,255	2,515	10,957,308
Net position at end of period	<u>\$ 9,916,783</u>	<u>\$ 373,826</u>	<u>\$ 708,962</u>	<u>\$ 66</u>	<u>\$ 19,477</u>	<u>\$ 1,036</u>	<u>\$ 11,020,150</u>